

CHAPTER-IV

AUDIT OF TRANSACTIONS

4.1 Fraud/ misappropriation/ embezzlement/ losses

BUILDING CONSTRUCTION DEPARTMENT

4.1.1 *Loss due to interest payment*

Delay in finalizing the estimate, non-payment and non-obedience of court order resulted in loss due to payment of interest amounting to Rs 32.92 lakh.

The district administration of Purnea directed (11/12.10.1984) the Building Construction Division, Purnea (Division) to repair the approach road to helipad, extend the helipad and to construct a stage and fence at the Rangbhumi ground in view of the Prime Minister's visit (17.10.1984). The division submitted (13.10.1984) an estimate of Rs 9.75 lakh to Superintending Engineer (SE), Building Circle, Purnea for administrative approval and technical sanction and simultaneously got the work executed through a contractor¹. However, payment could not be made to contractor for want of administrative approval/ technical sanction and release of funds.

Scrutiny of records (November 2007) of the Division disclosed that after a year of the execution of work, the Chief Engineer (CE) issued instruction (letter no. 1272 dated 25.11.1985) to the SE along with a copy to the Division to submit a revised estimate as per actual work done. Accordingly, Division submitted the revised estimate to SE for Rs 9.71 lakh on 5.12.1985 and SE approved the estimate for Rs 9.15 lakh and forwarded it (7.12.1985) to CE for administrative approval and allotment of funds. But, neither the administrative approval was accorded nor was the fund allotted for thirty two months (October 1984 to May 1987). The reasons for inaction were neither intimated nor available on record. As such, the contractor moved to the court and a notice was issued (May 1987) to the department for payment of his claim. On receipt of the judicial notice, the SE approved (September 1987) the rates of Bill of Quantity (BOQ) (Rs 7.77 lakh) and forwarded the case to CE for his approval but CE returned (May 1989) the estimate to SE with the remarks that SE is himself competent to dispose the tender. In the meantime, contractor served two more judicial notices (August 1988 and September 1988) to the Division and ultimately filed (December 1988) a suit for Rs 16.45 lakh in the District Court of Purnea against the Department. After filing of the money suit, the Building Construction Department (BCD) accorded administrative approval (March 1990) for Rs 5.46 lakh only against the estimated amount of Rs 9.71 lakh and released the funds (March 1990). The Division did not make

¹ M/s Satnam Das.

payment to contractor and diverted Rs 5.34 lakh towards other payments². As a result, the District Court of Purnea awarded decree (January 1991) in favour of contractor for Rs 15.97 lakh with interest at the rate of 10 per cent and costs. The department neither complied with the orders of the district court nor filed an appeal in the higher court. The division made a part payment of Rs 3.29 lakh after 20 months (October 1992) from date of decree order. The court issued warrant of attachment (February 2007) against the Division for non-obedience of court order and ultimately, the Division made payment (July 2007) for Rs 40.46 lakh including interest of Rs 32.92 lakh³.

The Division stated (November 2007) that the payment could not be made for want of allotment and interest was paid as per orders of the court while Secretary, BCD replied (September 2008) that the then Executive Engineer was fully responsible for the loss as he did not make payment of Rs 5.46 lakh to the contractor. The replies were not acceptable as interest was paid due to delay made by the Department at various stages resulting in non-compliance of court order dated 31.1.1991. As regard allotment of funds, the department failed to sanction the estimate and release the funds as per revised estimate which resulted in delay in release of funds for five years and five months.

Thus, delayed action by the department at the level of CE etc. resulted in non-payment of sanctioned amount of Rs 5.46 lakh by division and non-obedience of court order which resulted in payment of Rs 32.92 lakh as avoidable interest payment and loss to Government.

ROAD CONSTRUCTION DEPARTMENT

4.1.2 Loss due to excess payment of carriage

Transportation of materials by contractor from nearby quarries/outlets but payment made on the basis of (specified) far off quarry/outlet resulted in loss of Rs 30.98 lakh.

The IRQP⁴ work of NH 80 from Km 1(P) to Km 11 under NH Division (Division), Lakhisarai was awarded (November 2006) to a contractor at a cost of Rs 1.99 crore. The work was to be completed within six months from date of agreement (February 2007). However, work was completed in January 2008 and payment of Rs 1.99 crore was made to the contractor (March 2008). The construction materials were to be procured and transported from specified quarries/outlets⁵ as per estimate.

² Rs 1.50 lakh (Returned to DM advance for work in connection with P.M. visit 5/4/1989 and 18/5/1989) + 3.84 lakh (Transferred to Bihar State Marketing Board for material).

³ Rs 533596.00 (Interest upto 22/12/1988) + Rs 2758801.25 (Interest from 23/12/1988 to 21/01/2006).

⁴ Improvement in Riding Quality of Pavement.

⁵ Stone metals from Shekhpura: carriage rate-Rs 392.99/Cum, Stone aggregates/chips from Mirzachauki(Jharkhand): carriage rate Rs 1074.31/Cum, Bitumen from Barauni: carriage rate Rs 145.71/MT and Bitumen emulsion from Haldia (WB): carriage rate Rs 1715.09/MT.

Scrutiny (March 2008) of the division records disclosed that 4501.8 cum stone aggregates/chips and 19.471 MT bitumen emulsion were used in the work. As per estimate the contractor was required to transport stone aggregates/chip from Mirza chauki and bitumen emulsion from Haldia. However, the contractor procured and transported the stone aggregates/chips from Shekhpura quarry (lead 58 Km) instead of Mirzachauki (lead 187 Km). The division allowed lead payment from Mirzachauki despite the fact that contractor submitted affidavit and certificate of Shekhpura quarry. The Mining Officer, Shekhpura also intimated the Division that required quantity of stone aggregates/chips was procured and lifted from Shekhpura quarry. This resulted in excess payment of lead for Rs 30.67 lakh⁶ to the contractor by the division.

Similarly, lead for bitumen emulsion was provided from Haldia (WB) (lead 448 Km). The contractor procured bitumen from Barauni (lead 24 Km) and utilized as bitumen emulsion. A total quantity of 19.471 MT bitumen emulsion was utilized in the work. However, lead for bitumen procured in place of bitumen emulsion was allowed from Haldia (448 Km) in stead of Barauni (24 Km) which resulted in excess payment on carriage for Rs 0.31 lakh⁷.

Thus, Division favoured the contractor by allowing excess payment on account of carriage of materials from places other than those specified in the estimate without checking whether the materials were actually procured and transported from those quarries/outlets. This resulted in loss to Government for Rs 30.98 lakh.

The matter was reported to Government (April 2008); their reply had not been received (December 2008).

RURAL DEVELOPMENT DEPARTMENT

4.1.3 Misappropriation of Government money

Lack of internal control mechanism, failure of the BDO to check the cash balances and do physical verification of cash led to misappropriation of Rs 65.45 lakh.

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

Scrutiny (December 2007) of records of Block Development Office; Mahishi, Saharsa for the period April 2004 to March 2007 disclosed that against the total outstanding advances of Rs 6.63 crore (March 2007) granted for various purposes during March 1996 to March 2007, the records for Rs 4.93 crore

⁶ $4501.8 \text{ cum} \times \text{Rs } 681.32 \text{ (Rs } 1074.31-392.99) = \text{Rs } 30, 67,166.37.$

⁷ $19.471 \text{ MT} \times \text{Rs } 1569.38 = \text{Rs } 30,557.39.$

only were available. However, BDO, Mahishi, intimated (June 2008) that register of advances for Rs 1.18 crore has been traced out and found that amounts were related with Indira Awas Yojana which have been adjusted. Further, Rs 20.58 lakh was spent for office expenses like fuel and maintenance of vehicle, stationery etc by diverting cash balance of scheme funds. Vouchers of Rs 7.61 lakh only were available at the time of test check. The vouchers forming part of the overall cash balance were kept unadmitted and unposted.

The Principal Secretary, Rural Development Department instructed (April 2008) the District Magistrate, Saharsa to look into the matter and take action against the erring official and report within a week. DM, Saharsa intimated (January 2009) that detailed investigation is under process.

Thus, failure of the head of office/BDO to check the cash balance/vouchers and to conduct physical verification of cash as required under Rule 86 of BTC led to misappropriation of Rs 65.45 lakh⁸.

4.1.4 Misappropriation of government money

Non-adherence of provisions of BTC led to misappropriation of government money amounting to Rs 18.11 lakh by cashier at Rahika (Madhubani).

Rule 86 of Bihar Treasury Code (BTC) provide that Government servant receiving money on behalf of Government are required to maintain a cashbook to record all money transaction as soon as they occur and head of the office should attest every entry in the cashbook. The cashbook should be closed and balanced daily. The head of the office should verify the total of cashbook and physically verify the cash balance at the end of the month and record a certificate to that effect.

Scrutiny (February 2008) of records of Block Development Office, Rahika (Madhubani) disclosed the following:

- As per the cashbook handed over by the earlier cashier to his successor, outstanding advance of Rs 38.52 lakh on 13.7.2005 was mentioned in the cashbook. However, actual outstanding advance was Rs 34.18 lakh only as per entries available in the cashbook. Thus, excess amount of Rs 4.34 lakh shown as advance was fictitious and misappropriated.
- The previous cashier received an advance of Rs 2.50 lakh (16 March 2005) for incurring expenditure in election etc. but no recovery/adjustment has yet been affected (March 2008).
- The daily total of un-posted vouchers in the register of un-posted vouchers was shown as Rs 37.52 lakh on 31 May 2005 against Rs 35.07 lakh. Thus total of un-posted vouchers was shown in excess by Rs 2.45 lakh.

⁸ (Rs 1,70,08,423.77 + 12,96,802.79) – 11760250 (reported by BDO, Maheshi as adjusted) = Rs 65,44,976.56

- Rupees 2.73 lakh (T.V.No.16 dated 16.03.2005) and Rs 6.09 lakh (T.V.No.29 dated 28.03.2005) was drawn from Madhubani treasury but this amount was not entered in the cash book. Thus, Rs 8.82 lakh was kept out of Government account.

The BDO stated (February 2008) that observation of audit is factual and recovery from erring officials would be made. However, factual position of recovery and action taken against erring official if any, has not yet been intimated by BDO, Rahika (November 2008).

Thus, non-adherence of provisions of the BTC led to misappropriation of government money amounting to Rs 18.11 lakh⁹.

The matter was referred to Government (June 2008); their reply had not been received (December 2008).

RURAL WORKS DEPARTMENT

4.1.5 *Fraudulent payment on carriage*

Payment of Rs 23.32 lakh on carriage of stone chips/metal without ascertaining the genuineness of the quarry.

The work of widening and strengthening of Muraliya chak-Dumra road (3.68 km) under Rural Works Division (RWD), Sitamarhi was awarded (February 2006) to a contractor at an estimated cost of Rs 89 lakh. As per agreement (March 2006), the work was to be completed by September 2006. The work was completed within due date and an amount of Rs 87.32 lakh was paid to contractor (July 2007).

Scrutiny (March 2008) of records of RWD, Sitamarhi disclosed that as per estimate, the lead (215 Km) for stone metal/chips was provided from Sheikhpura. It was observed that contractor availed exemption of royalty (Rs 2.11 lakh) against 3086.81 cum stone metal and 1207.30 cum. stone chips utilized in the work on the basis of certificate issued (January 2007) by the Assistant Mining Officer, Sheikhpura which was subsequently (February 2007) detected fake. As royalty exemption certificate issued against procurement of stone metal/chips from Sheikhpura quarry was fake, the procurement, carriage and use of specific (Sheikhpura) stone metal/chips were doubtful. But, ignoring these aspects, the division made payment (March 2007) upto 4th running account bill amounting to Rs 87.32 lakh (including carriage cost) without ascertaining the genuineness of procurement from the specified quarry.

Thus, division favoured the contractor by making payment of Rs 23.32 lakh on carriage of stone metal/chips from Sheikhpura without ascertaining the genuineness of the quarry of stone metal/chips.

⁹ (Rs 4.34 lakh + Rs 2.50 lakh + Rs 2.45 lakh + Rs 8.82 lakh) = Rs 18.11 lakh.

The matter was referred to Government (June 2008); their reply had not been received (December 2008).

WATER RESOURCES DEPARTMENT

4.1.6 Misappropriation of Temporary Advance

Temporary advances of Rs 1.15 crore paid to AEs/JEs remained unrecovered/unadjusted.

Bihar Public Works Account Code read with instructions of the Cabinet (Vigilance) Department (December 1983), provides that when a disbursing officer makes remittances to a subordinate officer to enable him to make a number of specific petty payments on a muster roll or other vouchers which has already been passed for payments, the amount remitted should be treated as temporary advance. The subordinate officer, to whom the advance was paid, is responsible for its accounting and should submit the account of advance within a month to Executive Engineer (EE). The EE in turn, should inform the officer concerned within 15 days regarding adjustment of advance or decision taken on the account submitted. No subsequent temporary advance should be granted without adjustment of previous advance.

Scrutiny of monthly accounts and vouchers of Bagmati Division No. I, Sitamarhi and Rural Works Department, Works Division, Buxar disclosed that temporary advance amounting to Rs 1.15 crore¹⁰ paid to AEs/JEs during the years 1996 to 2000 remained unadjusted or un-recovered till June 2008. The advance was paid without adjusting the previous advances and retained by the AEs/JEs for years together. The outstanding amount of advances was also not recorded in the LPC of AEs/JEs transferred from the Division.

However, Ex. Engineers of Bagmati Division No. 1 had published notices in the newspaper (June 2003 and August 2005) but could not initiate further action against defaulters. No action was taken by the Rural Works Department, Works Division, Buxar either to adjust or to recover the amount of advance.

The matter was reported to the Government (July 2008); their reply had not been received (December 2008).

4.1.7 Loss due to injudicious decision of SRC and incomplete work

Injudicious decision to construct bed bars and non-approving the anti soil erosion work resulted in loss of Rs 10.08 crore and avoidable expenditure of Rs 55.89 lakh to the Government .

The expert committee appointed (November 2006) by the Water Resources Department (WRD) to suggest the modalities of anti erosion work had recommended for boulder revetment in the left embankment of river Ganga near Khairpur, Raghapur and Akidatpur village under Flood Control Division,

¹⁰ Bagmati Division No.I: Rs 33.63 lakh and RWD (W) division, Buxar: Rs 81.43 lakh.

Naugachhia. But, ignoring the recommendation of the expert committee, the Scheme Review Committee (SRC) approved the work for construction of boulder bed bars (December 2006). The Chief Engineer, WRD, Bhagalpur accorded technical sanction (February 2007) of Rs 12.79 crore for construction of 72 boulder bed bars with apron. The work was awarded to a contractor (March 2007) for Rs 9.45 crore followed by a post facto sanction of Rs 1.40 crore (February 2008) for carriage charge of boulders from changed lead and extra provision of earth work. Thus, total value of work was raised to Rs 10.85 crore. The time frame for any work in the river Ganga was stipulated up to May 2007. However, work was carried out up to June 2007 but could not be completed even then.

Scrutiny of records (April 2008) of the division disclosed that work on only 63 (1 to 63) bed bars was started of which, 36 bed bars (1 to 36) could be completed by June 2007 and in balance 27 bed bars, provision of geo-textile filter, boulder crating in apron and bed bars could not be made. A total expenditure of Rs 10.08 crore¹¹ was incurred in execution of the aforesaid work. Therefore insufficient bed bars and incomplete structures failed to withstand the flood of 2007 and were washed away in the flood completely. The SRC, after washing out the newly constructed structures accepted¹² the recommendation of the expert committee and approved boulder revetment work in six kilometer length at the same site. The Division replied that only 36 bed bars out of 63 were completed by June 2007 which failed to protect the embankment from erosion. As regard execution of work on 63 bed bars only instead of 72, the Division stated that execution of work in 72 bed bars was not possible at a time. However, division was silent regarding circumstances under which only 36 bed bars could be completed despite continuance of work beyond stipulated completion period. The division could not reply as to why the bed bars failed or about inadequate number of bed bars. In this regard, it is important to state that as per circular of the River Valley Project (November 1990) bed bars were not effective in major rivers like Ganga due to fine sand in bed material and steep gradient.

(b) The Chief Engineer, WRD, Samastipur accorded technical sanction (October 2003) of Rs 5.08 lakh for restoration of damaged bed bar and empty cement bag slope pitching in 15 meter length as anti erosion work at Chainpura village between K.M 11.89 to 12.20 in Left Burhi Gandak Embankment as per recommendation (October 2003) of the TAC under Flood Control Division-I, Khagaria. The work was to be executed before flood of 2004. However, proposed work was not approved by the SRC and therefore could not be executed. As a result, slope and top of the embankment (20 meter length) was eroded in the flood of 2004. Hence, a safety bandh was constructed (August 2004) thrice as part of flood fighting measure to save the densely populated large area at a cost of Rs 8.16 lakh. After flood of 2004, the TAC again recommended anti erosion work on the same site which was approved by SRC (January 2005) for Rs 50 lakh. The work was awarded (March 2005) to an agency for Rs 44 lakh with stipulated date of completion

¹¹ Material cost: Rs 2.30 crore and paid to contractor: Rs 6.38 crore + Rs 1.40 crore.

¹² Agenda No. 94/15 for Rs 23.58 crore (Administratively approved in February 2008).

by April 2005. An amount of Rs 33.52 lakh was paid (March 2006) to the contractor.

Scrutiny (April 2008) of records of the Division disclosed that major portion of anti erosion work was carried out after April 2005 while placing of the geotextile filter, sand filling in empty cement bag and boulder pitching were carried out during flood period (June-July 2005). As against requirement of earth work of 66763 cum and boulder work of 872 cum, actual earth work of 53011 cum (79 per cent) and boulder work of 573 cum (66 per cent) only was carried out. Besides, provision for compaction of earth work (66763 cum) in the embankment was not made in the estimate which resulted in flood fighting in the mid-course (13.7.2005 to 31.8.2005) of anti erosion work. The Executive Engineer stated (March 2008) that the provision of compaction was not made as anti erosion work was carried out in the river bed and work could not be completed in time due to late receipt of sal-ballah and black annealed wire crates as well as non availability of soil. Anti erosion work on same site was again recommended by TAC after flood 2005 and approved by SRC (January 2006) for Rs 15 lakh and an expenditure of Rs 13.83 lakh (including material valued Rs 0.05 lakh) was incurred during February 2006 to February 2007.

Thus, injudicious decision of the SRC to construct bed bars in place of boulder revetment, and failure to finalise the anti erosion work before time resulted in damage due to flood. Non-execution of work as per approved estimate and non-completion of work before flood of 2007 resulted in loss of Rs 10.08 crore besides, enhancement of expenditure to Rs 60.97 lakh¹³ instead of Rs 5.08 lakh leading to avoidable expenditure of Rs 55.89 lakh.

The matter was referred to Government (June 2008); their reply had not been received (December 2008).

4.2 Infertuous/ wasteful expenditure and overpayment

AGRICULTURE DEPARTMENT

(RAJENDRA AGRICULTURE UNIVERSITY)

4.2.1 Unauthorised Payment of Salary

Unauthorised payment of enhanced salary amounting to Rs 2.65 crore to teachers/scientists of Rajendra Agricultural University, Pusa, Samastipur due to irregular merger of 50 per cent of Cost of Living Allowance in the basic pay.

The Finance Department, Government of Bihar decided vide Resolution No. 1773 dated 02-08-2005 to merge 50 per cent of Dearness Allowance (DA) in

¹³ Agreement no. 28 F2/2005-06, 30 F2/ 2005-06 and 10 F2/2005-06: flood fighting from 1.8.2004 to 31.8.2004 and 13.7.2005 to 31.8.2005= Rs 9.51 lakh Anti erosion work of Rs 51.46 lakh vide agreement no. 11F2/2004-05 and 17 F2/2005-06.

the basic pay of the State Government employees with effect from January 2005. The merged DA was to be shown separately as Dearness Pay (DP) with the basic pay and after adding-up of basic pay and dearness pay, the D.A., House Rent Allowance, City Compensatory Allowance etc was to be paid at admissible rates.

Scrutiny (February 2008) of records of Rajendra Agriculture University (RAU) disclosed that on the basis of the aforesaid order, the RAU, an autonomous body, notified (April 2005) merger of 50 per cent of Cost of Living Allowance (CLA)¹⁴ in the basic pay of its employees (teachers/scientists/non-teaching staff) without prior sanction of the State Government required under section 25 (ii) of the Bihar Agricultural University Act, 1987. The State Government has not yet sanctioned the merger of DA for the employees of this University or any other University of the State.

Scrutiny of the pay fixation of 376 teachers/ scientists revealed that an excess payment on this account amounting to Rs 2.65 crore had been made for the period January 2005 to December 2007 which needs either regularization from Finance Department or the same is to be recovered from scientists/teachers to whom this amount was paid.

The matter was reported to Government (July 2008); their reply had not been received (November 2008). However, University replied (August 2008) that correspondence is being made from the State Government in this regard.

The reply was not acceptable as sanction of the Government was to be obtained before making such payment.

4.2.2 *Unauthorised Expenditure*

Irregular utilisation of Rs 52.10 lakh grant from Indian Council of Agricultural Research by the Rajendra Agriculture University, Pusa, Samastipur.

The Indian Council of Agricultural Research (ICAR) allocated (November 2003 and March 2004) a grant of Rs 2.27 crore¹⁵ for the year 2003-04 to Rajendra Agriculture University (RAU), Pusa, Samastipur under the scheme for Development and Strengthening of Agricultural Education in State Agricultural Universities. An amount of Rs 1.49 crore¹⁶ was released between January and March 2004.

The objective of the scheme was to uplift the existing facilities for teaching and practical classes and complete the ongoing civil works. Out of Rs 2.27 crore, Rs 28.25 lakh was to be spent on renovation of hostels and academic buildings, Rs 3.00 lakh for library books for central library and college

¹⁴ Dearness Allowance (D.A) is known as Cost of Living Allowance (C.L.A.) in RAU.

¹⁵ Works: Rs 28.25 lakh, Library: Rs 3.00 lakh and Recurring Expenditure: Rs 1.96 crore.

¹⁶ Rs 2.27 crore- Rs 0.78 crore (unspent amount of previous year)= Rs 1.49 crore.

libraries, Rs 193.75 lakh under recurring expenditure (preparation of text books, practical manuals, Under Graduate and Post Graduate practical contingencies, Computer Lab, Seminars, training, work shops etc.) and Rs 2.00 lakh for National Talent Scholarship. Purchase of any equipment and execution of any civil works from this grant was prohibited.

Scrutiny (March 2008) of records of RAU disclosed that university and its four units spent Rs 52.10 lakh on purchase of vehicles (Rs 28.04 lakh), computers (Rs 24.06 lakh) for administrative block of the university.

Thus, contrary to the instructions of ICAR, the RAU unauthorisedly spent Rs 52.10 lakh of grant on purchase of new equipments and on new construction work for which, neither responsibility for lapses was fixed nor expenditure was got regularized from the ICAR.

The University replied (August 2008) that expenditure Rs 28.30 lakh was incurred on organising students education tour and study, faculty amenities, strengthening and development of education by Dean. But, the expenditure vouchers did not justify expenditure on above items because the University purchased three Ambassador Cars, three Boleros and one ambulance all for official use.

The matter was reported to the Government (July 2008 and December 2008); their reply has not been received (December 2008).

4.2.3 Excess payment due to irregular fixation of pay

Excess Payment of Rs 1.21 crore due to irregular fixation of pay to teachers/scientists of Rajendra Agricultural University (RAU), Pusa, Samastipur.

The Department of Agriculture, Government of Bihar implemented (October 2002) the career package (including revised pay scale) approved by the Indian Council of Agricultural Research (ICAR) for teachers/ scientists of Rajendra Agriculture University (RAU) with effect from 01.01.1996. Accordingly, pay of teachers/ scientists of the University were fixed in the year 2002-03.

Out of 381 cases made available to audit, scrutiny (February, 2008) of 134 cases disclosed that basic pay on 01.01.1996 was fixed at higher stage as follows:

- Interim relief (IR) at the rate of Rs 100/- plus 10 per cent of the basic pay in the pre-revised emoluments as on 01.01.1996 was added though, it was not admissible to teachers/scientists of RAU in pre-revised UGC pay scale.
- Two incentive increments were added for Ph. D. degree in the pre-revised emoluments as on 01.01.1996 to such teachers/scientists who had obtained Ph. D. degree prior to 01.01.1996. The provisions of the approved package of ICAR were effective from 01.01.1996. So, two incentive increments were admissible only to such teachers/scientists

who obtained their Ph.D. degree on 01.01.1996 and thereafter as provided under clause 4 (ii) (d) of the package.

- In case of bunching of pay (allowing one increment in new scale of pay for every three increments in pre-revised scale and fixation of basic pay at the stage of Rs 14940 to Sr. Scientist-cum-Associate Professor after attaining five years of service as on 01.01.1996 and thereafter in the pre-revised scale of Rs 3700-5700), the Date of Next Increment (DNI) should have been reckoned after completion of one year of service from the date of bunching. But, DNI was allowed on the basis of previous DNI which was irregular.

Due to these discrepancies in fixation of admissible basic pay as on 01.01.1996, the basic pay of 134 teachers/scientists were fixed at a higher stage which resulted in excess payment of salary amounting to Rs 1.21 crore from January 1996 to December 2007 which was contrary to section 25 (ii) of the Bihar Agricultural University Act, 1987 under which any increase in the pay and allowances of the staff without prior sanction of the State Government was prohibited. No responsibility for this lapse was fixed on the erring officials.

On being pointed out by audit (February 2008), the University replied (August 2008) that committee has been formed to check the pay fixation of teachers/scientists of RAU.

The matter was referred to Government (July 2008); their reply had not been received (November 2008).

HUMAN RESOURCE DEVELOPMENT DEPARTMENT (HIGHER EDUCATION)

4.2.4 Payment of inadmissible pay scale

Inadmissible payment of Rs 1.46 crore to non-teaching staff of Patna University.

The State Government revised (October 2004) the pay scales of non-teaching staff of the Universities and colleges with effect from 1 January, 1996 in view of the recommendation of the committee set up for revision of pay. The Government specifically laid down the condition that salaries should be paid to non-teaching staff of the Universities and colleges only after fixation of their pay in the scales provided under these orders.

Scrutiny (January 2008) of salary bill register and pay fixation statement of non-teaching employees of Patna University disclosed that the Vice Chancellor allowed (May 2006) higher pay scales than the admissible rate to Assistant Internal Auditors and Assistants in violation of the Government orders. As per the provisions of section 35 (ii) of the Patna University Act, 1976, which provides that no pay or allowances attached to any post shall be increased by the University without prior approval of the State Government. Therefore enhancement of pay scale by the Vice Chancellor resulted in excess

payment of Rs 1.46 crore to four Assistant Internal Auditors and 75 Assistants during April 1997 to October 2008 as shown in the table below:

Sl No.	Name of post	Revised pay scale	Scale allowed	No. of staff	Excess paid amount (Rs in lakh)
1.	Asstt. Internal Auditor	4000-6000	6500-10500	4	6.55
2.	Assistants	4000-6000	5500-9000	75	139.36
Total -				79	145.91

Thus, allowing higher pay scales without approval of the State Government led to inadmissible payment of Rs 1.46 crore.

The matter was reported to the Government (July 2008); their reply had not been received (December 2008).

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

PUBLIC HEALTH ENGINEERING DEPARTMENT

4.3.1 Avoidable expenditure

Undue favour and injudicious decision led to avoidable expenditure of Rs 1.27 crore.

The Public Health Engineering Department (PHED), Bihar floated an NIT (November 2005) for procurement of 11.15 lakh meter (40 mm light class galvanized mild steel tubes) pipe. The tender was valid for 180 days and materials were to be supplied within 60 days of supply order.

Scrutiny (September 2007) of records of Engineer-in-Chief (EIC), PHED disclosed that out of five firms which participated in the bid¹⁷, M/s Bhawani Industries Ltd., Punjab was the lowest one and quoted rate of Rs 113 per meter. However, M/s Shakti Tubes Ltd, Patna quoted fourth lowest (L4) rate. The Purchase Committee decided (18.1.2006) to procure entire quantity of tubes from M/s Shakti Tubes Ltd at negotiated rate of Rs 120.85/meter as it was a State based firm though, negotiation was allowed with lowest bidder only vide rule 164 of the Bihar Public Works Department (BPWD) Code. However, Member, Vigilance of the purchase committee viewed that awarding the entire purchase order to higher bidder was injudicious. Hence, purchase committee on its own reviewed its decision (2.3. 2006) and split the purchase in the ratio of 3:1:6 among L1, L2 and L4 bidder. The quantity of

¹⁷ M/s Bhawani Industries Ltd., Punjab: L1= Rs 113/meter, M/s BMW Industries Ltd., Kolkata: L2=Rs 114/meter, M/s Bhushan Ltd., Chandigarh: L3= Rs 118/meter, M/s Shakti Tubes Ltd., Patna: L4=Rs 128/meter and M/s Rawalwasia Ispat Udyog, Hisar: L5=Rs 144/meter .

procurement was reduced to 8.17 lakh meter¹⁸ due to delay in finalisation of tender. The delivery schedule was also reduced to 18 days. Accordingly, supply orders were placed (13.3.2006) to L1 and L2 bidder at Rs 113/meter and to M/s Shakti Tubes Ltd (L4) at Rs 120.85/meter. The supply quantity of M/s Shakti Tubes Ltd was further reduced (29.3.2006) to 2.79 lakh meter from 6.57 lakh meter on request of the firm (11.3.2006) owing to hike in steel price and reduction in supply period. The L1 bidder refused to supply due to reduction in supply period, changing the inspection agency and hike in steel price. As a result, procurement of only 3.89 lakh meter¹⁹ tubes could be materialized against initial requirement of 11.15 lakh meter. The Department invited fresh tender (June 2006) for 7.97 lakh meter (including balance quantity of 7.26 lakh meter) and placed purchase order for procurement of 7.38 lakh meter to M/s Bhushan Power & Steel Ltd, Chandigarh at the rate of Rs 142/meter.

In this regard, it was further observed that credentials of M/s Shakti tubes were not satisfactory in respect of quality of material and observance of the supply schedule. A vigilance case was also pending against the firm for substandard supply. But, ignoring the poor credentials of the firm, the purchase committee favoured this firm by deciding to procure entire quantity from this firm which resulted in revision of the decision and delay in placing the purchase orders for 54 days (18.1.2006 to 12.3.2006). The decision to reduce the supply period despite validity of tender up to 19.6.2006 was also injudicious. Further, instead of ensuring the procurement of tubes from the bidders within validity period of tender, the Department wasted 80 days (1.4.2006 to 19.6.2006) and procured the balance material through fresh tender. Thus, procurement of the material at higher rate from M/s Bhushan Power & Steel Ltd, Chandigarh led to avoidable expenditure of Rs 1.27 crore²⁰.

The EIC, stated (November 2007) that tender was decided by the purchase committee in presence of representative of Industries department. The reply was not acceptable as credentials of the bidder, views of the Member, Vigilance, provisions of the BPWD Code and terms and conditions of the NIT should have been considered prior to finalization of tender.

The matter was referred to Government (May 2008); their reply had not been received (December 2008).

¹⁸ M/s Bhawani Industries, Punjab: 3.28 lakh meter (P.o.No.-1551 dated 13.3.2006), M/s BMW Industries Ltd., Kolkata: 1.10 lakh meter (P.o.No.-1530 dated 13.3.2006) and M/s Shakti Tubes, Patna: 2.79 lakh meter (P.o.No.-1976 dated 30.3.2006).

¹⁹ M/s Shakti Tubes Ltd: 2.79 lakh meter and M/s BMW Industries Ltd.: 1.10 lakh meter.

²⁰ (520030 meter pipe procured in 13 divisions for Rs 71429620) – (supply of 520030 meter pipe at Rs 113/meter= Rs 58763390) = Rs 12666230.

4.4 Irregular/ idle expenditure, blocking/ misutilisation of funds

SOCIAL WELFARE DEPARTMENT

4.4.1 Denial of nutritional aid under NNM

Nutritional aid to adolescent girls, expectant and nursing mothers could not be provided despite availability of funds and Rs 11.82 crore remained blocked for two to four years with FCI/SFC/DWO.

A pilot project named Nutritional Programme for Adolescent Girl (NPAG) under National Nutrition Mission (NNM) was launched (August 2002) in two districts (Aurangabad and Gaya) of the State. As per guidelines of the programme, free foodgrains at the rate of 6 Kg per beneficiary per month was to be provided to adolescent girl (age group: 11-19 years and weight below 35 kg) and expectant and nursing mothers (weight below 40 kg) belonging to below poverty line families initially for a period of three months in order to reduce/eliminate malnutrition, micronutrient deficiencies and chronic energy deficiencies in the backward districts where malnutrition in girl/women prevailed. Beneficiaries, who achieved said cut off weight of 35 and 40 kg respectively would not receive foodgrains after three months. But, in case of beneficiary who remained underweight would continue to receive the foodgrains. The scheme was to be implemented through Child Development Project Officer (CDPO) at block level and by the District Programme Officer/District Welfare Officer (DWO) at district level.

Scrutiny (January 2008) of records of DWO, Aurangabad and information collected (November 2008) from DWO, Gaya disclosed that Government of India (GOI) provided Rs 12.41 crore²¹ as special additional Central Assistance to DWOs of both district through Directorate, ICDS, Social Welfare Department, Bihar for implementation of NPAG (March 2004 and March 2006). Of the above, the DWOs of both district advanced (June 2005) Rs 6.58 crore (Rs 3.29 crore each) to Food Corporation of India (FCI), Gaya for procurement of 11100 MT foodgrains and Rs 20.53 lakh to State Food Corporation (SFC) of each district to meet transportation cost of foodgrains from FCI to their godowns. The SFC Aurangabad lifted 530.12 MT²² and SFC, Gaya lifted 1274.16 MT foodgrains (wheat) from FCI up to November 2008.

During audit it was observed that 31959 beneficiaries in Aurangabad and 73116 beneficiaries in Gaya were identified under this programme which require 191.8 MT and 365.6 MT food grains per month respectively. Against the advance for 5550 MT and requirement of aforesaid quantity of foodgrains, the CDPOs Aurangabad lifted only 64.23 MT foodgrains (rice: 43.72 MT and wheat: 20.51 MT) which was inadequate even for a month while, CDPO, Gaya lifted 1007.89 MT (wheat) during last two years i.e. 2005-07. The SFC,

²¹ Rupees 7.15 crore in March 2004 and Rs 5.26 crore in March 2006.

²² 233MT rice (June 2005) and 297.12MT wheat (March 2006).

Aurangabad reported (September 2005) that quality of food grain was deteriorating due to long storage but DWO Aurangabad did not take necessary steps for lifting the food grains from SFC to implement the scheme. DWO Gaya had also not lifted the balance foodgrains.

Thus, implementing authorities of both the districts failed to implement the programme despite availability of funds and only Rs 60 lakh (4.83 per cent) could be spent against allocation/sanction of Rs 12.42 crore made available by GOI as special additional assistance. As a result, Rs 11.82 crore²³ remained blocked with FCI/ SFC and DWOs for two to four years resulting in denial of intended benefit of NPAG to the beneficiaries, thus leading to complete failure in achieving the desired objective of National Nutrition Mission Scheme.

The matter was reported to Government (April 2008); their reply had not been received (December 2008).

HUMAN RESOURCES DEVELOPMENT DEPARTMENT (HIGHER EDUCATION)

4.4.2 Idle investment

Failure of the University in not obtaining the approval of the State Government before entering into agreement with LIC resulted in idle investment of Rs 2.56 crore besides, interest payment of Rs 23 lakh on FDR loan.

The Tilka Manjhi Bhagalpur University (TMBU), entered (March 2003) into an agreement with the Life Insurance Corporation of India (Corporation) for linking 1499 employees of the University and colleges under Employees Group Gratuity Assurance Scheme with a view to reduce the liability of University/State Government on account of payment of gratuity to employees retiring after March 2003. The University did not seek approval of the State Government nor made any budget estimate before entering into the agreement.

As per term and conditions of the agreement, the Corporation demanded an initial contribution of Rs 7.48 crore from the University for coverage of the scheme right from the beginning of services of the employees. Besides, the Corporation also demanded an annual contribution of Rs 33 lakh and One Year Renewal Term Assurance (OYRT) premium of Rs three lakh. It however, agreed to accept the initial amount of Rs 1.36 crore²⁴ for immediate

²³ **Aurangabad:** FCI- Rs 329.25 lakh - Rs 31.45 lakh (cost of food grains supplied to SFC) = Rs 297.80 lakh, SFC: Rs 20.53 lakh + Rs 31.45 lakh - Rs 1.96 lakh (transportation cost) - Rs 3.91 lakh (cost of food grains issued to CDPOs) = Rs 46.11 lakh and DWO: Rs 550.34 lakh- Rs 329.25 lakh-Rs 20.53 lakh = Rs 200.56 lakh; Total = Rs 544.47 lakh.

Gaya: FCI- Rs 329.25 lakh -48.92 lakh (cost of food grains supplied to SFC) = Rs 280.33 lakh; SFC: Rs 20.53 lakh - Rs 4.19 lakh = Rs 16.34 lakh; DWO- Rs 690.64 lakh - Rs 329.25 lakh- Rs 20.53 lakh = Rs 340.86 lakh; Total = Rs 637.53 lakh.

²⁴ **First instalment of initial contribution:** Rs one crore + Annual premium for the year 2002-03: Rs 33 lakh + OYRT premium: Rs three lakh.

implementation of the scheme. Owing to financial crunch, the University resorted to borrowing of an amount of Rs 1.36 crore from the Bank by pledging FDR²⁵ of Pension and Gratuity account and Standing Committee on Vocational Education (SCOVE) account. Further, annual contribution was to be determined by the Corporation on the basis of evaluation of the benefits to be made on time to time basis. But, corporation never evaluated the benefits and increased the annual premium on adhoc basis by 20 per cent from the year 2004-05 onwards in anticipation of hike in the pay scale of the employees. Hence, the amount of annual premium increased from Rs 33 lakh to Rs 47 lakh in four years and on this account, the University paid Rs 1.20 crore²⁶ for the period from 2003-04 to 2005-06. Further, Bank charged Rs 23 lakh as interest on loan amount and deducted from encashed value of FDR.

The University apprised the Government (February 2006) about the policy and requested to release grants to run the policy. But the Government did not reply till February 2008. The scheme could not take off due to non-remission of annual premium after 2005-06 and short payment of initial contribution to Corporation. The University surrendered the policy (June 2008) as it could not get the government grants to finance the policy. It also requested the Corporation to refund the due amount with interest. The refund of due amount is pending with Corporation (November, 2008).

Thus, failure of the University in assessing the fund requirement before entering into agreement and not obtaining the approval of the State Government resulted in management surrendering the scheme midway. This resulted in idle investment of Rs 2.56 crore* besides interest payment of Rs 23 lakh on FDR loan.

The matter was referred to Government (May 2008 and December 2008); their reply had not been received (December 2008).

AGRICULTURE DEPARTMENT

4.4.3 Nugatory expenditure and blockage of funds

Lack of monitoring led to non-implementation of the programme despite availability of funds causing nugatory expenditure of Rs 37.23 lakh besides, blockage of Rs 12.17 lakh.

The Government of India (GOI) accorded administrative approval and provided (November 1994) grants-in-aid of Rs 50 lakh²⁷ to Agriculture Department, Bihar for establishment of Jaivik Niyantran Prayogshala at Patna under Integrated Pest Management (IPM) Programme. The scheme objective was to restrict the unfair use of pesticides, encourage awareness among farmers regarding fair pest management and to identify favourable and

²⁵ Fixed Deposit Receipts.

²⁶ 2003-04: Rs 32.89 lakh; 2004-05: Rs 39.47 lakh; 2005-06: Rs 47.36 lakh.

* Rs 1.36 crore + Rs 1.20 crore.

²⁷ Rs 30 lakh: Construction of building for proposed laboratory, Rs 16.50 lakh: For equipment and Rs 3.50 lakh: For purchase of vehicle.

unfavourable pests and their proper utilisation in production of poison-free food items and to identify, inseminate and preserve favourite pests. Viruses were also to be produced in laboratory to control pests through viruses.

Of the above, the State Government sanctioned (April 1997) Rs 30 lakh²⁸ for construction of laboratory-building through Bihar State Agriculture Marketing Board (BSAMB) and Rs 20 lakh²⁹ for procurement of machine/equipments and vehicle through Joint Agriculture Director (Plant protection).

Scrutiny of records (September 2007) of Joint Agriculture Director (Plant protection), Bihar disclosed that the directorate released Rs 20 lakh after delay of 28 months in April 1997 to BSAMB for construction of building and Rs 10 lakh after nine years in October 2003 for construction of boundary wall, garage, approach road and electrification. The building was completed in November 2005 after 11 years of receipt of funds from GOI. Further, Department released Rs 20 lakh for machine/equipments and vehicle after nine years and four months and that too, could not be utilized by the directorate as only two equipments (Rs 4.75 lakh) and vehicle (Rs 2.48 lakh) were purchased so far (July 2008). The balance amount of Rs 12.77 lakh was lying in current account in bank despite GOI instruction (July 2003) to surrender the unutilized balance at the close of the financial year.

Thus, failure of internal control mechanism in the Department and lack of monitoring led to non-implementation of the programme despite availability of funds causing nugatory expenditure of Rs 37.23 lakh besides, blocking of Rs 12.77 lakh irregularly kept in the bank. Thus failure of the department reflects its indifference to the objectives to help farmers to appreciate the benefits of better pest management.

The matter was referred to Government (June 2008); their reply had not been received (December 2008).

RURAL DEVELOPMENT DEPARTMENT

4.4.4 Non-recovery of VAT and marketing fee and non-utilisation of rice

Short-lifting of allocated quantity of rice resulted in excess payment of VAT and marketing fee amounting to Rs 22.09 lakh and non creation of employment opportunity for 4.13 lakh man-days.

The Sampoorna Grameen Rojgar Yojana (SGRY) consisted of two main components i.e. a cash component and food-grains (rice) component. Rice was provided to the daily wage earner at a minimum of five kilogram (Kg) per day subject to minimum cash payment of 25 *per cent*. Under this scheme, Government of India (GOI) provided rice free of cost but, sales tax/marketing

²⁸ Rupees 20 lakh for construction of laboratory building and Rs 10 lakh for construction of boundary wall, garage, approach road, electrification.

²⁹ Rupees 16.50 lakh for purchase of machine and equipment and Rs 3.50 lakh for purchase of vehicle.

fee/transportation and handling cost of the rice was to be borne by the state government from its own resources. The SGRY was closed in February 2006 when the National Rural Employment Guarantee Scheme (NREGS) was introduced. However, in order to clear the available stock of rice under SGRY, the Ministry of Rural Development (MoRD), GOI allowed (March 2006) the utilization of the balance quantity in NREGS upto June 2006.

Scrutiny of records (March 2008) of DRDA, Bhabhua disclosed that GOI released 6743 MT rice to District Rural Development Agency (DRDA), Bhabhua in 2005-06. The DRDA, Bhabhua paid (September 2005) an amount of Rs 44.17 lakh to Food Corporation of India (FCI) as VAT (four *per cent*) and marketing fee (one *per cent*) for 6743 MT rice (for total quantity). However, DRDA, Bhabhua lifted only 3370 MT rice. The short-lifting of 3373 MT rice (6743 MT- 3370 MT) resulted in excess payment of VAT and marketing fees by Rs 22.09 lakh³⁰. The excess amount paid on account of VAT/marketing fee remained un-recovered (April 2008) from FCI.

Further it was noticed that in violation of MoRD instructions to clear the balance stock of rice by June 2006, 1819.24 MT rice valued at Rs 114.61 lakh (at BPL rate: Rs 630/per quintal) could not be utilised in nine blocks³¹ and 90 panchayats as of April 2008. This resulted in less-creation of employment for 3.64 lakh man-days³².

The DDC, Bhabhua stated (March 2008) that action would be taken to recover the excess paid amount of VAT and marketing fee. Information in respect of affecting the recovery of excess paid VAT and marketing fee has however not yet been communicated (October 2008). As regard non-utilisation of balance quantity of rice, the DDC stated (September 2008) that available stock of rice would be utilised after obtaining order of the Department. The reply was not convincing as possibility of deterioration in the quality of rice lifted more than two year ago (February 2006 to April 2008) can not be ruled out.

Scrutiny of records (May 2008) of DRDA, Saharsa, FCI and SFC, disclosed that SFC Saharsa lifted 10483 MT rice from FCI godown during the years 2004-05 and 2006-07 on the basis of the allotment made by DRDA. Of this 10236 MT was supplied to PDS dealers the balance quantity of 247 MT rice valued at Rs 15.56 lakh could not utilised under SGRY/NREGS which resulted in less creation of 49400 man days.

Thus, short-lifting of rice compared to the allocated quantity and failure in utilisation of lifted rice under SGRY/NREGS resulted in non-recovery of excess paid VAT and marketing fee amounting to Rs 22.09 lakh and less creation of 4.13 lakh man-days.

The matter was reported to Government (April/July 2008); their reply has not been received (December 2008).

³⁰ (Rs 44.17 lakh on 6743 MT) - (Rs 22.08 lakh on 3370 MT) = Rs 22.09 lakh.

³¹ Adhaura, Bhabhua, Bhagwanpur, Chainpur, Durgawati, Mohania, Nuaon, Ramgarh, Rampur.

³² $1819.24 \text{ MT} \times 1000 \text{ kg} = 1819240 \text{ kg} / 5 \text{ kg} = 363848 \text{ man-days}$.

4.4.5 Misutilisation of IAY fund

The IAY fund amounting to Rs 1.01 crore was misutilised by providing benefit to ineligible beneficiaries in violation of the guidelines.

The Indira Awas Yojana (IAY), a centrally sponsored scheme funded at cost sharing basis between Centre and State in the ratio of 75:25 is aimed to provide a lump sum financial assistance for construction/upgradation of dwelling units to below poverty line (BPL) households living in rural areas belonging to Scheduled Castes/Scheduled Tribes, freed bonded labourers and non-SC/ST BPL rural households, widows and next of-kin to defense personnel/paramilitary forces/personnel, killed in action residing in rural areas (irrespective of their income criteria), ex-servicemen and retired member of paramilitary forces fulfilling the other conditions. The amount of assistance provided for construction was Rs Twenty five thousand per unit in plain areas.

Scrutiny (December 2007, May 2008 and June 2008) of records of BPL list with the list of IAY- beneficiaries in Block Development Offices at Birpur Chaurahi (Begusarai) Jagdishpur (Bhojpur), Madanganj (Jehanabad) and Sheikhpura disclosed that assistance of Rs 1.01 crore³³ for construction of dwelling units was provided (April 2004 to June 2007) to 443 beneficiaries whose names were not available in the BPL list. Further, in cases wherein funds were to be provided to female beneficiaries in the name of mother in law or father in law instead of the beneficiaries which was against guideline of the scheme.

The Block Development Officer (BDO), Jagdishpur replied (December 2007) that the name of beneficiary might not be in the BPL list and the land might not be in his/her name but the name of head of the family was in the BPL list and the land was in the name of the head of the family. The reply was not acceptable as name of the IAY-beneficiary should have been included in the BPL list instead of their relatives. If the name of head of family was in the BPL list, the IAY grant should have been allotted in their name as a BPL house hold is entitled to one house only. The BDO, Birpur, Chaurahi, Madanganj, Sheikhpura stated (February 2008) that action would be taken after verification but no action was taken as of July 2008.

Thus, IAY fund amounting to Rs 1.01 crore which was meant to fulfill the housing needs of the rural poor below poverty line was misutilised by providing benefit to ineligible beneficiaries in violation of the IAY-guidelines.

The matter was reported to the Government (March 2008); their reply had not been received (December 2008).

³³ *Birpur block: Rs 27.75 lakh to 111 beneficiaries, Chaurahi block Rs 9.77 lakh to 48 beneficiaries, Jagdishpur block: Rs 27.66 lakh to 116 beneficiaries and Madanganj block: Rs 24.65 lakh to 122 beneficiaries, Seikhpura block: Rs 11.04 lakh to 46 beneficiaries.*

4.4.6 Blocking of fund

Despite availability of fund, the DRDA, Jehanabad failed to implement PMGY/ IWDP and Rs 1.02 crore remained blocked.

The Government of India (GOI) Ministry of Rural Development provided Rs 1.45 crore³⁴ to District Rural Development Agency (DRDA), Jehanabad in order to provide sanitation, drinking water and roads in the vicinity of families living below poverty line (BPL) under Pradhan Mantri Gramodaya Yojana (PMGY) and for development of barren land under Integrated Wasteland Development Programme (IWDP) (Hariyali Yojana). The State Government also provided Rs seven lakh under IWDP during the aforesaid period.

Scrutiny of records (May 2008) of DRDA, Jehanabad disclosed that against the available fund of Rs 1.55 crore only Rs 1.72 lakh (Rs 1.45 lakh: 2004-05 and Rs 0.27 lakh:2006-07) was spent on preparation of Detailed Project Report (DPR) and training for Hariyali Yojana, Rs 41.11 lakh was transferred to implementing agencies (Rs 10 lakh to panchayats and Rs 20.61 lakh to Deputy Development Commissioner, Arwal under PMGY and Rs 10.50 lakh to BDO, Makhdumpur under IWDP) and the balance amount of Rs 1.02 crore kept in the bank. The balance amount could not be utilised as of October 2008. Further, DDC, Arwal deposited total funds of Rs 20.61 lakh in saving bank account while, BDO, Makhdumpur spent Rs 2.61 lakh out of Rs 10.50 lakh and kept balance amount in saving bank account.

The Principal Secretary, Rural Development Department directed (May 2007) Deputy Development Commissioner (DDC), Jehanabad to fix responsibility for non-implementation of the Hariyali programme in the district and to bring about the desired progress in implementation. This has not been done so far.

The DDC, Jehanabad admitted that no expenditure was incurred under PMGY and replied (May 2008) that action for utilisation of balance would be taken as per direction of the Government. As regard Hariyali Yojana, he stated that DPR has been sent to GOI for approval and implementation would start after approval of the DPR.

Thus despite availability of fund, the DRDA, Jehanabad failed to implement the PMGY and IWDP and Rs 1.02 crore remained blocked since October 2006.

The matter was reported to Government (June 2008); their reply had not been received (December 2008).

34 Yearwise amount under PMGY and IWDP

								<i>(Rupees in lakh)</i>	
<i>Year</i>	<i>2001-02</i>	<i>2002-03</i>	<i>2003-04</i>	<i>2004-05</i>	<i>2005-06</i>	<i>2006-07</i>	<i>Interest</i>	<i>Total</i>	
<i>PMGY</i>	6.30	Nil	35.24	13.22	--	--	6.36	61.12	
<i>IWDP</i>	--	--	--	45.00	--	45.00	3.69	93.69	

WATER RESOURCES DEPARTMENT

4.4.7 *Diversion of plan fund*

Due to diversion of plan fund towards administrative expenditure, Rs 3.62 crore could not be utilised for completion of schemes.

The Sone Command Area Development Authority (SCADA) was responsible for effective utilisation of water and integrated development in the irrigation command area, including modernisation of the distribution system, the provision of drainage, maintenance and operation of both the distribution and drainage system.

Scrutiny (April 2007 and September 2008) of records of SCADA disclosed that during the period 2004-08, against the provision of Rs 19.10 crore on administrative expenses, the agency had spent Rs 22.72 crore³⁵. The excess expenditure of Rs 3.62 crore was met from the fund meant for plan work. Only 349 schemes could be completed out of 451 schemes due to diversion of plan fund and 12 schemes (Estimate: Rs 58.24 lakh) remained incomplete.

The Chief Estate Officer-cum- Building Engineer admitted that due to lack of sufficient allotment, expenditure on administrative expenses was made from the plan head.

Thus, it was observed that due to diversion of plan fund towards administrative expenditure, the desired objective for development and modernisation of irrigation system within Sone Command Area could not be achieved. The amount of Rs 3.62 crore of plan funds which was utilised on administrative expenses could have been utilised in completion of rest 12 incomplete schemes.

The matter was reported to Government (July 2008), their reply has not been received (December 2008).

HEALTH AND FAMILY WELFARE DEPARTMENT

4.4.8 *Blockage of funds on idle machine*

Non-installation of HPLC machine provided by GOI and Rs 15.43 lakh provided for installation of machine remained blocked.

The Government of India provided (September 2002) High Performance Liquid Chromatography (HPLC) machine valued at Rs 10.81 lakh to Bihar Drug Control Laboratory (BDCL), Agamkuan, Patna for testing the quality of microbiological medicines. The Directorate of Health Services, Bihar provided

³⁵ 2004-05: Rs 5.48 crore, 2005-06: Rs 5.17 crore, 2006-07: Rs 6.12 crore and 2007-08 : Rs 5.95 crore.

(June 2007) Rs 15.43 lakh³⁶ to BDCL for renovation of the laboratory and to install the machine.

Scrutiny (April 2008) of records of the BDCL disclosed that BDCL in turn, provided (September 2007 and June 2008) Rs 3.95 lakh to Executive Engineer, PWD (Electrical) for electrical works and Rs 4.07 lakh for Food Laboratory for civil work. The balance amount of Rs 7.41 lakh was kept in the bank awaiting sanction of the estimate of civil work by the Department. However, the estimate had not been sanctioned by the Department so far (July 2008) and as such, civil and repair work of the building of the drug testing laboratory could not be started. The electrical work was also not started. The BDCL did not take any action to get the estimate finalized from the Department nor monitored the civil work in respect of Food laboratory.

The Officer-in-charge, BDCL replied (July 2008) that machine was in operation but reply was not acceptable as none of the civil works or electrical works were even initiated. The officer-in-charge further intimated (October 2008) that no drug testing was carried out due to non-availability of trained staff for which, correspondence was made with the Department. The in-charge was however, silent in respect of status of infrastructure and regular functioning of the machine. The reply of the in-charge that no testing work was carried out with the machine substantiated the audit observation that machine was idle.

Thus, the machine which was provided by the GOI six years ago (2002) could not be installed and made functional due to delay in releasing the funds for infrastructure development after five years (2007) and subsequent delay in sanctioning the estimate of civil work which reflecting the indifferent attitude of the Department. As a result, intended objective of testing drug could not be achieved and machine as well as funds received, remained blocked.

The matter was reported to the Government (July 2008); their reply had not been received (December 2008).

³⁶ (i) Civil work and repair of building for installation of HPLC machine in drug laboratory: Rs 7.41 lakh, (ii) Basic changes in internal configuration of electrical wiring in drug testing laboratory: Rs 3.95 lakh and (iii) Installation of HPLC machine in Food Laboratory: Rs 4.07 lakh.

4.5 Regularity issues, Irregular expenditure and others

**BUILDING CONSTRUCTION DEPARTMENT
ROAD CONSTRUCTION DEPARTMENT
WATER RESOURCES DEPARTMENT**

4.5.1 Irregular payment for departmental works***Irregular payment of Rs 3.64 crore for departmental works***

As per Rule 226 of Bihar Public Works Account Code read with instruction of the Cabinet vigilance Department (1994), the supply of materials is required to be obtained through inviting tenders/quotation and payment to labour is to be made through Muster Roll (MR) in respect of departmental work.

Scrutiny of vouchers for departmental works executed under Building Division, Bettiah, State Highway Division, Gaya and Irrigation (Mechanical) Division, Birpur during 2003-07 disclosed that Rs 3.25 crore was paid to labour-mates through 9,737 Hand Receipts (HRs) and Rs 38.41 lakh was paid to different agencies through 1,599 vouchers against purchase of materials including labour charges as detailed below:

(Rs in lakh)

Division	Purpose	Year	Number of H.R/Vouchers	Total payment
Building Division, Bettiah	Labour charges	2006-07	4,271	185.36
State Highway Division, Gaya	-do-	2006-07	4,882	130.94
Irrigation (Mechanical) Division, Birpur	-do-	2003-06	584	8.85
Total			9,737	325.15
State Highway Division, Gaya	Purchase of materials	2006-07	201	5.40
Irrigation (Mechanical) Division, Birpur	Purchase of materials with labour charges	2003-06	1398	33.01
Total			1,599	38.41
Grand Total			11,336	363.56

- Payment to labour should have been made on muster roll detailing nature and period of work executed, sanction order of estimate and number of labour engaged. In absence of aforesaid information, authenticity of work executed and payment made there against can not be ascertained;
- Period of work recorded in the Measurement books (MBs) in respect of departmental works executed under State Highway Division, Gaya during 2006-07 was not in chronological order;

- Payment of Rs 8.85 lakh for labour charges was made on plain papers in Irrigation (Mechanical) Division, Birpur;
- Supply of materials was made without inviting tenders/quotations;
- Vouchers did not have printed serial number and purchase was made from the same agencies repeatedly.

Thus, payment made on departmental works for Rs 3.64 crore during 2003-07 was irregular.

The Executive Engineers of the respective divisions replied (February 2007 to March 2008) that payment for departmental works was made in the interest of work. The replies are not tenable as the payment against departmental work was made through hand receipts instead of MRs in violation of the provisions made in BPWA Code and Departmental instruction of March 1994.

The matter was reported to Government (July 2008); their reply had not been received (December 2008).

AGRICULTURE DEPARTMENT

(RAJENDRA AGRICULTURE UNIVERSITY)

4.5.2 Non placing of Separate Audit Reports

The Separate Audit Reports of Rajendra Agricultural University, Samastipur, Bihar was not laid down before the state Legislature since 1971-72.

Under section 34 (2) and (3) of the Bihar Agricultural University Act, 1987, the audit of Annual Accounts of Rajendra Agricultural University (RAU), Pusa, Samastipur is done by Principal Accountant General (Audit), Bihar and Audit Report (called Separate Audit Report) is issued to the RAU with a copy to the State Government (Department of Agriculture). After receipt of the Audit Report, the Board of Management of RAU has to submit copy of Annual Accounts and the Audit Report to the State Government along with statement of action taken by RAU on the report and the State Government has to lay the same before the House of Legislature.

Though, the final Audit Reports up to the year 2002-03 was issued to the RAU and the RAU had sent these reports along with its replies to the State Government for placement before the state Legislature, it had no knowledge (January 2008) about laying of Audit Reports before the Legislature. The Government replied (September 2008) that the Audit Reports for the years 1995-96 to 1997-98 along with the compliance of the University were sent to the State Legislature for placement and action was being taken for making available the information regarding placement of reports for the years 1971-72 to 1994-95 and 1998-99. Further, the Audit Reports for the years 2001-02 and 2002-03 were not sent by the Government to the State Legislature and no

information was given by the Government in respect of Audit Reports for the years 1999-2000 to 2000-01.

Due to lapses of the State Government in regards to laying of the Audit Reports before State Legislature, several persistent and major irregularities persisted as, necessary orders for their removal remained to be passed by the Legislature.

The matter was reported to the Government (July 2008); their reply had not been received (December 2008).

PUBLIC HEALTH ENGINEERING DEPARTMENT

4.5.3 Non-submission of utilisation certificates by Panchayats

By non-adherence to the instructions contained under resolution and circulars issued from time to time, the PHE Department failed to ascertain utilization of scheme funds amounting to Rs 91.06 lakh.

The Government of Bihar resolved (September 2001) that funds for installation and repair of hand pumps and providing sanitation facilities were to be transferred to Gram Panchayats through Executive Engineer, PHED³⁷ by drawing through AC bills. Detailed instructions on this were issued through a resolution in January 2003.

The Executive Engineer PHED, Madhepura advanced Rs 91.06 lakh to 170 Gram Panchayats under 12 Blocks during the periods 2001-05 for installation, ordinary repairs, special repairs of hand pumps (HP) and construction of Sulabh Shauchalay (toilets) as per details below:

(Rupees in lakh)

Period	Special /Ordinary repair	Installation against MLA fund	Construction of Sulabh Shauchalay	Total
2001-02	4.91	-	-	4.91
2002-03	6.52	-	-	6.52
2003-04	21.89	19.33 (-0.73)	6.75	47.97 (-0.73)
2004-05	27.26 5.13		-	32.39
Grand Total	65.71	18.60	6.75	91.06

The Panchayats were required to furnish item-wise details of expenditure on the 5th of each of the following months and monthly/quarterly progress report of physical and financial achievement to the concerned Executive Engineers. Site account register maintained by Panchayats were to be verified by the

³⁷ Public Health Engineering Department

concerned divisions (JE/AE). Further, Rule 342 of Bihar Financial Rule (B.F.R) provides that utilization certificate of grant-in-aid must be furnished to the Accountant General within a year from the date of sanction. The account of expenditure in DC bills was to be submitted to Accountant General.

Scrutiny of records (March 2008) disclosed that neither accounts of expenditure in DC bill, nor utilization certificate for Rs 91.06 lakh were submitted (June 2008) even after a lapse of three to six years. No site account register was verified by the Junior Engineer/ Assistant Engineer as per provision in the resolution. In this regard, the state Government circulated instruction (December 2006) to all Districts Officers for issuing necessary instruction to Deputy Development Commissioner (DDC) and other regional officers to take concrete and effective steps for ensuring submission of utilization certificates. But, no utilization certificates were submitted even after a lapse of one and half year of the instruction of Government. As a result, the fund for 2005-06 was not sanctioned by the Government.

The Executive Engineer replied (July 2008) that letters for obtaining utilization certificate were written to the concerned Panchayats.

Thus, by non-adherence to the instructions contained under resolutions and circular issued from time to time, the Department failed to ascertain utilisation of scheme funds amounting to Rs 91.06 lakh. Without verification of site account by JE/AE it could not be ascertained whether works were actually completed.

The matter was reported to Government (July 2008); their reply had not been received (December 2008).