

CHAPTER-IV

AUDIT OF TRANSACTIONS

4.1 Fraud/ misappropriation/ embezzlement/ losses detected in audit

RURAL DEVELOPMENT DEPARTMENT

4.1.1 *Misappropriation of Government money*

Violation of codal provisions in block offices resulted in misappropriation of Government money amounting to Rs 9.32 lakh.

Rule 86 of Bihar Treasury Code provides that Government servant receiving money on behalf of Government is required to maintain a cashbook to record all money transaction as soon as they occur and the head of the office should attest every entry in the cashbook. The cashbook should be closed and balanced every day and head of the office should verify the total of cashbook. At the end of each month, he should physically verify the cash balance and record a certificate to that effect.

During test check (December 2005, September and November 2006) of records in the offices of the Block Development Officers (BDOs) of Wazirganj (Gaya) and Harnaut (Nalanda) disclosed that BDOs violated the aforesaid codal provisions which resulted in misappropriation of Government money amounting to Rs 9.32 lakh as detailed below:

- The cashier of Wazirganj (Gaya) block did not hand over the charge to his successor (14 May 2005). Hence, a new cashbook was opened (27 June 2005) by the orders of the BDO with zero balance. At the instance of audit (December 2005), the BDO verified (December 2005) the cash balance of previous cashier and found available cash of Rs 3.04 crore against the cash balance of Rs 3.12 crore recorded in general cashbook on 14th May 2005. Thus, there was a shortage of Rs eight lakh which was defalcated by the cashier.
- In Harnaut (Nalanda) block, against expenditure of Rs 7.15 lakh (20 August 2005), Rs 7.31 lakh was shown as spent in subsidiary cashbook of Indira Awas Yojana and general cashbook. This resulted in overstatement of expenditure amounting to Rs 0.16 lakh. Further, unadmitted vouchers¹ of Rs 0.56 lakh (2004-05) and Rs 0.60 lakh (2005-06) were shown as adjusted in the subsidiary cashbook of Community Development Programme (CDP) and general cashbook but no contra-entry in the register of unadmitted vouchers was made. As a result, value of unadmitted vouchers was

¹ *Vouchers on which payment has been made but are kept as a part of closing balance for want of allotment are termed as unadmitted vouchers by block nazarat.*

over stated by Rs 1.16 lakh. Thus, there was defalcation of Rs 1.32 lakh against which Rs 0.71 lakh was deposited by the cashier after detection of misappropriation by audit.

Thus, a total of Rs 9.32 lakh was misappropriated in aforesaid blocks due to violation of Rule 86 of Bihar Treasury Code.

The matter was reported to Government (July 2007); their reply had not been received (October 2007). The matter was discussed with Development Commissioner as well as Principal Secretary, Rural Development Department (November 2007).

REVENUE AND LAND REFORM DEPARTMENT

4.1.2 Deficient cash management

Violation of financial rules resulted in suspected misappropriation of Rs 2.10 crore, temporary advances of Rs 13.17 crore and retention of Rs 53.41 crore outside cash balance of the Government.

Rule 300 of Bihar Treasury code (BTC) provides that money should be drawn from treasury only for immediate disbursement and undisbursed / unutilised cash if any, should be deposited into treasury at the end of financial year. Further, Rule 305 read with Rule 115 of Bihar Financial Rules provides that the Drawing and Disbursing Officer (DDO) is responsible to see that the expenditure is within the available appropriation. As provided in Rule 86, the DDO should also check and attest the entries made in the cashbook and physically verify the cash balance at least once in a month and record certificate to that effect in the cashbook.

A test check (July-August 2006) of cashbooks/ records of four district Nazarat (Bhagalpur, Jehanabad, Madhubani, Jamui) for the period 2005-06 disclosed that aforesaid financial rules were violated and closing balance was Rs 26.19 crore² as on 31 March 2006. The closing balance consisted of temporary advances (Rs 2.41 crore³), cash in hand (Rs 1.27 lakh), cash in bank (Rs 18.28 crore⁴), unadmitted vouchers⁵

² Bhagalpur : Rs 13.79 crore, Jamui :Rs 4.71 crore, Jehanabad : Rs 4.74 crore and Madhubani : Rs 2.95 crore

³ Bhagalpur: Rs 1.17 crore, Jamui: Rs 45 lakh, Jehanabad: Rs 34 lakh and Madhubani: Rs 45 lakh

⁴ Bhagalpur: Rs 10.45 crore, Jamui: Rs 3.68 crore, Jehanabad: Rs 2.89 crore and Madhubani: Rs 1.26 crore

⁵ Vouchers on which payment had been made but are kept as a part of closing balance for want of allotment are termed as unadmitted vouchers by Zila Nazarat

(Rs 5.32 crore⁶) and reported defalcation (Rs 17 lakh). Further, unadmitted vouchers of Rs 1.59 crore and Rs 1.23 crore were not handed over by the cashiers to their successors during August 2001 and July 2005 in Bhagalpur and Jehanabad respectively.

Audit requested Jehanabad and Bhagalpur Nazarat to furnish the details of unadmitted vouchers and unadjusted advances. The Nazarat Deputy Collector (NDC), Jehanabad intimated (June 2007) that unadmitted vouchers of Rs 1.13 crore were available against Rs 1.23 crore pointed out by audit. NDC, Jehanabad also reported unadjusted advances of Rs 41.12 lakh wherein names of recipients of the advances were unreadable in most of the cases.

Nazarat Deputy Collector, Bhagalpur intimated (September 2007) that listing of unadmitted vouchers and advances was underway.

Similarly in seven other districts, closing balance⁷ of Rs 55.84 crore was noticed as on 31 March 2006. This comprised cash in bank (Rs 35.13 crore), unadmitted vouchers (Rs 9.75 crore), temporary advances (Rs 10.76 crore) and cash in hand (Rs 20 lakh).

Thus, the closing balance of Rs 82.03 crore in 11 districts as on 31 March 2006 comprised cash in bank (Rs 53.41 crore), unadmitted vouchers (Rs 15.07 crore), temporary advances (Rs 13.17 crore), cash in hand (Rs 21.17 lakh) and reported defalcation (Rs 17 lakh). Further, unadmitted vouchers amounting to Rs 2.82 crore were not handed over by the cashiers to their successors. In one case, the NDC reported the availability of unadmitted vouchers of Rs 1.13 crore out of 1.23 crore and amount of temporary advance of Rs 41.12 lakh containing the names which were unreadable. Thus, there was suspected misappropriation of Rs 2.10 crore⁸. As the amount is substantial it would be appropriate that a detailed investigation is made and responsibility fixed.

The aforesaid instances indicate that unadmitted vouchers, temporary advances and funds retained outside cash balance of Government are prone to misappropriation. Thus, the Government must ensure that unadmitted vouchers are reduced to nil, temporary advances are adjusted/ recovered and unspent funds are deposited into treasury.

The matter was reported to Government (July 2007); their reply had not been received (October 2007). The matter was discussed with Development Commissioner (November 2007).

⁶ *Bhagalpur: Rs 2.16 crore, Jamui: Rs 57 lakh, Jehanabad: Rs 1.45 crore and Madhubani: Rs 1.14 crore*

⁷ *Arwal :Rs. 10.57 crore, Champaran East: Rs.6.57 crore, Katihar: Rs. 10.14 crore, Khagaria: Rs. 2.23 crore, Muzaffarpur: Rs. 7.38 crore, Saharsa:Rs.6.40 crore, Sitamarhi: Rs.12.55 crore*

⁸ *Jehanabad[Unadjusted advance:Rs 41.12 lakh and unadmitted vouchers:Rs 9.90 lakh],Bhagalpur:Rs 1.59 crore*

**ROAD CONSTRUCTION DEPARTMENT /
RURAL ENGINEERING ORGANISATION**

4.1.3 Fraudulent payment and sub-standard execution of road work

Less utilisation of bitumen in strengthening of road crust, special repair and non-utilisation of SMG in special repair led to fraudulent payment of Rs 63.90 lakh and substandard execution of work.

As per clause 18 (b), (c) of Special condition of contract, the bitumen was to be procured from the Government of India undertakings and the contractor was required to submit the documents to the Executive Engineer within 48 hours of the receipt of the bitumen from the oil company. As per clause 28 of Special condition of contract, the contractor had to submit form 'M' and 'N' duly filled as per Bihar Mines and Mineral Act 1972. As per clause 18(f) of Special condition of contracts and departmental letter (July 1991), the bitumen and other materials was to be used only when the quality test was found satisfactory.

The works of strengthening of road crust in 17.5 Km to 27.3 Km of Supaul-Singheshwar road (Work-A), special repair work of south / north lane of Bailey road, Patna from Railway crossing to Jagdev path (Work-B), improvement of Kataiya-Panchdewari road via Bhaisia more from 6 to 10 Km (Work-C), widening and strengthening in 10 Km length of Raniganj-Aajan via Chaukhara Parsawan (Work-D) and special repair in 2nd to 4th, 6(P), 7th, 11th and 12(P) Km of Maltipur-Daulatpur road (Work-E) were awarded to six contractors between March 2003 and November 2006.

A test-check of records (October 2006, August 2006, November 2006 and May 2007) relating to aforesaid works disclosed that 1053.48 MT bitumen and 1705.35 cum stone metal grade (SMG)-III was required for execution of works shown in the measurement books. Thus challans of 1053.48 MT bitumen and 1705.35 cum stone metal were required to be submitted by the Contractors before releasing payment for the work shown in measurement books. Against that, challans of 858.38 MT bitumen and no challan of stone metal was available in the divisions but payment for full quantity of bitumen and stone metal was made in violation of rules as stated above. Cross verification of records by audit with public sector oil companies and mining officer/goods supervisor disclosed only 858.38 MT bitumen and nil quantity of SMG-III was actually lifted as against 1053.48 MT bitumen and 1705.35 cum SMG-III which resulted in fraudulent payment of Rs 63.90 lakh as shown in the table below :

Name of department	Name of work	Value of contract (Rs in crore)	Quantity required based on execution shown in the M.B.	Quantity of challan available	Difference in quantity	Rate (Rs. in lakh)	Fraudulent payment (Rs in lakh)	Confirmed by (for quantity lifted)
Bitumen								
RCD	A	1.34	266 MT bitumen	217 MT	49 MT	0.1547/MT	7.58	IOC (217 MT)
RCD	B	2.42	554.20 MT bitumen	487.67 MT	66.53 MT	0.1602/MT	10.66	HPCL (487.67 MT)
REO	C	1.39	83.27 MT bitumen	50.29 MT	32.98 MT	0.1668/MT	5.50	IOC (50.29 MT)
REO	D	1.62	150.01 MT bitumen	103.39 MT	46.62 MT	0.2300/MT	10.72	HPCL (103.39 MT)
Stone metal Grade-III								
RCD	E	0.99	(a) 821.14 cum SMG (b) 884.21 cum SMG	Nil	821.14 cum 884.21 cum	0.0171 /cum 0.0173 /cum	14.06 15.38	Goods Superintendent, Begusarai and Mining Officer, Munger (Nil)
Total		7.76					63.90	

The quality test report and supporting vouchers in respect of purchase of other materials were also not available on the records.

The execution of works valued Rs seven crore⁹ without adequate quantity¹⁰ of bitumen, SMG-III and quality test also resulted in substandard execution of roadwork.

The Executive Engineers (EEs) in respect of Work-A and C replied that challan of bitumen would be procured and submitted. Regarding Work-B and D, the concerned EEs stated that matter would be replied after thorough verification. The replies of the EEs were not acceptable as the payment was in violation of Rule 18 (b), (c), (f) and 28 of special condition of contract and the quantity of bitumen and stone chips valued Rs 63.90 lakh was not actually lifted.

The matter was reported to Government (April, May, August and September 2007); their replies had not been received (October 2007). The matter was discussed with Development Commissioner, Secretary, Rural

⁹ Work A: Rs 1.05 crore + Work B: Rs 2.38 crore + Work C: Rs 99.15 lakh + Work D: Rs 1.37 crore + Work E: Rs 1.21 crore

¹⁰ As per the manual of MORTH regarding construction and supervision of bituminous works, insufficient bitumen content in localised areas of the surfacing layer can cause pot holes.

Engineering Organisation and Chief Engineer Road Construction Department (November 2007).

RURAL ENGINEERING ORGANISATION

4.1.4 Fraudulent payment for doubtful compaction

Fraudulent payment of Rs 98.46 lakh due to doubtful compaction in widening and strengthening of Mahrajganj-Basantpur road and upgradation of Tineri More to Latta road besides substandard execution of work.

The works of widening and strengthening of 3.50 Km to 13 Km of Maharajganj-Basantpur road under REO (W) division, Siwan (Work-A) and upgradation of Tineri More to Latta Road (8.20 Km) under REO (W) division, Aurangabad (Work-B) were awarded (March 2006) to two contractors at Rs 2.19 crore and Rs 1.50 crore respectively. Both the contractors possessed one road roller each. As per special condition of the contract, the compaction capacity of a road roller was 34 cum jhama metal, 35 cum stone metal grade (SMG)-I and 39 cum SMG-II / III in a day (8 hours).

A test check of records of two Divisions¹¹ (October 2006) disclosed that agreement for work A was signed on 11 March 2006 and for work B was signed on 22 March 2006. The work of compaction of earth and stone/jhama metal in both the roads was shown to be carried out by 30 March 2006 which was not possible by one road roller. This resulted in fraudulent payment of Rs 48.27 lakh in Work A and Rs 50.19 lakh in Work B as shown in table below:

Sl No	Date of payment	Amount (Rs in lakh)	RA Bill No	Item of work	Date of execution	Shown Compaction (in cum)	Maximum Compaction possible (in cum)	Difference (in cum)	Fraudulent payment (Rs in lakh)
Work-A									
1	19.3.06	1.51	I	JM	12.3.06-16.3.06	150.94	113.35	37.59	0.38
2	25.3.06	5.60	II	SMG II	17.3.06-20.3.06	252.73	117.28	135.45	3.00
3	25.3.06	28.67	II	SMG III	21.3.06-24.3.06	1263.39	117.28	1146.11	26.01
4	30.3.06	3.80	III	SMG II	25.3.06-28.3.06	171.54	117.28	54.26	1.20
5	30.3.06	19.01	III	SMG III	29.3.06-30.3.06	837.80	58.64	779.16	17.68
Total		58.59							48.27

¹¹ REO (W) division, Aurangabad and Siwan

Sl No	Date of payment	Amount (Rs in lakh)	RA Bill No	Item of work	Date of execution	Shown Compaction (in cum)	Maximum Compaction possible (in cum)	Difference (in cum)	Fraudulent payment (Rs in lakh)
Work-B									
1	23.3.06	8.37	I	SMG I	17.3.06-18.3.06	622.23	52.64	569.59	7.66
2	23.3.06	15.50	I	SMG II	19.3.06-21.3.06	1101.46	87.96	1013.50	14.26
3	25.3.06	8.71	II	SMG II	22.3.06-24.3.06	618.75	87.96	530.76	7.47
4	25.3.06	6.39	II	SMG III	22.3.06-24.3.06	455.62	87.96	367.66	5.16
5	28.3.06	17.29	III	SMG III	25.3.06-28.3.06	1231.87	117.28	1114.59	15.64
Total		56.26							50.19

The doubtful execution of compaction work was corroborated by the following facts:

- Work A was shown as started on 28 February 2006 and first measurement was taken on 06 March 2006 i.e. before the date of signing of agreement on 11 March 2006. The site inspection report (May 2006) of Superintending Engineer, REO, Chapra disclosed that compaction of stone metal was under way in the last part of road but compaction work was shown as completed on 30 March 2006.
- Work B was shown as started on 17 March 2006 and first measurement was taken on 18 March 2006 i.e. before the date of signing of agreement on 22 March 2006. As per letter of the Executive Engineer (April 2006), the detailed verification of work was not made before payment but compaction work was shown as completed on 28 March 2006.
- Stone metal was to be brought from Jamalpur (Work-A) and Karbindia (Work-B) but neither challans nor quality test reports were on record though entry in the MB was made that work was executed as per specification (Work-A) and challan were received (Work-B).

Thus, the compaction of jhama/stone metal upto desired level was not possible in both works with one roller but shown as completed in MB which resulted in fraudulent payment of Rs 98.46 lakh.

Executive Engineers (EEs) of the divisions stated that four and eight to ten rollers were used in work A and B respectively. The replies were not acceptable as JE/AE incharge certified in the MB that contractor of work A had used his own roller and the contractor of work B possessed single roller. Further, the EEs could not furnish any record to establish the use of additional road rollers.

The matter was reported to Government (June 2007); their replies had not been received (October 2007). The matter was discussed with Development Commissioner as well as Secretary, Rural Engineering Organisation (November 2007).

BUILDING CONSTRUCTION DEPARTMENT

4.1.5 Suspected Fraudulent payment

Fraudulent payment of Rs 48 lakh on MS reinforcement and Rs 48.59 lakh on carriage of materials without any proof.

The work for construction of 75-bedded sub-divisional hospital, Mahua was awarded (June 2006) to a contractor at a value of Rs 3.68 crore which was supplemented (November 2006) by Rs 27.41 lakh for carriage of stone chips. The work was still under progress (September 2007).

Audit scrutiny (May 2007) disclosed the following:

- As per the Bill of quantity (BOQ), 280 MT mild steel reinforcement was to be used for 3272.36 cum (total estimated) RCC¹² work. Upto 7th running account bill (May 2007), 3580.64 cum RCC work was executed but payment for 462.89 MT (Rs 4.04 crore) was made against 306.38 MT (Rs 3.56 crore) of mild steel. Thus, there was excess payment of Rs 48 lakh on excess consumption of 156.51 MT mild steel. There were no purchase vouchers of mild steel reinforcement, brick and cement though required under Rule 84 of Bihar Public Works Account code.
- As per the agreement stone chips were to be brought from Sheikhpura and sand from Kiul and locally. Forms M, N and F¹³ were required to be submitted by the contractor in support of purchase of minor minerals. The contractor did not submit the document but the division made the payment of Rs 48.59 lakh¹⁴ (May 2007) on account of carriage of minor minerals as per the agreement.
- There was no quality test laboratory of contractor as stipulated in the special condition of the contract as such the quality of material used in works was not tested.

Thus, there was suspected fraudulent payment of Rs 48 lakh and carriage payment of Rs 48.59 lakh was made without any proof.

The matter was reported to Government (September 2007); their reply had not been received (October 2007). The matter was discussed with Development Commissioner as well as Principal Secretary, Building Construction Department (November 2007).

¹² Reinforcement Cement Concrete

¹³ Form 'M': Affidavit of the contractor for lifting of minor-minerals from authorised quarry / seller, Form 'N': Details of minor minerals issued by the authorised quarry / seller and Form 'F': Challan issued by authorised quarry duly verified by Mining Department.

¹⁴ Stone chips (Rs. 28,07,269+22,45,82) + K.Sand (Rs. 12,88,050 + 10,30,44) + Local Sand (Rs. 1,77,220+Rs. 14,178) + Bricks (Rs. 22,6,284+Rs. 18,103)=Rs. 48,58,730/-

4.1.6 Fraudulent payment

Fraudulent payment of Rs 14.44 lakh on account of labour charges and less consumption of stone material led to substandard execution of work valued Rs three crore.

The Civil Aviation Department accorded (March 2001) the administrative approval of Rs three crore and Building Construction Department accorded the technical sanction (February 2004) of Rs 3.40 crore for construction of pucca-runway at Kishanganj aerodrome. The work envisaged 3300 / 100 feet runway, end strip on both side for accidental run off of the aeroplane, taxiway and apron. The work was divided into earthwork, construction of runway and fencing of boundary wall. The work was executed departmentally on the plea that allotment of funds would lapse, violating the instructions of vigilance department, which prohibited departmental work except under special circumstances.

Scrutiny of records of Building Construction Division, Kishanganj (November 2006) disclosed the following:

- SMG-III (6177.02 cum) and stone chips (1469.26 cum) were required for execution of work shown in MB. Against the requirement, only 2349.20 cum SMG-III and 954.29 cum stone chips had been received for which no excess payment was made. However, payment for labour charges was made for the required quantity of SMG-III and stone chips leading to fraudulent payment of Rs 14.44 lakh on account of labour charges as shown in the table below :

SI no.	Item of work	Work shown as executed as per M.B and SMG III/ Stone chips required		Actual receipt of SMG III / Stone chips and Possible work from received SMG III / Stone chips		Excess work shown and payment made on account of labour charges		
		Quantity as per MB	SMG III/ ¹⁵ Stonechips required	Actual receipt of SMG III/ Stone chips	Possible work from received SMG III/ Stone chips	Excess quantity of item of work shown as executed	Labour rate as per estimate (Rs.)	Labour charges (Rs. in lakh)
1	2	3	4	5	6	7 (3-6)	8	9 (7 x 8)
1	Built up spray Grouting	30669.14 sqm.	SMG-III 3066.91cum. Stone chips 365.02 cum.	SMGIII 2349.20 cum. Stone chips 295.71 cum.	23492.03 sqm.	7177.11 sqm.	57.95 per sqm.	4.16
2	Water Bound Macadam	2338.43 cum.	SMG-III 3110.11 cum.	Nil	Nil	2338.43 cum.	170.90 per cum.	4.00
3	20 mn premix Carpet	30669.14 sqm.	Stone chips 828.22 cum.	Stone chips .542.56 cum.	20094.98 sqm.	10574.16 sqm.	32.25 per sqm.	3.41
4	Seal Coat	30669.14 sqm.	Stone chips. 276.02 cum.	Stone chips 116.02 cum.	12891.22 sqm.	17777.92 sqm.	16.15 per sqm.	2.87
	GT							14.44

¹⁵ 1. 1 cum SMG-III was required for 10 sqm BUSG work. 2. 1.33 cum SMG III was required for 1 cum WBM work 3. 0.27 cum stone chips was required for 10 sqm 20 mm pre mix carpet work. 4. 0.09 cum stone chips was required for 10 sqm seal coat.

Quantity of earth filling and rolling/compaction was 38029.57 and 33950.83 cum respectively against estimated quantity of 53046.18 cum in both sub-works.

End strip work was not executed which was included in the estimate and was essential to prohibit accidental run-off of the aeroplane as per guidelines of Aviation Planning Circle, CPWD Delhi. Taxiway and apron were also not constructed.

The Vigilance Department prohibited (May 1977) payment on hand receipts (HRs) but Rs 69 lakh¹⁶ was paid on HRs to seven persons for material and labour, which was irregular.

Besides fraudulent payment of Rs 14.44 lakh to labour mates there was substandard execution of departmental work valued Rs three crore using lesser quantity of SMG-III, stone chips and inadequate compaction. At the instance of audit, the DM, Kishanganj (April 2007) got the quality testing of runway done by a committee consisting of Civil SDO, Executive Engineer and Research Assistant of Road Construction Division. The report of the committee confirmed that the work was substandard.

The matter was reported to Government (May 2007); their reply had not been received (October 2007). The matter was discussed with Development Commissioner as well as Principal Secretary, Building Construction Department (November 2007).

PUBLIC HEALTH ENGINEERING DEPARTMENT

4.1.7 *Fraudulent payment*

Fraudulent payment of Rs 3.13 lakh, loss of interest for Rs 14.94 lakh due to keeping of TSC fund in current account and unauthorised payment of Rs 2.91 lakh to motivator.

The Government of India released (November 2001) Rs 3.20 crore for Banka district under Total Sanitation Campaign (TSC) of the Restructured Central Rural Sanitation Programme for construction of individual household latrines (IHL) for BPL families, community sanitary complex (CSC) for women and sanitary facility in schools (SFS). As per guidelines of TSC, funds were to be kept in savings bank account. The interest accrued on TSC funds were to be treated as part of TSC resources. The State Government also released its share of Rs 72 lakh and bank interest of Rs 29 lakh was earned upto March 2007. Thus, amount available for implementation of the scheme was Rs 4.21 crore. Of this,

¹⁶ Mukesh Gupta (Rs. 8.83 lakh), Satveer Singh (Rs 5.25 lakh), Amar Jyoti roadways (Rs 0.66 lakh), Mohammad Khalid Ansari (Rs 13.62 lakh), Raju Kumdu (Rs 8.14 lakh), Mohammad Maslay (Rs 29.01 lakh) and Ramesh Das (Rs 3.43 lakh).

Rs 1.41 crore was spent on construction of 27601 units individual household latrines¹⁷ as of March 2007.

Audit scrutiny (April-May 2007) of vouchers of four blocks¹⁸ in Divisional Office, Banka disclosed the following :

- **In violation of the guidelines, the Division kept the entire amount of Rs 3.20 crore in current account during December 2001 to January 2003. This resulted in loss of interest of Rs 14.94 lakh.**
- **In three blocks (Dhoraiya, Banka and Barahat), payment of Rs 8.85 lakh was made during April 2004 to January 2006 for construction of 1791 units of individual household latrines but list contained name of only 1741 beneficiaries as there were gap in the serial numbers of the list. Thus, fraudulent payment of Rs 0.25 lakh was made to executing agency.**
- **Names of IHL beneficiaries were recorded in one bill as per their BPL number and in another bill as per Lal Card number. Names of 297 beneficiaries appeared twice, 18 appeared thrice and 4 appeared four times leading to fraudulent payment of Rs 1.73 lakh¹⁹ between February 2004 and November 2006. In addition, payment was also made twice/thrice to 216 persons against 187 beneficiaries who hold the same BPL number in the same panchayat/village (which was not possible) resulting in fraudulent payment of Rs 1.15 lakh²⁰.**

The Division paid Rs 2.91 lakh between November 2004 and September 2005²¹ to five motivators directly from the TSC funds whereas payment of motivators was to be made from the contribution of beneficiaries.

Thus, there was fraudulent payment of Rs 3.13 lakh, loss of interest of Rs 14.94 lakh and unauthorised payment of Rs 2.91 lakh. Based on the findings of audit, the Executive Engineer directed the executing agencies to deposit the amount.

The matter was reported to Government (July 2007); their reply had not been received (October 2007). The matter was discussed with Development Commissioner as well as Engineer-in-Chief, Public Health Engineering Department (November 2007).

¹⁷ *At the rate of Rs 625 up to March 2006 and Rs 1500 from April 2006 per unit*

¹⁸ *Barahat, Banka, Dhoraiya and Shambhuganj*

¹⁹ *345 x 500 = 1.73 lakh*

²⁰ *205 x 500 + 11 x 1200 = 1.15 lakh*

²¹ *9.11.04 : Rs 1.80 lakh, 8.12.04 : Rs 0.28 lakh and 23.9.05 : Rs 0.84 lakh*

FOREST AND ENVIRONMENT DEPARTMENT

4.1.8 *Fraudulent payment*

Rehabilitation of degraded forests shown to be carried out in 400 hectare of land against actual available land of 140.05 hectare led to fraudulent payment of Rs 35.28 lakh.

The scheme of plantation under RDF was to be sanctioned on the basis of proposal / estimate with actual position (percentage of forest) of degraded forest based on basic records of notified areas of protected forest and reserved forest. Besides, plantation journal²² and plantation register²³ was to be maintained. Forest and Environment Department, Bihar accorded sanction of 11 schemes under rehabilitation of degraded forest (RDF) in 750 hectares for Munger division during 2006-11. The Regional Chief Conservator of Forest allotted Rs 1.01 crore (February 2007) for advance work in 750 hectare. The Conservator of Forests, Bhagalpur also allotted (March 2007) Rs 12.84 lakh for the same scheme in 130 hectare.

Scrutiny (August 2006) of records of DFO, Munger disclosed the following:

- No Plantation journal was maintained but division had shown execution of rehabilitation work in 400 hectare of forest land in 14 plots²⁴ and spent Rs 54.29 lakh. Cross verification by audit with records of Circle Officers disclosed that total forest land area of aforesaid plots was 140.05 hectare. Thus, rehabilitation work in 400 hectare was not possible against available land of 140.05 hectare.
- Neither division nor any higher authority carried out survey for density of forest and so the initial list of survived / existed trees in the ranges which was the basis of preparation of proposal / estimate was not on record. The plantation work was shown to be carried out without ascertaining the density of forests. After shown plantation, species-wise survival of plants, physical verification report and self-satisfaction certificate were not sent to higher authorities, though required as per sanction.

Thus, doubtful execution of rehabilitation of forest in 259.95 hectare²⁵ of land resulted in fraudulent payment of Rs 35.28 lakh²⁶.

²² *Plantation journal is a basic document prescribed by Forest Department for afforestation works. It contains details regarding location of plant, source of seed/tree shoots, period of hoeing and weeding, application of fertilizers and inspection reports regarding cutting/raising of plants.*

²³ *Giving details of trees planted as well as failed and reasons for failure*

²⁴ *Plot nos.: 11 ,21, 29, 172, 216, 217, 253, 374, 1040, 1045, 1077, 1078, 1082 and 2077.*

²⁵ *400 Ha-140.05=295.95 Ha.*

²⁶ *259.95 hectare (excess area shown) /400 hectare (total area) X Rs 54.29 lakh (total expenditure shown) =Rs 35.28 lakh*

The matter was reported to Government (August 2007); their reply had not been received (October 2007). The matter was discussed with Development Commissioner (November 2007).

4.1.9 Suspected fraudulent payment on doubtful afforestation and maintenance after flood

Rupees 53.11 lakh was spent on doubtful afforestation as source of stump roots was not shown and Rs 54.99 lakh was shown as expenditure on washed away plants.

As per Forest Department guidelines (2000), plantation journal²⁷ and plantation register²⁸ was required to be maintained by the Divisions. The Deputy Development Commissioner-cum-Chief Executive Officer, District Rural Development Agency, Darbhanga provided Rs 1.36 crore (cash Rs 1.06 crore and 4850.17 quintal rice valued Rs 30.27 lakh) between February 2004 and March 2005 to Divisional Forest Officer (DFO), Darbhanga for 23 afforestation schemes of social forestry under Sampoorna Grameen Rojgar Yojana (SGRY). The scheme was to be executed during 2003-07, which consisted of growing four lakh stump roots at four permanent nurseries²⁹ Out of which 3.22 lakh stump roots were to be planted at 19 locations.

Scrutiny of records of DFO, Darbhanga (July 2006, September 2007) disclosed that against the total expenditure of Rs 1.08 crore³⁰ incurred upto December 2005, Rs 53.11 lakh (cash: Rs 39.22 lakh and 2208.73 quintal rice valued Rs 13.89 lakh) was shown as spent against plantation work but no expenditure was incurred on growing / purchase of stump roots or on utilisation of departmental stump roots up to June 2004. In the absence of source of stump roots and non maintenance of plantation journal and plantation register, the entire work was doubtful. The plants were shown as washed away by the Division in flood of July 2004 but Rs 54.99 lakh (Cash: Rs 46.00 lakh and Rice: 1429.21 quintal valued Rs 8.99 lakh) was spent on maintenance after flood. Commissioner, Darbhanga Division (September 2004) had instructed not to incur expenditure on any new or old plantation schemes pending investigation. Thus, in absence of any proof in support of plantation, suspected fraudulent payment of Rs 1.08 crore was made on doubtful afforestation and maintenance. This was also substantiated from the report of the District Magistrate, Darbhanga (May 2005) that no afforestation was visible during his visit in the area.

²⁷ Plantation journal is a basic document prescribed by Forest Department for afforestation works. It contains details regarding location of plant, source of seed/tree shoots, period of hoeing and weeding, application of fertilizers and inspection reports regarding cutting/raising of plants.

²⁸ Giving details of trees planted as well as failed and reasons for failure

²⁹ (i) Bucheha Permanent Nursery, (ii) Charwaha school Pachari, (iii) ITI Campus Ramnagar and (iv) Range office Campus, Benipur.

³⁰ Purchase of seeds: Rs 1.48 lakh, Purchase/hire of plant / nursery: Rs 3.18 lakh, purchase of other material: Rs 0.65 lakh, labour charges: Rs 79.91 lakh and rice 3637.94 quintal valued Rs 22.88 lakh.

In reply, DFO Darbhanga stated (May 2007) that site inspection was carried out (July 2006) by Society for Social Services, Madhya Bharat Chapter, Bhilai (Chattishgarh) deputed by National Afforestation Environment Board, Ministry of Environment and Forests, Government of India. Besides, 3,01,998 stump roots were available in departmental nurseries.

The reply was not acceptable as report related to study on survival rate of plants based on sample plant (8 to 25 per cent) of 15 locations earmarked for 2004-05 instead of growing of stump roots and plantation for 2003-04. According to the report of the department only 50,998 stump roots were available as against 3,01,998 reported by DFO, Darbhanga in the nurseries as on March 2004 and there was no proof of procurement.

Forest and Environment Department directed (September 2007) the Principal Chief Conservator of Forest to inquire into the matter on the basis of audit findings.

The matter was reported to Government (August 2007); their reply had not been received (October 2007). The matter was discussed with Development Commissioner (November 2007).

RURAL DEVELOPMENT DEPARTMENT

4.1.10 *Fraudulent payment*

Fraudulent payment amounting to Rs 57.91 lakh of IAY funds to non-BPL families.

Indira Awas Yojana (IAY), a centrally sponsored scheme aimed to provide dwelling houses to below poverty line (BPL) households.

A test check of records of six blocks³¹(September 2006-February 2007) disclosed the following :

- Cross checking of payment to beneficiaries with BPL lists showed that in 222 cases Rs 49.14 lakh³² was paid to beneficiaries whose BPL numbers were not in the BPL list.
- Payment of Rs 6.92 lakh was made to 35 beneficiaries in Nathnagar (Bhagalpur) block against their ration card number but their names were not found in BPL list.
- In Rajauli (Nawada), Rahui (Biharsharif) and Pandaul (Madhubani) payments were made by showing same BPL number against two beneficiaries in eight cases resulting in fraudulent payment of Rs 1.85 lakh.

³¹ Nathnagar (Bhagalpur), Rajauli (Nawada), Rahui (Biharsharif), Rohtas, Pandaul (Madhubani) and Manjhi (Saran)

³² Nathnagar: Rs 6.14 lakh, Rajauli: Rs 2.14 lakh, Rahui: Rs 23.05 lakh, Rohtas: Rs 6.56 lakh and Pandaul: Rs 11.25 lakh.

- The Block Development Officer of Manjhi block (Saran) issued cheques to 36 beneficiaries for Rs 5.40 lakh on 24 March 2006 as first installment for construction of their house under IAY. Though, the cheques were encashed during April-June 2006, the remaining amount (second installment) of Rs 2.68 lakh was released to them within a week of the release of first installment on certificate of Panchayat Sachiv that construction was made up to lintel level.

Thus, fraudulent payment of Rs 57.91 lakh of IAY funds besides irregular release of second installment for Rs 2.68 lakh was made. The matter requires investigation.

The matter was reported to the Government (May 2007); their reply had not been received (October 2007). The matter was discussed with Development Commissioner as well as the Principal Secretary, Rural Development Department (November 2007).

WATER RESOURCES DEPARTMENT

4.1.11 *Fraudulent payment*

Fraudulent payment of Rs 1.05 crore by showing execution of boulder pitching work as the execution of work was not possible in highest water level at 46.28 m to 47.73m.

The Flood Control Division Khagaria issued work order of Rs 4.36 crore (February 2006) to a contractor for the construction of retire line³³ from 27.90 Km. to 31.11 Km. of Badlaghat - Nagarpara embankment before flood 2006 against estimated value of Rs 4.16 crore revised to Rs 5.34 crore (December 2006). The work was executed till 14 July 2006. As per normal work calendar of the Water Resource Department, execution of work should be completed up to 31 March 2006 in Kosi River.

Audit scrutiny showed that 9870.20 cum boulder pitching work valued Rs 1.05 crore³⁴ was shown as executed during 9 June to 12 July 2006 by falsely recording Highest Water Level (HWL) between 27 metre and 30.75 metre at Basua site in Kosi river in the level book of division. However, as per records of Executive Engineer, Middle Ganga Division no. IV, Patna (Central Water Commission, Government of India) HWL ranged between 46.28 metres and 47.73 metres during this period at the above mentioned site. Thus execution of work was doubtful, as boulder-pitching work was not possible in HWL ranging from 46.28 metres to 47.73 metres for which Rs 1.05 crore was fraudulently paid to the contractor.

The matter was reported to Government (November 2007); the department had asked (November 2007) Chief Engineer, Samastipur to

³³ Retire line is the line alongwith dam which is constructed as second defence when there is threat on main embankment.

³⁴ Price of boulder: Rs.23.29 lakh + Carriage of boulder: Rs. 60.39 lakh+ Labour payment: Rs.21.18 lakh =: Rs.104.86 lakh.

examine the matter. The matter was discussed with Development Commissioner (November 2007).

4.1.12 *Doubtful execution of canal work*

Doubtful execution of canal work valued Rs 1.33 crore as work of atleast 295 days was shown as executed in 152 days.

Construction work of seven canal distributaries, one SLR bridge, one cart bridge and two head regulators at different chain of Sakri branch canal with estimated cost of Rs 1.15 crore under WKC Division, Baheri was allotted (January 2005) to a contractor at a cost of Rs 1.26 crore. The work consisted of earthwork (E/W), PCC / RCC structure, dewatering etc. The agency had labour licence of 50 labourers. The work was to be completed within two years. However, the work was shown as completed in 152 days (18 January 2005 to 18 June 2005) and Rs 1.33 crore was paid (July 2005) to the agency.

Audit scrutiny (March 2007) disclosed the following:

- As per norms of Labour Department (May 2004) one labour was capable to excavate or fill 90 cft to 110 cft (average 100 cft) earth per day. The agency had shown execution of 34854 cum E/W in 152 days which would have taken 246 days with 50 labourers. There was nothing on record about pre and post section measurement though required as per prescribed norms (October 1977). In the absence of pre and post section measurement, excavation / filling work was not verifiable;
- As per the estimate for PCC / RCC structure with centering, shuttering and its removal, brick work, railing post, dewatering etc required at least 49³⁵ days and said work could only be started after excavation;
- There was no work programme on record though required as per NIT and work order.

Thus, work of at least 295 days was shown as executed in 152 days making execution of canal work valued Rs 1.33 crore doubtful.

Executive Engineer stated (March 2007) that agency had executed the work by mechanical means for early completion of work. Reply was not acceptable, as specific details of tools and plant was not mentioned in technical bid and work programme. Further, the work included several components, which required considerable time for completion.

The matter was reported to Government (August 2007); their reply had not been received (October 2007).

³⁵ Removal of props under slab (21 days)+ wall ,column and vertical faces of all structure (7 days) + Removal of props beam and arches(21 days).

RURAL DEVELOPMENT DEPARTMENT

4.1.13 *Doubtful purchase and fictitious distribution of rickshaws and thela*

Purchase of rickshaws and thela valued Rs 27.63 lakh was doubtful as supplier had less turnover than of the quantity shown to be purchased from them.

The DRDA, Bhagalpur provided Rs 32.24 lakh to Nathnagar block for implementation of schemes under special component of Sampoorna Grameen Rojgar Yojana (30 per cent) during the year 2004-05. The Zila Parishad accorded approval of Rs 28.71 lakh for purchase and distribution of 311 rickshaws and 162 thela among SC / ST population. However, the Block Development Officer (BDO), Nathnagar purchased 297 rickshaws and 159 thela at a cost of Rs 27.63 lakh from two Bhagalpur based firms during March 2005 to February 2006 and distributed 270 rickshaws and 135 thela upto January 2007.

Test check (December 2006-January 2007) of records of BDO, Nathnagar and cross verification by audit with Sales Tax Office disclosed the following:

- Firm 'A' was a registered dealer for cycle and cycle parts with turn over of Rs 3.29 lakh but rickshaws/ thela costing Rs 14.76 lakh was purchased from that firm.
- Firm 'B' had turn over of Rs 3.16 lakh only during 2004-06 but had supplied rickshaws / thela valued Rs 14.76 lakh.
- Passed for payment orders were not recorded and signed by the BDO on vouchers.
- Twenty seven rickshaws and 24 thela valued at Rs 2.99 lakh were missing as no stock entry and distribution of these rickshaws/thela was seen on record.
- Thumb impression for receipt of five thela amounting to Rs 0.25 lakh in five cases was not visible and was not certified by Panchayat Sewak/ BDO.

Thus, doubtful purchase and fictitious distribution of rickshaws/ thela valued Rs 27.63 lakh could not be ruled out.

The BDO replied (January 2007) that the matter would be investigated.

The matter was reported to Government (August 2007); their reply had not been received (October 2007).

ROAD CONSTRUCTION DEPARTMENT

4.1.14 *Loss on dismantling and resetting of Pontoon bridge*

Failure of division to prevent loss of dismantled materials resulted in loss of Rs 68.95 lakh.

Pontoon Bridge situated at the confluence of Sone-Soti and Ganga River near Danapur gets dismantled and resettled in June and October respectively every year. Superintending Engineer (SE) instructed (October 2002) Executive Engineer (EE) that utmost care should be taken during dismantling so that components of the bridge might not fall or lost otherwise concerned EE, Assistant Engineer (AE) and Junior Engineer (JE) would be held responsible and if cost of missing items exceeded 10 per cent of the value of all materials received after dismantling then recovery would be made as per departmental rules. It was further stressed that site accounts and surplus accounts might be submitted after proper verification by the SE. This was reiterated subsequently (May, June, September 2003 and February 2005). Rates of the non-scheduled items were to be approved by the convener of the Schedule Committee.

A test check of records of Patna Road Division (West) (October 2006), disclosed that no action had been taken against the responsible JE (December 2002) for shortage of 680 cross bearings worth Rs 1.75 lakh and consequently due to this inaction of the Division, the value of the missing items sharply went up to Rs 17.82 lakh (89.46 per cent of estimate of resetting) in 2003-04, Rs 28.58 lakh (49.53 per cent of estimate of resetting) in 2004-05 and Rs 16.52 lakh (44.70 per cent of estimate of resetting) in 2005-06. The missing items were neither reported at the time of dismantling though required as per Rule 270, 271 of Bihar Public Works Account (BPWA) Code nor site account/ surplus account was maintained though required under rule 118 of BPWA code and Rule 273, 274 of Bihar Public Works Department Code (BPWD) Code. Interestingly, payment of Rs 7.03 lakh³⁶ for dismantling and bringing those items to safe site was made to the contractors during 2003-05 and dismantling was executed departmentally in 2005-06. The items were shown as missing at the time of preparation of estimate for resetting the bridge. Due to increase in missing items in subsequent years, the estimates for resetting increased to Rs 19.92 lakh in 2003-04, Rs 57.70 lakh in 2004-05 and Rs 36.96 lakh in 2005-06 though the length of bridge as well as cost of materials remained the same except for Usha Martin wire rope and Gasset plate. Major missing items were 204³⁷ anchors and 11280³⁸ meter wire rope valued at Rs 12.24 lakh and Rs 26.01 lakh respectively.

The value of non-scheduled items ranged from 43 to 77 per cent (Rs 1.15 crore³⁹) and rates were not approved by the convener of schedule committee.

³⁶ 2003-04 (Rs.3.37 lakh), 2004-05 (Rs.3.66 lakh)

³⁷ 2003-04 (80 no.), 2004-05 (89 no) &2005-06 (35 no.)

³⁸ 2003-04 (3320 mtrs), 2004-05 (4210 mtrs) & 2005-06 (3750 mtrs)

³⁹ 2003-04 (Rs. 19.92 lakh), 2004-05 (Rs.57.70 lakh) & 2005-06 (Rs.36.96 lakh)

The vouchers relating to purchase of materials valued Rs 69.10 lakh⁴⁰ were not available on records. Weight of the nuts and bolts of the same specification (per set) was shown 0.05 MT in the year 2003-04 and 0.30 MT in the year 2004-05 and thus excess payment of 14.25 MT⁴¹ valued Rs 4.28 lakh was made during 2004-05.

Division, in its reply stated (October 2006) that due to increase in water level it was not possible to pull anchor and wire rope and loss of other components was natural due to traffic rush. The reply was not acceptable as dismantling work was carried out in June⁴² every year before increase of water level in the river and no item was shown as missing at the time of or after dismantling though required. No action was taken against JE /AE/ EE in accordance with the instructions of SE.

Thus, failure of division to prevent loss of dismantled material resulted in loss of Rs 64.67⁴³ lakh and excess payment of Rs 4.28 lakh on account of showing extra weight of materials without any change in specification.

The matter was reported to Government (April 2007); their reply had not been received (October 2007). The matter was discussed with Development Commissioner as well as Deputy Secretary, Road Construction Department (November 2007).

4.2 Infertuous/ wasteful expenditure and overpayment

WATER RESOURCES DEPARTMENT

4.2.1 Wasteful expenditure

Embankment constructed at the cost of Rs 42.46 lakh was washed away during flood 2004 due to sub standard execution of work.

Ganga-Sone Flood Protection Division, Patna awarded anti erosion work from RD 3.5 to 6 (left bank of river Ganga) valued Rs 45.93 lakh to a contractor with stipulated date of completion as May 2004. The work was completed in May 2004 and final payment of Rs 42.46 lakh made to the contractor in December 2004. The embankment was washed away in the flood of August 2004.

A test-check of the records (June 2007) of Ganga-Sone Flood Protection Division, Patna showed the following:

- The work of making lap joints⁴⁴ (150 mm to 200 mm diameter) in 124 Sal- ballah piles was not carried out as required in the estimate;

⁴⁰ Anchor: Rs. 12.24 lakh, Usha Martin wire rope: Rs.36.01 lakh, 4" dia 6' long nut bolts with washer: Rs. 4.38 lakh, Gasset plate:Rs. 4.60 lakh, Various size nut & bolts with washer: Rs.5.79 lakh, 16 mm dia rope:5.25 lakh, Manila rope:Rs.0.93 lakh
⁴¹ 57 sets @ 0.05 MT = 2.85 MT was used but shown payment of 17.10 MT
⁴² 2003-04 (28/06/03),2004-05 (29/06/04)

⁴³ 2002-03:Rs.1.75 lakh, 2003-04:Rs.17.82 lakh, 2004-05:Rs.28.58 lakh, 2005-06: Rs.16.52 lakh

⁴⁴ Iron Joints for Sal ballah to upper ballah with nut and bolts.

- Labour charge for pitching of bricks in crate was paid for 1642.95 cum for which 7.01 lakh bricks were required but only 6.70 lakh bricks were available on site. Thus, crates were not properly packed with bricks;
- The construction material like BA wire (12.11 MT), Nylon crates (713), empty cement bags (53,099), Sal balla (992 meter) were provided by the Department but purchase vouchers were not available on record;
- There was nothing on record about checking pre-level of site and quality of work and material used by Quality Control Organisation as envisaged in sanctioned estimate;
- Work was shown as completed on 31 May 2004 but it was in progress on 19 June 2004 as per the inspection report of SE.

Thus, due to substandard execution of work, the embankment could not withstand the flood of 2004, which led to wasteful expenditure of Rs 42.46 lakh. On the same point, expenditure of Rs 1.25 crore was incurred upto June 2006 after flood of 2004.

The Executive Engineer stated (June 2007) that the work was executed on experimental basis on recommendation of Ganga Specialist Committee. The reply was not acceptable because work failed as it was not executed as per the contract.

The matter was reported to Government (August 2007); their reply had not been received (October 2007).

4.2.2 *Infructuous expenditure on incomplete execution of anti-erosion work*

Due to repeated incomplete execution of work, infructuous expenditure of Rs 6.19 crore was incurred as embankment was eroded every year during 2004-06. Besides, penalty amounting to Rs 47.61 lakh was not recovered from the contractor.

The State Review Committee (SRC) approved anti erosion works⁴⁵ to prevent erosion by river Gandak between 26.50 mile and 32 mile near Patjirwa of Champaran embankment before flood of 2004. SRC approved anti erosion and restoration works before the flood of 2005⁴⁶ and 2006⁴⁷ respectively at the same stretch as the works executed in previous year were washed away in the flood of 2004 and 2005. The expenditure incurred in different years was as under:

⁴⁵ construction of boulder revetment with 12 x 1.2 m apron with 25 cm thick boulder pitching.

⁴⁶ construction of PD retired ring bandh, seven (S-5, S-6, S-7, S-8, S-12, S-13, S-14) number armed spur, protection of downstream cut end of ring bandh with 6 m x 1.20 crated boulder and apron and slope pitching with 0.3 thick boulder; closure of breach in P.D. ring bandh.

⁴⁷ Restoration of nose, U/s Shank and D/s Shank (total length 205 m) of spur with sal ballah toe filling at interval of 1 m c/c apart, Boulder edge crating in three layers inside toe, pilling in nose, U/s Shank, D/s Shank portion over 3 m x 0.6 m crated boulder base.

(Rupees in crore)

Period	Agreement Number	Estimated cost	Expenditure
Before flood 2004	53 F2/ 03 - 04	3.11	2.29
Before flood 2005	9 F2, 13 F2/ 04 - 05	4.70	3.90
Before flood 2006	48 F2/ 05 - 06	0.64	0.41
Total		8.45	6.60

Irregularities noticed in execution of works were as under:

- As per flood calendar of the Department, scheduled date of sanction of estimate, award of work and completion were upto 12 December, 20 January and 30 April respectively every year but these works were executed after scheduled dates as detailed below:

Period	Date of sanction of estimate	Date of award of work	Execution of work up to
Before flood 2004	13 December 2003	30 March 2004	31 July 2004 (incomplete)
Before flood 2005	5 January 2005	10 February & 09 March 2005	30 May 2005 and 21 October 2005 (incomplete)
Before flood 2006	23 December 2005	15 February 2006	10 June 2006 (complete)

- The Joint Secretary unauthorisedly granted (November 2004 and September 2005) post-facto time-extension for the works awarded in 2004 / 2005 after flood of 2004/2005. Besides, measurement of October 2005 was entered in January 2006, which was against vigilance circular (December 1983) that measurement after two months was to be taken on written approval of EE alongwith mentioning the reasons for such delay;
- There was no proof of land acquisition, crop compensation, lead sanction, check of pre-level by SE and work programme of contractors. Form 'M', 'N', 'F' (Challan) for minor minerals (boulder, sand) were not obtained;
- The quality test report and vouchers relating to purchase and carriage of materials were not available;
- There was no evidence that the agency carried the departmental material like sal ballah, black annealed wire and empty cement bags to the site before flood of 2006. However, the value of the related work was shown as Rs 6.80 lakh, which was doubtful and
- As per contract, the work was to be completed within the time schedule otherwise 10 per cent of estimated cost was to be deducted from the agency. However, division failed to deduct Rs 47.61 lakh⁴⁸ as penalty from the agencies against four works.

⁴⁸ Rs 2.73 lakh (53F2/2003-04)+ Rs 37.84 lakh (9F2/2004-05)+ Rs 2.92 lakh (13F2/2004-05) + Rs 4.12 lakh (48F2/2005-06)

Thus, repeated failure to complete the work before flood resulted in infructuous expenditure of Rs 6.19 crore⁴⁹ as embankment was eroded between 26.50 mile to 32 mile near Patjirwa of Champaran embankment during flood of 2004 and 2005. Besides, penalty amounting to Rs 47.61 lakh was not recovered from the contractor.

The matter was reported to Government (September 2007), their reply had not been received (October 2007).

HUMAN RESOURCES DEVELOPMENT DEPARTMENT (HIGHER EDUCATION)

4.2.3 Excess payment of salary and illegal regularisation of services of teachers

Excess and irregular payment of salary amounting to Rs 41.37 crore to teaching and non-teaching staff in Bhim Rao Ambedkar Bihar University due to irregular regularisation of service, operating the post in excess of sanctioned strength and irregular fixation of pay.

Universities are governed by the Bihar State Universities Act, 1976 (Act) along with Statutes, Rules and Regulations made there under for appointment, promotion, payment of salaries and allowances etc. The salary and pension of teaching and non-teaching employees were paid from the grants sanctioned by the State Government.

A test check (September 2006) of records of BRA Bihar University disclosed the following:

Counting of service before issuance of statutes

The Hon'ble High Court in C.W.J.C. No- 5859 of 1996 held (February 2000) that those teachers who were not holding any post in the regular manner on the dates of their absorption but were absorbed under one of the three Statutes approved by the Chancellor during February 1978 to January 1986 would be entitled to count their services for the purpose of calculation of their entitlement and also for merit / time-bound promotion from the following dates:-

a	If absorbed under the 1st Statute	30.06.1977*
b	If absorbed under the 2nd Statute	01.01.1981*
c	If absorbed under the 3rd Statute	28.02.1982*

* The dates of issuance of these statutes.

The State Government (Government) also directed (June 2004) the University to implement the orders of the Hon'ble High Court in letter and spirit.

⁴⁹ Rs 14.72 lakh (53F2/2003-04) + Rs 2.15 crore (Cost of departmental material used in 53F2/2003-04) + Rs 3.63 crore (9F2/2004-05) + Rs 26.73 lakh (13F2/2204-05) = Rs 6.19 crore.

In violation of orders of the Hon'ble High Court and directions of the State Government, excess payment of Rs 2.37 crore was made to 68 teachers⁵⁰ during April 1997 to July 2006 due to counting of their services from the dates earlier than the issuance of Statues.

The University replied (August 2007) that the order of the Hon'ble High Court in Case No. 5859 of 1996 and Government's direction had not yet been implemented. The reply was not acceptable as University authorities had falsely certified to Human Resources Development Department that payments of salaries were made in accordance with orders of the Hon'ble High Court.

Illegal regularisation of services of teachers

The norms for absorption of services of lecturers as per third absorption statute approved by the Chancellor (January 1986) were as follows:

- (i) had been appointed as lecturer on or before 28.02.1982
- (ii) possessed at least a second class Master's degree in the subject
- (iii) the post on which the lecturer concerned has been appointed was either duly sanctioned by the competent authority or the proposal for sanction of the post had been submitted by the University/ College to the State Government on or before 28.02.1982 which was subsequently approved by the State Government or the said proposal was under consideration.

A test check of records (August 2007) of 221 teachers whose services were absorbed during October 1994 to January 1997 under this statute disclosed that 21 teachers were absorbed without fulfilling the requisite norms of regularization as detailed in the table below:

Sl. No.	Number of lecturers absorbed	Date of appointment	Date of approval of the Chancellor	Irregularities noticed
1.	06 ⁵¹	18.12.1979 to 25.01.1981	29.09.1994	Proposal for sanction of posts sent by the University/ Colleges to the State Government after cut-off date i.e. 28.02.1982
2.	07 ⁵²	11.12.1976 to 28.02.1982	04.01.1997	Regularised against non sanctioned/ non-recommended posts of the colleges.
3.	06 ⁵³	22.12.1979 to 28.02.1990	29.09.1994 and 23.03.1996	Initially appointed by the Vice-Chancellor for six months only and continued without any further extension, as such, were not in valid service as on 28.02.1982.
4.	02 ⁵⁴	08.02.1982 to 24.06.1982	29.09.1994 and 04.12.1996	Not possessed the requisite qualification as on 28.02.1982.

⁵⁰ *The teachers who were absorbed in February 1981 and between August 1991 and January 1997.*

⁵¹ *M.J.K. College, Bettiah-1, T.P. Verma, College, Narkatiyaganj-2, Rameshwar College, Muzaffarpur-3*

⁵² *D.C. College, Hajipur-5, S.N.S College, Motihari-1, R.P.S. College, Chakiya-1*

⁵³ *R.D.S. College, Muzaffarpur-1, S.R.K.G. College, Sitamarhi-1, M.S. College, Motihari-2, L.N. College Bhagwanpur-1, L.S. College, Muzaffarpur-1*

⁵⁴ *Niteshwar College, Muzaffarpur-1, R.S. College, Muzaffarpur-1*

Further, 30 teachers were absorbed against posts recommended for sanction to the State Government by the University/ Colleges before 28.02.1982 but were not sanctioned as of July 2007. In addition, details regarding fulfillment of conditions for regularisation of services and Chancellor's approval thereof in regard to 28 teachers were not available in the University.

Thus, due to illegal regularisation of services in violation of provisions of section 35 (3) of the Act and conditions laid down by the State Government for payment of salary, Rs 10.71 crore (approximately) was unauthorisedly paid to 51 teachers during 2001-02 to 2006-07.

The University stated (August 2007) that absorption of services of teachers was made after approval of the Chancellor. The reply was not acceptable as these teachers did not fulfill the conditions laid down in third statute for regularisation of service. The matter requires detailed investigation.

Operation of posts in excess of sanctioned strength

Section 35 of the Act stipulates that no teaching or non-teaching post involving financial liabilities would be created without prior approval of the Government.

A test check of records regarding sanctioned strength *vis-a-vis* men-in-position in respect of Group C and Group D employees in the University, Allied Units, Post Graduate Departments and Constituent Colleges showed that 142 posts were being operated in excess of sanctioned strength as shown in the table below.

Sl.No.	Category of posts	Sanctioned strength	Men-in-position	Excess
1	Programme Officer	Nil	2	2 ⁵⁵
2	IIIrd Grade	183	241	58 ⁵⁶
3	IVth Grade	102	184	82 ⁵⁷
Total		285	427	142

In violation of the aforesaid provision of the Act, the University incurred unauthorized expenditure of Rs 5.76 crore on payment of salary and allowances during 2001-07.

Irregular fixation of pay

Under UGC package, the State government modified (September 2005) the scale of Readers promoted under time bound scheme as under:

Sl No.	Category of Readers	Modified scale
1	Promoted till 01-03-1989	Rs. 12000-420-18300
2	Promoted after 01-03-1989	Rs. 10000-325-15200

⁵⁵ Adult Education Department-2

⁵⁶ University Office-14 (Fixed Salaries-3, Regular Salaries-11), Library-1, P.G. Department-8, University Press-4, Adult Education Department-3, 10 Constituent Colleges-28

⁵⁷ University Office-50 (Fixed Salaries), P.G. Department-24, 6 Constituent Colleges-8.

Scrutiny of pay fixation chart of 666 Readers promoted under time bound promotion scheme disclosed that the pay of 517 Readers promoted after 1 March 1989 were fixed (April 2006) in the scale of Rs 12000-420-18300 and minimum pay at Rs 14940 was allowed to all 666 Readers as and when they completed five years of service in the grade/ scale of Reader without approval of the Government and in contravention of the resolution of Pay Fixation Committee meeting (May 2006). Further, it was allowed (May 2005) by the Government in respect of Readers directly recruited / promoted under Merit Promotion / Career Advancement Scheme.

Thus, wrong fixation of pay in higher scale as well as at higher stage in violation of section 35 (1) (ii) of the Act and conditions laid down by the Government resulted in excess payment of Rs 22.53 crore from March 2006 including arrear of January 1996 to March 2000 (paid during May -June 2007).

The University, while accepting (August 2007) the above observations stated that payments were being made in anticipation of approval of the Government. The reply was not acceptable, as Government never sanctioned the enhanced pay scale and higher stage of pay to Readers promoted under time bound promotion scheme.

The matter was reported to Government (September 2007); their reply had not been received (October 2007).

HUMAN RESOURCES DEVELOPMENT DEPARTMENT

4.2.4 Excess payment of dearness allowance

The belated action of the department resulted in loss of Rs 39.24 lakh due to non-recovery of excess amount of dearness allowance paid and loss of interest for Rs 41.03 lakh due to non-remittance of recovered amount in treasury. Besides, Rs 1.44 crore remained to be recovered.

The Human Resource Development Department (HRDD), Bihar provides grant to madarasas for salaries payment to teachers. The Directorate of Secondary Education provides funds to District Education Officers (DEOs) through bank drafts to madarsa-in- charge for payment of salaries to teachers.

Test check (June 2007) of records of DEOs in Araria, Kishanganj, Purnea and Sitamarhi disclosed that after detecting (April 1998) excess payment of dearness allowance (DA) beyond 71 per cent to madarsa teachers during 1988-97, the HRDD directed (August 2005) all the DEOs to recover excess paid amount in six instalments from subsequent grants to be released to madarasas. An amount of Rs 8.27 crore⁵⁸ was paid in excess to madarsa teachers in the four districts during above period. In response to aforesaid instructions, the DEOs of respective districts recovered (2005-07) Rs 6.44

⁵⁸ Araria: Rs 1.70 crore, Kishanganj: Rs 3.55 crore, Purnea: Rs 2.15 crore and Sitamarhi: Rs 0.87 crore.

crore⁵⁹ from salaries of madarsa teachers and kept in current account instead of depositing it in treasuries. An amount of Rs 1.83 crore was yet to be recovered as of June 2007. Out of Rs 1.83 crore excess paid DA to 112 teachers of Araria, Kishanganj and Sitamarhi who retired/ died/ resigned / removed from service during August 1996-February 2005 amounting to Rs 39.24 lakh was not recoverable.

The DEOs of the aforesaid districts stated (June 2007) that due to lack of any direction from the Government, the recovered amount was kept in current account in banks.

Thus there was loss of Rs 39.24 lakh due to non recovery from 112 teachers and loss of interest of Rs 41.03 lakh at the rate of 7.5 percent (borrowing rate of state) per annum on account of non remittance of Rs 6.44 crore. Besides, Rs. 1.44 crore was yet to be recovered due to deficient and ineffective monitoring by the Department.

The matter was reported to Government (July 2007); their reply had not been received (October 2007). The matter was discussed with Development Commissioner (November 2007).

4.3 Violation of contractual obligations, undue favour to contractors, avoidable/ unfruitful expenditure

ANIMAL HUSBANDRY AND FISHERIES DEPARTMENT/ HUMAN RESOURCES DEVELOPMENT DEPARTMENT/ HEALTH AND FAMILY WELFARE DEPARTMENT

4.3.1 Unfruitful expenditure

Payment on account of salary to idle staff and lecturers resulted in unfruitful expenditure of Rs 1.69 crore.

A test check (September 2006 to March 2007) of records relating to schemes executed through six offices/ institutions revealed following salary payment of Rs 1.69 crore to idle staff as shown below:

Name of Department/ office/institution	Number of idle staff	Salary paid for idle period		Remarks
		Period	Payment (Rs in lakh)	
Animal Husbandry and Fisheries Department District Animal Husbandry officer Muzaffarpur and Munger	8 ⁶⁰	2003-07	33.69 ⁶¹	Staff were deployed for bull distribution, fodder development and poultry development. The schemes were not carried out since 2003-04

⁵⁹ Araria: Rs 1.20 crore, Kishanganj: Rs 2.96 crore, Purnea: Rs 1.67 crore and Sitamarhi: Rs 0.61 crore.

⁶⁰ Munger: Veterinary assistant-3, Peon-1, Worker-1 and Muzaffarpur: Veterinary inspector-1, Veterinary assistant-1, Assistant Poultry development officer - 1

⁶¹ Munger Rs 13.72 lakh and Muzaffarpur Rs 19.97 lakh.

Name of Department/ office/institution	Number of idle staff	Salary paid for idle period		Remarks
		Period	Payment (Rs in lakh)	
Human Resources Development Department Primary Teachers Training College, Banka	9	2003-07	30.81 ⁶²	No training class/ refresher course was conducted from 2003-04
Human Resources Development Department Govt. Girls High School, Gulzarbag	1	September 2003 to February 2007	7.65	No student in Maithili was admitted in the school from the date of appointment of Maithili lecturer (February 1990).
Health and Family Welfare Department Auxiliary Nursing Midwife (ANM) Training School, Sasaram	10	2001-06	77.13	Training school was not functional since December 1996
Health and Family Welfare Department ANM Training School, Hathua, Gopalganj	7	2004 to November 2006	19.84	No trainees were admitted during 2004-07
			169.12	

The Principal of Government Girls High School, Gulzarbagh stated (March 2007) that matter would be referred to the Government. Principal of ANM school, Sasaram replied that several requests were made to Commissioner-cum-Secretary / Director for transfer of these staff elsewhere but no direction was received so far (November 2006). He further intimated that they were engaged in Sadar Hospital which was not acceptable as they were drawing salary from the budget provision of the ANM training school. The Civil Surgeon-cum Chief Medical Officer, Gopalganj stated (November 2006) that matter would be referred to Director-in-chief, Health Services.

Thus, inaction on the part of Animal Husbandry Department, Human Resources Development Department and Health and Family Welfare Department to redeploy the staff resulted in unfruitful expenditure on payment of salary amounting to Rs 1.69 crore during 2003-07.

The matter was reported to Government (September 2007); their reply had not been received (October 2007).

⁶² 2003-04 : Rs 9.00 lakh, 2004-05 : Rs 8.62, 2005-06 : Rs 13.19 lakh.

BUILDING CONSTRUCTION DEPARTMENT

4.3.2 *Doubtful execution of special repair*

Suspected fraudulent payment for doubtful special repair works amounting to Rs 58.66 lakh in absence of exact location of execution of work.

Rule 194 of BPWD code stipulates that special repairs (such as re-roofing of a building, renewal of flooring) are of a more extensive nature and are required at longer intervals necessitated by long wear or unusual circumstances. Departmental letter (October 1998) also reiterated that work of special repair was not to be executed annually. Estimates for special repairs should indicate expenditure incurred during previous three years. Failure to do so would make the officer liable for departmental action.

Central Building Division and Patliputra Building Division carried out the repair and maintenance work of Government buildings (residential and non-residential) of Patna. Scrutiny of records disclosed the following:

- According to instructions of Building Construction Department (BCD) (October 1998 revised in 2003) total entitlement of both the divisions based on rates per square feet for repair and maintenance works of different categories of buildings was Rs 7.58 crore⁶³. Against that Rs 49.83 crore⁶⁴ was provided by BCD and Rs 46.02 crore⁶⁵ was spent resulting in excess expenditure of Rs 38.44 crore⁶⁶.
- In contravention of above rule and directions, Patliputra Building Division, Patna carried out special repairs repeatedly every year in guesthouse number one to 100. The year wise expenditure during the years 2004-07 was as under:

(Rupees in lakh)

Sl. No.	Guest house no.	2004-05	2005-06	2006-07
I	1 to 34	2.57	3.98	4.58
II	35 to 50	2.14	1.66	22.02
III	51 to 66	2.24	NA	18.34
IV	67 to 100	2.98	3.66	4.42
	Total	9.94	9.30	49.36
	Doubtful expenditure during 2005-07	58.66		

(NA: Records not made available by the division)

The entries in measurement book did not indicate exact location of work. Details of expenditure of last three years was also not recorded on the

⁶³ Rs 4.84 crore (Patliputra Building Division) + Rs 2.74 crore (Central Building Division) = Rs 7.58 crore.

⁶⁴ Rs 22.07 crore (Patliputra Building Division) + Rs 27.76 crore (Central Building Division) = Rs 49.83 crore

⁶⁵ Rs 21.47 crore (Patliputra Building Division) + Rs 24.55 crore (Central Building Division) = Rs 46.02 crore

⁶⁶ Rs 21.47 crore (Patliputra Building Division) + Rs 24.55 crore (Central Building Division) - Rs 7.58 crore = Rs 38.44 crore

estimates of special repairs, though required. Thus expenditure shown as incurred in the years 2005-07 (Rs 58.66 lakh) was doubtful.

- Scrutiny relating to repair of 109 residential/ non-residential buildings disclosed that divisions incurred excess expenditure of Rs 6.19 crore on these repairs.
- There was no proof of purchase of cement steel etc. though required under Rule 84 of BPWA code. In the absence of purchase vouchers, the actual utilisation of these materials was not ascertainable.
- The requisitions and occupancy certificates to the effect that work had been completed in accordance with the agreement of work were not on records though required.

The Executive Engineers (Patliputra and Central Divisions) stated (October 2007) that expenditure was incurred on the basis of priority list approved by higher authorities incorporating the desired needs of VIPs and the allotments received from time to time for the same. Also the special works in the residences of VIPs do not come in the purview of plinth area limitations.

The reply of the Executive Engineers (October 2007) was not tenable as execution of works was in contravention of BPWA Code and departmental instructions (circular no. 4275 dated 17.10.98).

The matter was reported to Government (September 2007); their reply had not been received (October 2007).

WATER RESOURCES DEPARTMENT

4.3.3 Unfruitful expenditure

Deficient planning and lack of co-ordination between two divisions led to unfruitful expenditure of Rs 53.22 lakh and avoidable expenditure of Rs 64.54 lakh.

The Water Resource Department decided (March 2000) to construct Anti Flood Sluice (sliding type vertical) at 34.45 km (Paikat Dhar) of Badlaghat Nagarpara Embankment. The civil work was to be executed by Flood Control division no. II Khagaria division and sluice along with its sliding system were to be constructed and installed by the Mechanical Division, Darbhanga. The Chief Engineer, Samastipur allotted (March 2000) the civil work of the sluice to an agency for Rs 54.65 lakh. During computation of hoist capacity of sluice, Chief Engineer (Mechanical), Water Resources Department, Patna found (April 2004) that the operation of gate was not possible manually and mechanical device would not be economical and practical. Accordingly the mechanical wing requested the Central Design Organisation (CDO) for revising the design of the gate, so that the manually operated screw hoist might easily be installed. Later, CDO revised (October/November 2004) the

design of gate into fixed wheel type. In the meantime, the civil wing completed the structure on the basis of sliding type vertical design at an expenditure of Rs 53.22 lakh (March 2006) and embedded parts were fitted therein by the Mechanical wing leaving no gap for fixing of wheel type gate.

Thus, due to faulty planning and lack of co-ordination between two divisions of the department, the expenditure of Rs 53.22 lakh incurred on civil structure (March 2006) remained unfruitful. In the absence of sluice, the Division incurred an expenditure of Rs 64.54 lakh⁶⁷ on maintenance of the embankment and closure of gap during 2004-06 which is likely to go up in future.

The Executive Engineer stated (July 2007) that action is being taken for rectification of defect.

The matter was reported to Government (April 2007); their reply had not been received (October 2007).

4.3.4 *Avoidable expenditure*

Injudicious action of department resulted in avoidable expenditure of Rs 1.47 crore on flood fighting and restoration work.

The Technical Advisory Committee (TAC) recommended construction of 12 spurs (S-1 to S-12) and four retire lines on river Ganga before flood 2002 (agenda no 76/335) for flood protection between Jarlahi to Karhagola under Flood Control Division Karhagola. But, the Water Resource Department decided (January 2002) to construct 11 spurs (S-2 to S-12) and three retire lines. However, in view of the inadequate availability of the boulders, the division took up the construction work of only six spurs (S-2, S-3, S-5, S-8, S-11 and S-12) before flood of 2002. Work of four spurs (S-2, S-3, S-5 and S-11) was completed before flood of 2002 at a cost of Rs 5.89 crore whereas work of spur S-8 was completed before flood 2003 at a cost of Rs 1.26 crore. Due to omission to construct spur-4, severe erosion took place between spur-3 and spur-5 during the floods of 2004 necessitating restoration work valued Rs 39.91 lakh before flood of 2005 and flood fighting work valued Rs 3.65 lakh during flood of 2005. But despite these efforts, spur-5 could not be saved. Subsequently the department had to approve (December 2005) the proposal for construction of spur-4 as well as re-construction of spur-5 at a cost of Rs 2.53 crore⁶⁸. Both the works were completed (June 2006) at a cost of Rs 2.12 crore⁶⁹.

The expenditure of Rs 1.47 crore⁷⁰ on account of restoration of spur-5 and flood fighting could have been avoided if the spur-4 had been constructed before flood of 2002.

⁶⁷ 2004-05 - Rs 32.76 lakh (Adjustment Vr No.- 1 dt 27.09.06).

2005-06 - Rs 31.78 lakh (Vr No. - 1 dt 08.07.06).

⁶⁸ Construction of spur-4: Rs 1.45 crore and re-construction of spur-5: Rs 1.08 crore.

⁶⁹ Construction of spur-4: Rs 1.09 crore and re-construction of spur-5: Rs 1.03 crore.

⁷⁰ Flood fighting: Rs 3.65 lakh, restoration work of spur-5 before flood 2005: Rs 39.91 lakh and re-construction of spur-5: Rs 1.03 crore.

The Executive Engineer (EE) replied (November 2006) that spur- 4 was not included in the agenda 76/335 and the Division repeatedly proposed for construction of spur-4 before flood 2003, 2004 and 2005 keeping in view the severe erosion threat but the department did not approve the proposal.

Reply of the EE was not acceptable because the construction work of spur-4 was also sanctioned simultaneously with other spurs as per technical report (January 2002). After communication of approval of the work by Government in 2002, the Division had six months which was sufficient to obtain required boulders.

The matter was reported to Government (July 2007); their reply had not been received (October 2007).

HOME (POLICE) DEPARTMENT

4.3.5 Unfruitful expenditure

Injudicious purchase of Kerosene Oil Gen Sets by IG (Provision) resulted in unfruitful expenditure of Rs 2.61 crore.

Paragraph 3 of kerosene (Restriction on use and fixation of ceiling price) order, 1993 stipulates that no person shall use kerosene supplied under the public distribution system for any purpose other than cooking and illumination; Provided that the Central or State Government may by order permit any person to use kerosene for such other purposes as it may specify in the order.

Scrutiny (July 2007) of records of Inspector General (IG) Provision, Patna disclosed the 522 Portable Kerosene Oil Generator Sets (Gen sets) valued Rs 2.61crore (@ Rs.0.50 lakh per set) were purchased (March 2006) without obtaining permission from the State Government to use kerosene for running of generator sets. For running of these 522 gen sets for eight hours in a day, 1.87 lakh litres of kerosene oil were required per month.

Interestingly, the DGP wrote to Food and Civil Supply Department in July 2006 to supply adequate amount of kerosene oil after making the purchase. However, no quota was fixed by Food and Civil Supply Department. Thus, placing the orders of purchase of gen sets without obtaining permit to use kerosene oil resulted in unfruitful expenditure of Rs 2.61 crore.

Inspector General (Provision) accepted (November 2007) that no quota for kerosene had been fixed by Food and Civil Supply Department but stated that generator sets were being run on the kerosene oil which the SsP procured from local district administration under their monthly quota. In evidence, photocopies of letter of SsP of 10 districts were enclosed.

The reply was unacceptable because letters sent by SsP did not indicate the source from which kerosene oil was obtained to run the gen sets. Further, DMs were not permitted to provide kerosene oil without fixation of quota by

the Food and Civil Supply Department. Out of the 10 SsP, two in their earlier letters had informed the office of DGP that gen sets were lying unutilised due to non-provisioning of kerosene by district administration. SP of Vaishali district had confirmed (May 2007) that gen sets were not being used due to non provisioning of kerosene. SP Gaya reconfirmed (November 2007) that generator sets were lying unutilised because of non provisioning of kerosene.

The matter was reported to department (September 2007); their reply had not been received (October 2007).

WATER RESOURCES DEPARTMENT

4.3.6 *Unfruitful expenditure on incomplete work*

Construction of anti flood sluice without acquisition of land resulted in unfruitful expenditure of Rs 33.67 lakh.

Work of construction of anti flood sluice at 6.5 Km of Sormarahat Hayaghat embankment near village Ghogharaha was administratively approved by Water Resources Department, Patna (December 2000) for Rs 51.62 lakh. Chief Engineer accorded technical sanction for Rs 50.96 lakh in January 2001. Accordingly, Executive Engineer, Flood Control Division, Darbhanga executed an agreement at five *per cent* above schedule rate (Rs 39.91 lakh). The work was to be completed by June 2001, which was further extended up to March 2003. However, the agency could execute work of Rs 33.67 lakh only upto March 2003 and the work remained incomplete (October 2007).

During test check of records of Executive Engineer, Flood Control Division, Darbhanga (December 2005), it was observed that the work was taken up without acquisition of land. Though Rs 6.25 lakh was made available to District Land Acquisition officer in February 2003, the amount of compensation was not paid to the landowners due to which land was not acquired and work remained incomplete.

Thus, taking up of work without acquisition of land, contrary to the codal provision resulted in non-completion of work and unfruitful expenditure of Rs 33.67 lakh.

The Executive Engineer stated (October 2007) that the work would be completed after acquisition of land. However, District Land Acquisition Officer, Samastipur stated (October 2007) that land acquisition was not possible due to non-furnishing of no objection certificate (NOC) by EE.

The matter was reported to Government (September 2007); their reply had not been received (October 2007).

RURAL DEVELOPMENT DEPARTMENT

4.3.7 Unfruitful expenditure

Unfruitful expenditure of Rs 3.86 crore and irregular subsidy payment of Rs 69.04 crore was made in eight districts under SGSY scheme.

Swarn Jayanti Gram Swarajgar Yojna (SGSY) was launched by GOI to improve the socio-economic conditions of the rural poor families through providing them self-employment. Under the scheme, swarajgaris / self-help groups (SHGs) were to be assisted through bank credit and government subsidy to create income generating assets for their regular income. Twenty *per cent* of SGSY funds to be utilised for infrastructure development corresponding to the need of swarajgaris / SHGs. Minimum skill requirement through imparting training was mandatory for grant of loan / subsidy to swarajgaris / SHGs. The District Rural Development Agency (DRDA) was responsible for implementation and monitoring of the scheme including recovery of loan, maintenance of records and physical verification of assets.

(a) Infrastructure funds

Test-check (May 2007) of records of DRDA, Samastipur and Aurangabad disclosed that against available fund of Rs 9.70 crore, the expenditure of Rs 3.86 crore was made on infrastructure development but expenditure was unfruitful as shown in the table below :

Name of District	Date of release of funds	Expenditure (Rs in crore)	Audit observations
DRDA, Samastipur	12.02.2000	1.25	The training was to be imparted in established engineering colleges, ITIs, Polytechnic and allied institutions but 21 training-cum-production centres (TCPC) were constructed without conforming to the need of swarajgaris / SHGs and thus, all the TCPCs remained non-functional till May 2007
DRDA, Samastipur	2001-02	0.05	Construction of milk parlours by DRDA, Samastipur was unfruitful as these were non functional till May 2007.
DRDA, Samastipur	February 2002 and September 2004	0.50	Payment was made to Mithila Milk Union, Samastipur for the construction and commissioning of chilling plant was irregular as 50 <i>per cent</i> of members of the union were not swarajgaris.
DRDA, Samastipur	September 2000 and January 2002	1.16	The DRDA advanced Rs 1.16 crore to Assistant Engineer, Rural Sepcial Division no. I, Samastipur for construction of 22 shops but only seven shops valued Rs 0.57 crore were completed. These shops also remained non functional (May 2007). The remaining amount of Rs 0.59 lakh was unutilised as of May 2007.

Name of District	Date of release of funds	Expenditure (Rs in crore)	Audit observations
--do--	2001-02	0.15	Construction of five shops were incomplete (May 2007).
Aurangabad	2004-06	0.75	Expenditure was made on renovation of 13 ponds for pisciculture, earth work and sinking of hand pumps in two nurseries and construction of one weaver shed but no swarojgari was selected for these activities as of August 2007. Thus, investment of Rs 75 lakh was unfruitful.
Total		3.86	

(b) **Subsidy**

The subsidy of Rs 68.85 crore was paid (2003-07) to 96751 beneficiaries in seven districts⁷¹ in violation of SGSY guideline without imparting training and minimum skill for self-employment.

Further records of DRDA, Bhojpur and Gaya disclosed that Rs 63 lakh (loan: Rs 44.37 lakh and subsidy: Rs 18.54 lakh) was paid to 310 swarojgaris during the 2000-04. Despite non repayment of loan, subsidy Rs 18.54 lakh was adjusted against defaulting swarojgaris.

Thus, there was unfruitful expenditure of Rs 3.86 crore and irregular subsidy payment of Rs 69.04 crore⁷² under SGSY.

The matter was reported to Government (September 2007); their reply had not been received (October 2007).

MINOR IRRIGATION DEPARTMENT

4.3.8 Unfruitful expenditure

Expenditure of Rs 2.57 crore made on construction of 203 platforms remained unfruitful. Besides there was doubtful expenditure of Rs. 37.66 lakh on installation of 107 pump sets.

The Minor Irrigation (MI) Department sanctioned 262⁷³ Barge Lift Irrigation schemes⁷⁴ at a cost of Rs. 4.27 crore in MI Division, Saharsa under RIDF Phase 8 (financed by 90 per cent NABARD loan). The Barge scheme is implemented through construction of floating platform and installation of pump set on the platform. The barge-site was to be selected on the basis of agreement among the committee of beneficiaries, panchayat and concerned MI Division. After completion, the schemes were to be handed over to respective beneficiary committees for operation and maintenance.

The Chief Engineer MI, Bhagalpur issued (March 2004) purchase order to a private firm of Agra for procurement of 262 pump sets. The purchase order

⁷¹ Arraria, Aurangabad, Bhojpur, Buxar, Gopalganj, Muzaffarpur, Sitamarhi

⁷² Rs 68.85 crore + Rs 18.54 lakh = Rs 69.04 crore.

⁷³ Saharsa sub division: 119, Supaul sub division: 82 and Madhepura subdivision: 61.

⁷⁴ A pump set installed on floating platform in the river or jheel to irrigate adjacent area.

inter alia envisaged supply, installation and commissioning of 10 HP air-cooled diesel engine with accessories after inspection by DGS&D in presence of authorised representative of the Office of the Chief Engineer, MI Department, Bhagalpur. The pumps were supplied and commissioned as per certificate furnished (March 2006) by Assistant Engineer (AE), Saharsa and accordingly payment (March 2006) of Rs one crore for all the 262 pump sets was made to the agency.

For construction of floating platforms, nine agreements valued Rs.3.62⁷⁵ crore were executed by the division with three agencies (January-February 2004) and payment of Rs. 3.39⁷⁶ crore was made upto April 2007.

Scrutiny (May 2007) of records disclosed following:

- Certificate of AE Saharsa in respect of supply, installation and commissioning the pump sets was incorrect as 59 pump sets valued Rs. 20.77 lakh under Madhepura sub division were not traceable which were shown as commissioned but not handed over to beneficiary committee as confirmed in physical verification by the Department (May 2007). Similarly, 48 pump sets valued Rs. 16.89 lakh under Supaul sub division were shown as installed, commissioned and handed over to beneficiary committees prior to construction of floating platforms. Thus, installation of 107 pump sets valued Rs 37.66 lakh was doubtful;
- There was nothing on record about inspection of DGS&D in presence of representative of CE office;
- Payment for 131 pump sets was made without obtaining invoice / challans and packing list identifying the content of each pack,
- Out of 262 floating platforms, 59 were complete and remaining 203 were incomplete. Expenditure of Rs. 2.57 crore was incurred on incomplete floating platforms;
- Stock register and site account was not found maintained and
- No agreement was on record regarding selection of site.

Thus, unfruitful expenditure of Rs 2.57 crore was made on incomplete platforms and doubtful installation of 107 pump sets valued Rs 37.66 lakh.

The matter was reported to Government (August 2007); their reply had not been received (October 2007).

⁷⁵ Firm-A: (1F2: Rs.45,67,016, 2F2:Rs.40,13,439, 3F2: Rs.35,98,255, 4F2: Rs.37,36,650, 5F2: Rs.41,51,833 and 6F2: Rs.42,90,227), Firm-B: (7F2: Rs.42,90,227 and 8F2: Rs.38,75,044) and Firm-C: (9F2: Rs.37,36,650).

⁷⁶ 1F2: Rs.39,54,285 upto 9th RA, 2F2: Rs.31,40,636 upto 3rd RA, 3F2: Rs.30,09,404 upto 6th RA, 4F2: Rs.37,36,486 upto 3rd RA, 5F2: Rs.41,51,094 upto 5th RA, 6F2: Rs.40,41,455 upto 2nd RA, 7F2: Rs.42,90,227 Final, 8F2: Rs.38,75,044 upto Final and 9F2: Rs.37,36,656 upto 9th RA.

RURAL DEVELOPMENT DEPARTMENT

4.3.9 *Unfruitful expenditure*

Unfruitful expenditure of Rs 48.58 lakh on construction of gabions without any plantation.

The District Rural Development Agency (DRDA), Jehanabad provided Rs 48.60 lakh to Minor Irrigation Division, Jehanabad between August 2004 and December 2004. Rupees 48.60 lakh was earmarked for Social Forestry Scheme of Sampurna Grameen Rojgar Yojana (SGRY). DRDA, Jehanabad released the entire amount for construction of 6075 bricks gabions for protection of plants to be planted on the bank of embankment, Ahar, Pine and Ponds. No funds were provided for plantation of trees inside the gabions.

A test check of records (December 2006) of DRDA, Jehanabad disclosed that during September 2004 to February 2005, 6075 gabions were constructed at an expenditure of Rs 48.58 lakh. However, plantation was not done till April 2007, as DRDA did not provide funds for plantation resulting in unfruitful expenditure of Rs 48.58 lakh.

In reply, the Deputy Development Commissioner, Jehanabad stated (April 2007) that correspondence was made (May 2005) with Forest Department for availability of plants and District Engineer, Jehanabad had been directed (July 2005) to furnish model estimate for plantation.

The reply was not acceptable as planting of trees did not take place till 2007 and the funds should have been provided for planting of trees along with construction of gabions by the DRDA, Jehanabad.

The matter was reported to Government (May 2007), their reply had not been received (October 2007).

4.4 Irregular/ idle expenditure, blocking/ misutilisation of funds

HUMAN RESOURCES DEVELOPMENT DEPARTMENT

4.4.1 *Blockage of funds and loss of interest*

Drawal of funds amounting to Rs 22 crore without project reports and plan for implementation of the schemes resulted in blockage of funds and loss of interest for Rs 71 lakh.

Rule 13 of Bihar Financial Rules (BFR) read with note below Rule 300 of Bihar Treasury Codes stipulates that no money should be drawn from the treasury unless it is required for immediate payment. It has been clearly instructed in note below rule 13 of BFR that money should neither be drawn from the treasury simply on ground that competent authority has sanctioned the charge, nor it is permissible to draw money from the treasury and then to place it in deposit in order to avoid lapse of allotment.

Test check (April 2007) of records of Director, Secondary Education disclosed that Rs 22 crore drawn (2004-2006) by Human Resources Development

(HRD) Department, Bihar, Patna and provided to Bihar Intermediate Education Council (BIEC) for IT education in 100 plus-2 schools⁷⁷ remained unutilised till May 2007. However, after lapse of 10 months the Director (Secondary education) instructed the BIEC (February 2007) to transfer the above amount to Bihar State Electronics Development Corporation (BELTRON) for implementation of the programme. The BIEC did not transfer the amount to BELTRON as of May 2007 and meanwhile Government decided to wind up (April 2007) the BIEC. The BIEC kept Rs 16 crore in fixed deposit and Rs one crore was kept in the savings account and earned interest of Rs 71 lakh upto April 2007.

The Human Resources Development Department, Bihar, Patna decided (2004-05) to establish residential high school for boys at Simmultallah (Jamui) and for girls at Dehri (Rohtas) in order to provide better education facilities to meritorious students of the state. Accordingly, the department provided Rs 2.5 crore (May 2005) each to both the schools (Rs 1.75 crore for construction of building and Rs 75 lakh for establishment expenditure for each school). Neither the land was acquired nor the project report was prepared for construction of school building as of May 2007. Without project report and acquisition of land, the release of funds of Rs 5 crore to School Education Committee was in contravention of financial rules and sound financial management.

As the Government raised market loans and paid interest at the rate of 7.5 per cent per annum to meet expenditure on development work and thus paid/had to pay interest of Rs 2.03 crore. Thus the Government sustained loss of interest of Rs 71 lakh.

Thus, due to withdrawal of funds without any plan for implementation of the programme and project report, the funds of Rs 22 crore remained blocked for period ranging from 12 to 24 months which resulting in loss of interest for Rs 71 lakh.

The matter was reported to the Government (June 2007); their reply had not been received (October 2007).

4.4.2 Idle expenditure on procurement of computers

Computers and their accessories valued Rs 38.21 lakh meant for training centres remained idle due to non-construction of buildings.

The Bihar Government decided to establish District Computer Training Centre (DCTC) as per recommendation of the 11th Finance Commission (2000-05) to impart computer education at school level. The centres were to be managed by District Computer Society (DCS) which were required to be registered. In the DCTCs at State High School, Araria and Zila School, Darbhanga, 100 computers (50 computers at each centre) were to be installed. In view of the above, the Director, Secondary Education provided Rs 22.56 lakh (@ Rs 11.28 lakh per school) to Building Construction Department (March 2003) for construction of centre at both the schools. The computers and other accessories meant for the centre were procured at the Directorate level.

⁷⁷ @ Rs 17.00 lakh per school.

During test check (July 2007) of records of both the schools, it was observed that 48 computers with accessories, laser printer and 7.5 KVA power supply system valued Rs 18.99 lakh were supplied (March 2005) to Araria and 50 Computers valued Rs 19.22 lakh were supplied (March 2003) to Darbhanga but these were not installed as of July 2007 as buildings for proposed computer centres were incomplete and not handed over to schools. In case of Zila School, Darbhanga warranty clause of 36 months from date of installation also lapsed without their utilisation. The registration of DCS, Araria was pending till the date of audit (July 2007).

As a result, the computers and their accessories procured at a cost of Rs 38.21 lakh for the training centres remained idle by 27 to 51 months thereby defeating the objective of the scheme.

The matter was reported to Government (August 2007); their reply had not been received (October 2007).

LABOUR, EMPLOYMENT AND TRAINING DEPARTMENT

4.4.3 Misutilisation, non-utilisation and short receipt of old age pension funds

Parking of funds in bank resulted in denial of benefit to the pensioners and resulted in loss of interest of Rs 44.03 lakh. Besides, Rs 53.63 lakh was misutilised on purchase of furniture, repair of buildings and payment to daily wage staff.

Government of India instructed (October 1995) that the funds provided for administrative expenditure under National Social Assistance Programme (NSAP) should be utilized for publicity, printing and money order commission and not for salaries, vehicles, equipment etc. The distribution of national old age pension (NOAP) and State Old Age Pension (SOAP) was made through blocks by arranging camps up to 2005-06 and from 2006-07 it was directly transferred to the account of beneficiaries in the post office. Following was noticed:

- A test check of records (May 2007) of five offices of the Assistant Directors, Social Security (Patna, Bettiah, Madhubani, Samastipur and Sitamarhi) disclosed Rs 53.63 lakh⁷⁸ meant for administrative expenses of national old age pension scheme and national family benefit scheme (a component of NSAP) was misutilised during 2003-07 on purchase of furniture/ repair of residential and non-residential buildings and payment to daily wages staff by Assistant Directors, Social Security.
- Test check of records of Assistant Directors, Social Security of five districts⁷⁹ (May-June 2007) disclosed that NOAP fund of Rs 6.29 crore pertaining to the period prior to the year 2006-07 was deposited in

⁷⁸ Patna: Rs 13.70 lakh (99.63% of allotment), Bettiah: Rs 12.27 lakh(56.16% of allotment), Madhbani: Rs 11.44 lakh(28.70%of allotment) and Samastipur: 16.22 lakh(53.97% of allotment).

⁷⁹ Patna, Sitamarhi, Bettiah, Samastipur and Madhubani.

banks. These funds were required to be remitted to treasury for onward transfer to district post offices of Samastipur and Madhubani.

Thus, parking of funds in bank resulted in denial of benefit to the pensioners and resulted in loss of interest of Rs 44.03 lakh.

- Government provided (2006-07) Rs 25.24 crore to the Director, Social Security for transfer to GPO, Patna. However, Director released Rs 13.29 crore in March 2007 and Rs 11.95 crore after expiry of the financial year. Consequently, GPO Patna released the above amount to the district Post Offices in next financial year (April 2007 to May 2007). Rupees 2.69 crore was not received in the above district Head Post Offices as of June 2007 resulting in denial of benefits to old age pensioners.

Thus, Rs 53.63 lakh was misutilised on purchase of furniture, repair of buildings etc., Rs 6.29 crore was deposited in banks instead of transferring it to district post office resulted in loss of interest of Rs 44.03 lakh and there was short receipt of Rs 2.69 crore.

The matter was reported to Government (August 2007); their reply had not been received (October 2007).

ANIMAL HUSBANDRY AND FISHERIES (DAIRY DEVELOPMENT) DEPARTMENT

4.4.4 Misutilisation of central grant

Funds amounting to Rs 34.10 lakh meant for dairy development in Kosi area was misutilised on strengthening of the units of the implementing agency.

The Intensive Dairy Development Programme (IDDP) was launched by the Government of India (GOI) in order to increase the milk production, improving the nutritional standard of the people, generating employment opportunities and to improve the income level in rural areas especially for small and marginal farmers and agricultural labourers in the hilly and backward areas. GOI released Rs 64.67 lakh during May 2004.

Test check (April/May 2007) of records of Director, Dairy Development, Bihar Patna, showed that GOI (November 2001) approved the project proposal for dairy development in Saharsa, Supaul and Madhepura districts of Kosi area. Accordingly, the State Government provided (May 2004) Rs 64.47 lakh to COMFED from the amount received from GOI. The COMFED provided (May 2004) the above amount to Deshratan Dr. Rajendra Prasad Dugdh Utpadak Sahkari Sangh Ltd. (DRMU), Barauni for execution of scheme.

As per physical and financial progress report the DRMU, Barauni incurred expenditure of Rs 59.02 lakh upto December 2006 and retained the balance amount of Rs 5.45 lakh, which was lying unutilised as of May 2007. Further, out of Rs 59.02 lakh, a sum of Rs 24.92 lakh was spent for implementation of scheme in above districts and balance amount of Rs 34.10 lakh was spent on

procurement of items⁸⁰ for its own unit though guidelines of Central Government prohibit expenditure for implementing agency.

Thus, the DRMU, Barauni misutilised the Central grant amounting to Rs 34.10 lakh on strengthening of its own unit and the objective of the scheme was defeated.

Government replied (June 2007) that expenditure made in strengthening of Barauni Dairy was as per the project proposal submitted to Agriculture Ministry and approved cost break up received from Central Government. The reply was not acceptable because funds were provided specifically for Dairy Development in Saharsa, Supaul and Madhepura districts of Kosi area. The items were to be utilised by Dairy Cooperative Societies located in Kosi region not by DRMU, Barauni.

The matter was reported to Government (May 2007); their reply had not been received (October 2007).

4.5 Regularity issues, Irregular expenditure and others

PUBLIC HEALTH ENGINEERING DEPARTMENT

4.5.1 Irregular purchase and doubtful utilisation

Spare parts valued Rs 76.49 lakh was irregularly purchased by splitting up of purchase orders to avoid competitive bidding. Besides, utilisation of material was doubtful as material account and location of hand pumps were not on record.

The Public Health Engineering Department (PHED) issued instructions (August 2006) for purchase of materials⁸¹ after administrative approval of estimates and on the recommendation of rates approved by the regional purchase committee⁸². As per departmental instructions (October 1987) spare parts of India Mark II deep well hand pump were to be purchased from qualified suppliers approved by UNICEF or ISI mark manufacturers of the State. Further, publicity of NIT through newspapers/ internet was compulsory if the value of tender exceeded Rs one lakh as envisaged in para 159 of BPWD code. Vigilance department directed (March 1994 and February 2000) that only Head of the Department (HOD) was empowered to permit execution of work/supply upto Rs 2000 on cash payment without inviting tender/quotation and even HOD was not competent to split any work/supply for bringing it in his competency.

⁸⁰ S.S. Khoapan 120 L Cap titling cap : Rs 2.34 lakh ; Gulabjamun frying pan with conv : Rs 5.41 lakh ; Gulab jamun sugar syrup making pan : Rs 5.77 lakh ; Dahi making and packing equipment : Rs 7.23 lakh ; Stainless steel milk canes : Rs 13.35 lakh.

⁸¹ Spare parts of IM II and III hand pumps, PVC tanks, submersible pump of 1&2 HP capacity, GI pipe of less than 40 mm dia, bleaching powders, all type chemicals etc.

⁸² Headed by Regional Chief Engineer with senior most Superintending Engineer (SE) of the region, S.E. related to concerned work and representative of Industries Department as its member.

Scrutiny of records of PHED, Gaya disclosed that spare parts for hand pumps amounting to Rs 76.49 lakh were purchased between June 2006 and March 2007 on the basis of 111 quotations (April 2006 to February 2007) in violation of aforesaid instructions. Wide publicity through print media was not made. Quotations were splitted to avoid sanction of the higher authority. It included purchase of spare parts of India Mark II deep well hand pump amounting to Rs 44.70 lakh from supplier of outside the State. The quality test of purchased materials was also not carried out and payments were made on bill/ invoice without certificate of stock entry though required under Rule 118 of Bihar Public Works Accounts (BPWA) Code.

The spare parts were issued to JEs who further issued it to tubewell khalasis. However, receipt of spare parts by tube well khalasis were not taken though required under Rule 121 of BPWA code. Besides, no material account was rendered by JEs though required to be submitted monthly as per Rule 123 of BPWA code. Exact location of handpumps in which spare parts were consumed was not on record and measurements were not recorded in MB. Thus, utilisation of materials was doubtful.

The Executive Engineer stated (July 2007) that purchases were made on quotations on the consent of higher authority. The reply was not acceptable, because even HOD was not competent to split up purchases and the entire purchase was in violation of extant rules and instructions.

The matter was reported to Government (September 2007); their reply had not been received (October 2007).

4.5.2 Irregular expenditure on printing of advertisement

Inadequate mass awareness was created as entire funds of Rs 45.92 lakh was irregularly spent by State Water and Sanitation Mission on printing of advertisements in newspapers.

Guidelines of Total Sanitation Campaign issued by Central Government (May 2002) for creation of demand and awareness provides for information education communication activities (IEC) to be carried out through motivators and use of local communication channels like puppet shows, street plays, bhajan mandalies etc. The illustrative list of IEC activities given in guidelines of Rajiv Gandhi National Drinking Water Mission (RGNDWM) included Inter-Personal communication (door to door contact), Audio-visual publicity, hoarding and wall writing.

Scrutiny of records (July 2007) of Communication and Capacity Development Unit of State Water and Sanitation Mission (SWSM) disclosed that:

- Out of Rs six crore provided for IEC, Rs 1.80 crore were transferred to District Water and Sanitation Committees (DWSCs) and Rs 3.69 crore was lying unspent as on 31 March 2007. Rupees 45.92 lakh was spent by SWSM on printing of advertisements in newspapers between March 2006 and June 2007 in contravention of aforesaid guidelines;
- The expenditure on advertisements was wasteful as total daily circulation of six newspapers in which advertisements were printed

was 9.53 lakh against total population of 83 million. Besides, the BPL population of State was 35.69 million out of which 31.76 million (89 per cent) resided in rural areas⁸³. Further, rural literacy rate was 41 per cent as per census of 2001. The Public Relation Department also viewed (April 2007) that advertisement through newspaper was not enough and proper in respect of issues that required providing information to public on sustained basis. The Member Secretary of SWSM did not obtain approval of Apex Executive committee as required and incurred Rs 2.31 crore⁸⁴.(July 2007).

Member Secretary, SWSM replied that about 50 lakh above poverty line population were literate and who can read and understand advertisements. The reply was not acceptable, as resorting to newspaper advertisements as the only method of spreading awareness regarding the campaign and ignoring other effective means such as inter-personal communication (door-to-door contact), audio-visual publicity, hoarding and wall-writing resulted in poor dissemination of the message of total sanitation.

The matter was reported to Government (September 2007); their reply had been received (October 2007) which has been incorporated as above.

VIDHAN SABHA SECRETARIAT

4.5.3 Irregular expenditure

Irregular appointment/promotion of officials by the Hon'ble Speaker, of the Legislative Assembly resulted in unauthorised expenditure of Rs 26.42 crore.

Provision below Rule 3 of Bihar Vidhan Sabha Secretariat (Recruitment and condition of service) Rules, 1964, empowered Hon'ble Speaker of the Bihar Legislative Assembly to create posts of class II, III and IV grades staff temporarily for a financial year or part thereof, provided the cost of pay and allowances thereof could be met out of budget savings of the year. Such posts could be created in consultation with the Finance Department. However, the Hon'ble Speaker was not empowered to create class-I post.

Scrutiny of records (November 2006) of the Bihar Legislative Assembly Secretariat, disclosed that the Hon'ble Speaker created posts⁸⁵ of class I to IV grade staff ranging from 139 to 388 during 1975-2005 without consultation with Finance Department and the officials appointed against such posts continued in service during 2000-06.

⁸³ Rural Water Supply and Sanitation Sector (RWSS) Vision, Strategy and Policy for Bihar (March 2006)

⁸⁴ IEC : Rs 51 lakh, transferred to DWSCs Rs 1.80 crore

⁸⁵ Additional Personal Secretary: 03, Section Officer: 55, Deputy Secretary:18, Administrative Officer : 77, Superintendent (type) :10, Superintendent (Routine) :04, Assistant Marshal : 02, Head Typist :05, Urdu Translator :03, Peon :56, Assistant Awadhawak :01, Suchikar : 01, Candidate Peon : 33, Head Driver : 01, Watch man: 04, Farrash : 15, Sweeper : 13, Driver : 12, Assistant Secretary : 75. **Total No. 388.**

Though the Hon'ble Speaker was not empowered to create Class I posts but against five sanctioned post of Class-I grade, 41 posts were created during 2000-05 without consultation of Finance Department. The expenditure of these posts was met from the supplementary budget⁸⁶. As there were no savings, these posts should not have been created.

Thus, continuance of 139 to 343 persons in service against temporarily created posts by the Hon'ble Speaker resulted in unauthorised expenditure of Rs 26.42 crore during 2000-06 on payment of salaries.

Even the recruitment made against these posts were in contravention of rules as detailed below:

- Sixteen Class III employees were appointed in February 2004 though they had no requisite qualifications.
- Twenty-four grade IV temporary employees were appointed during March 2004 as clerk against created posts after limited competitive examination though they had rendered 10 months services only in IV grade against requirement of minimum three years of service.
- Six security guards were appointed between July 2004 to April 2005 from time barred merit list / panel.
- Six drivers were appointed in March 2005 from the merit list/panel approved in 2002 which was effective for one year only.
- Requisite qualification and number of vacant posts were not shown in advertisements.

The Secretary, Bihar Legislative Assembly Secretariat replied (December 2007) that the appointment of 16 class III employees, 24 grade IV employees, six drivers and six security guards had been challenged through four separate writ petitions and the matter was pending before Hon'ble High Court, Patna. He stated that the judgment of Hon'ble High Court could only be the suitable reply of audit objection. The contention of Secretary was untenable as there was no mention of any stay order passed by the Hon'ble High Court in the reply furnished by him. The details of writ petitions, though called for, were not provided to audit by the Legislative Assembly Secretariat.

A mention of irregular appointments in Bihar Legislative Council Secretariat was made in the C & AG's Audit Report for the year ended 31 March 2000. The matter was referred to the Finance Department by the Bihar Legislative Council Secretariat. The opinion of the Finance Department was in agreement with the points raised by audit.

⁸⁶

(Rs in lakh)

Year	Budget Provision	Supplementary Budget	Revised budget
2004-05	629.03	55.45	684.48
2005-06	773.70	67.65	841.35

ENERGY DEPARTMENT

4.5.4 Irregular expenditure

Unauthorised expenditure of Rs 1.64 crore towards establishment cost of BREDA and maintenance of Aditya Solar Shop by diversion of bank interest.

Bihar Renewable Energy Development Agency (BREDA) was financed by Central/State grants for meeting the establishment expenditure and implementation cost of various schemes/programmes. The department issued instructions (December 2003) prohibiting the utilisation of interest earned on the plan funds deposited in bank.

Test check (March 2007) of records of Director, BREDA, Patna disclosed that during the year 2003-06, the BREDA spent Rs 3.62 crore on establishment against the provision of Rs 2.25 crore. The excess expenditure of Rs 1.37 crore was met from bank interest (Rs 9.71 crore) earned on deposit of plan funds.

Further, Ministry of Non-conventional Energy Sources (MNES), Government of India, decided (2002-03) to promote establishment of Aditya Solar shops to sell renewable energy devices to people and provide after sales services. They were to function on normal commercial principles and were expected to earn revenue on sales and services to meet operational and maintenance cost in future.

MNES provided grant of Rs 6.35 lakh for establishment of Aditya Solar Shops to BREDA during 2002-03. BREDA obtained a space on lease for 66 years for Aditya Solar shop and spent Rs 35.65 lakh⁸⁷ on establishment and operational cost against the receipt of Rs 1.82 lakh only during 2003-07. Excess expenditure of Rs 27.48 lakh over receipt of Rs 8.17 lakh (receipt: Rs 1.82 lakh; grant: Rs 6.35 lakh) was met from interest earned on deposit of central/state funds received for implementation of schemes. The shop was non functional as items of non-conventional source of renewable energy (NRSE) and energy conservation devices were not available in the shop since August 2003 to till date of audit (March 2007).

Thus there was an unauthorised expenditure of Rs 1.64 crore⁸⁸ on the establishment cost in contravention of Government instruction, which prohibits expenditure on establishment out of interest earned on scheme funds.

The matter was reported to Government (May 2007); their reply had not been received (October 2007).

⁸⁷ Cost of lease of space: Rs 19.65 lakh, Interior decoration etc.: Rs 5.41 lakh, Cost of inauguration of shop: Rs 0.30 lakh, Pay and allowance of staff: Rs 9.24 lakh, Maintenance cost of shop: Rs 1.05 lakh.

⁸⁸ Rs 1.37 crore + Rs 27 lakh.