

## CHAPTER IV

### AUDIT OF TRANSACTIONS

#### 4.1 Fraudulent drawal/ Misappropriation/ Embezzlement/ Losses

##### ENVIRONMENT AND FOREST DEPARTMENT

##### 4.1.1 *Doubtful expenditure*

*Expenditure of Rs 1.33 crore against advance payment in Valmiki State Trading Division, Betia was doubtful.*

On the request of the Conservator of Forest, Valmiki Tiger Project, Betia, the Chief Conservator of Forest-cum-Chief Conservator of Wild Life, Bihar provided additional funds of Rs 1.33 crore to the Divisional Forest Officer (DFO), Valmiki State Trading Division (VSTD), Betia on 28 March 2001 without any requisition for such funds from the division to meet expenditure during 2000-01 on repair and maintenance of road, bridge and buildings and other contingent charges (telephone and electricity charges, liveries, other office expenses) pertaining to two other divisions (Valmiki Tiger Project division I and II) which had no sanction of Government for extension of their life till 31 March 2001 as the extension for operation of the divisions was accorded by Government on the last day (31 March 2001) of the year. Further, there was no sanction of Government for such expenditure of the two divisions (Valmiki Tiger Project I and II), nor was there any authorisation of the Accountant General for operation of Letter of Credit for transacting activities of these two divisions during 2000-01.

Scrutiny of records of the DFO, VSTD, Betia revealed that DFO released the entire amount of Rs 1.33 crore to two Range Officers from 28 March 2001 to 30 March 2001. These Range Officers further advanced the amount to foresters on 31 March 2001 and the entire amount of Rs 1.33 crore was exhibited in the division's accounts as spent. Of this, expenditure of Rs 82.88 lakh was shown by DFO as incurred on unsanctioned construction and repair works by splitting the expenditure in small sums of Rs 5000 each to avoid sanction of competent authority. The balance amount of Rs 50 lakh was spent on contingent charges and office expenses. No vouchers for expenditure of Rs 1.33 crore were available in the division.

Thus, the entire expenditure of Rs 1.33 crore depicted as booked in the divisional accounts in March 2001 was prima facie doubtful. The DFO, VSTD, Betia stated (May 2003) that the matter was under investigation at the level of Principal Chief Conservator of Forests and the result would be communicated to audit in due course.

The matter was referred to Government (August 2003). The Deputy Secretary to Government, Environment and Forest Department stated (December 2003) that all the 60 officials involved had been placed under suspension and departmental proceeding against them had been initiated. Reference had been made to Government of India for action against the then Principal Chief Conservator of Forests who had retired and action had been initiated against two other officers of Indian Forest Service. He also stated that Conservator of Forests, Betia had been directed to lodge FIR with the Police against all of them.

## HOME (PRISON) DEPARTMENT

### 4.1.2 *Misappropriation of Funds*

***Non-observance of codal provision in maintenance of cash book led to misappropriation of Rs 19.18 lakh in District Jail Saharsa.***

Rule 86 of Bihar Treasury Code Vol-I provides that all monetary transactions should be entered into the cash book as soon as they occur and attested by the Head of the Office in token of check exercised by him.

Scrutiny of the records of the District Jail Saharsa revealed (April 2001) that the Jail Superintendent (Drawing and Disbursing Officer) did not attest monetary transactions during 1 September 1999 to 19 November 1999. Further, the monetary transactions of Rs 21.35 lakh occurring during the period from 20 November 1999 to 4 February 2000 were not entered in the cash book. Examination of the records also revealed that the Superintendent drew Rs 21.35 lakh from Saharsa treasury through 39 bills during the same period (18 bills of salary, GPF and pension for Rs 10.75 lakh and 21 bills of office expenses and contractor's payment for Rs 10.60 lakh). Against Rs 21.35 lakh, disbursement of Rs 10.75 lakh was not shown in the cash book, when the cash book was written up but the amount was shown as disbursed in the acquittance roll. However, there was no evidence of disbursement of Rs 10.60 lakh, nor this amount formed part of cash balance.

It was further noticed that the then cashier handed over charge of cash to his successor on 5 February 2000 for Rs 0.46 lakh instead of Rs 19.64 lakh (Rs 9.04 lakh cash balance as on 19th November 1999 + Rs 10.60 lakh). Though the Superintendent, District Jail, Saharsa lodged FIR (9 February 2001) with Police against the then cashier for not handing over the charge of all the relevant records and accounts, he did not lodge FIR for the misappropriation of Rs 19.18 lakh as of May 2003.

The misappropriation of Rs 19.18 lakh due to failure of the Superintendent, in maintenance of cash book as per rules needed investigation by Government with a view to fixing responsibility and taking deterrent action.

The matter was referred to Government (June 2003); their reply had not been received (April 2004).

## PUBLIC HEALTH ENGINEERING DEPARTMENT

### 4.1.3 *Doubtful supply of materials*

***Payment for doubtful supply of materials valued at Rs 16.48 lakh in PHE Division, Saharsa.***

Executive Engineer (EE), Public Health Engineering Division, Saharsa procured spare parts of tubewell valued at Rs 16.48 lakh from two local firms between August 2000 and March 2001. The firms supplied materials through 38 bills. The genuineness of those bills was prima-facie doubtful as all the bills of supply were serially numbered spread over a period of 3 to 7 months and the firms did not appear to have transacted any business during August 2000 to March 2001 with any agency other than this division.

A cross verification of records from the office of the Superintendent, Commercial Taxes, Saharsa also revealed that one of the two firms had closed their establishment in November 2000 while another firm was not at all in existence. All these indicated that vouchers for payment and stock entry certificates thereon were forged.

Thus, expenditure of Rs 16.48 lakh was made against doubtful supply of materials. The EE stated (October 2002) that purchase orders were issued by the higher officers, based on which payment was made. The matter needed investigation by Government.

The matter was referred to the Government (June 2003); their reply had not been received (April 2004).

## REVENUE DEPARTMENT

### 4.1.4 *Defalcation of Government money*

***Failure of DDO, the District Nazarat Deputy Collector, Jahanabad in maintenance of cash book resulted in defalcation of Rs 5.93 lakh.***

Rule 86 of Bihar Treasury Code Vol. I provides that all monetary transactions should be entered into the cash book as soon as they occur and attested by the head of the office in token of check exercised by him.

Scrutiny of cash book and advance register of Panchayat election of the District Nazarat, Jahanabad revealed (March 2003) that advances aggregating Rs 63,000/- paid to 24 officials during February 2001 to December 2001 for conducting Panchayat election were outstanding for adjustment as on 21 August 2002. Against this Rs 6.56 lakh was shown in the cash book as outstanding as on 21 August 2002 when the then Drawing and Disbursing Officer, the Nazarat Deputy Collector (NDC), Jahanabad handed over charge of the cash book. This facilitated defalcation of Rs 5.93 lakh.

The defalcation occurred due to failure of the NDC, to verify/attest every entry in the cash book, ensure daily closing of cash book and count physical balance of cash at the end of every month as required under the rules.

NDC stated (March 2003) that the amount would be recovered from the Nazir (cashier). He also stated (May 2003) that an enquiry had since been set up and the enquiry report was submitted to the District Magistrate. However, further progress in the matter was not intimated to Audit as of November 2003.

The matter was referred to Government (August 2003); their reply had not been received (April 2004).

## **RURAL DEVELOPMENT DEPARTMENT**

### **4.1.5 *Doubtful transactions through unadmitted vouchers***

***Transactions under vouchers for Rs 11.82 lakh remaining unadmitted/unadjusted in accounts in Block Development Office, Narhat, Nawada for one to 15 years was doubtful.***

Financial Rules (Rule 305 of Bihar Treasury Code read with Rule 115 of Bihar Financial Rules) provide that a Drawing and Disbursing Officer is responsible for seeing that expenditure is within the available appropriation and he should not spend government money without budget provision.

Test check of records revealed (May 2002) that in violation of the financial rules, Block Development Officer (BDO), Narhat, Nawada spent Rs 11.82 lakh during 1988-2002 out of the available cash balance on office expenses without budgetary provision. He retained the vouchers against this expenditure as a part of the cash balance, though not permissible under the rules. These vouchers remained unadjusted and unadmitted in accounts for one to 15 years as of October 2003 for want of provision of funds. This expenditure was incurred by BDO in subversion of the expenditure control and cash management procedures and genuineness of these vouchers was questionable.

It was noticed that unadmitted vouchers for only Rs 7.11 lakh out of Rs 11.82 lakh were available. This indicated that Rs 4.71 lakh were defalcated by inflating the figures of unadmitted vouchers in the closing balance in the cash book.

The defalcation was facilitated by the failure of the BDO, the Drawing and Disbursing officer to verify correctness of the entries in the cash book and the physical cash balance as well as the unadmitted vouchers as required under rules.

The BDO, stated (May 2002) that necessary action against the official concerned (Block Nazir) would be taken and result intimated to audit. He intimated subsequently (October 2003) that the missing unadmitted vouchers for Rs 4.71 lakh had since been traced out. The reply is not tenable as the entire expenditure of Rs 11.82 lakh incurred during 1988-2002 remained

unadmitted in accounts for one to 15 years and genuineness of expenditure was not free from doubt.

The matter was referred to Government (July 2003); their reply had not been received (April 2004).

#### 4.1.6 Misappropriation of advance payments

***Rupees 35.62 lakh advanced to nine officials in Block Development Office, Choraut, Sitamarhi for immediate disbursement to beneficiaries were not disbursed for one to over six years.***

Scrutiny of records of Block Development Officer (BDO), Choraut (Sitamarhi), revealed (February 2002) that Rs 35.62 lakh were advanced to 12 officials including the then BDO himself between February 1997 and March 2001 for immediate disbursement to the beneficiaries of Indira Awas Yojna, Flood Relief, Social Security Pension, Old Age Pension and Scholarship etc. However, the officials did not render account against these advances for a period ranging from 1 yrs. to 6 ½ yrs. nor was there any evidence on record regarding disbursement to the beneficiaries against these advance payments. Thus misappropriation of the public money by the officials concerned was not ruled out. The details were as under :

Sl. No.	Name & designation of Officials	Amount of advance (in Rupees)	Period of receipt	Purpose of advance
1	Arun Kumar Bhattacharya, BDO, Choraut	22,03,010	March 1997 to May 1999	For immediate disbursement to beneficiaries of IAY
2.	Shambhu Pd. Chourasia, Head Assistant	55,000	-	For immediate disbursement to beneficiaries of IAY
3.	Himanshu Bhusan Thakur, Industry Extension Officer, Pupuri cum chouraut	10,23,386	October 1997 to August 2000	For immediate disbursement to beneficiaries of social security pension, flood relief and scholarship.
4.	Dinbandhu Mishra, Co-operative Officer	35,000	February 1997 and July 1997	For immediate disbursement to beneficiaries of social security pension
5.	Ram Bilash Yadav, Panchayat Sewak	1,42,200	February 1998 to December 1999	For immediate disbursement to beneficiaries of social security pension
6.	Kapileshwar Das, Panchayat Sewak	25,000	March 2001	For immediate disbursement to beneficiaries of old age pensioners.
7.	Permanand Jha, Panchayat Sewak	51,225	March 1999 to March 2001	For disbursement to beneficiaries under IAY
8.	Sushil Kr. Verma, Welfare Officer	10,088	March 2001	For immediate distribution among beneficiaries of scholarship.
9.	Awadh Bihari Pandey, Clerk	16,800	August 1999	For immediate disbursement of Grant-in-aid to beneficiaries (Maternity).
	<b>Total</b>	<b>35,61,709</b>		

The BDO failed to ensure disbursements to the beneficiaries by the officials to whom funds were advanced. He successively advanced money to officials without ensuring adjustment of advances previously paid.

The BDO intimated (September 2003) that the Sub-Divisional Officer, Pupri had lodged FIR (September 2003), against the then BDO and certificate notice was issued to him but no action was initiated against other officials. Further progress in the matter was awaited (December 2003).

The matter was referred to the Government (May 2003); their reply had not been received (April 2004).

## **WELFARE DEPARTMENT**

### **4.1.7 Fictitious disbursements**

***Fictitious booking of expenditure of Rs 13.16 lakh in accounts facilitated defalcation of Government money in the office of Child Development Project Officer, Manigacchi, Darbhanga.***

Rule 86 of Bihar Treasury Code Vol.-I provides that all monetary transactions should be entered into the Cash Book as soon as they occur and attested by the Head of the Office in token of check exercised by him.

Scrutiny of records of Child Development Project Officer (CDPO), Manigachhi (Darbhanga) revealed (January 2003) defalcation of Rs 13.16 lakh as discussed below:

- ❖ Recovery of honorarium of Rs 2.99 lakh in cash from officials<sup>1</sup> between July 1995 and November 1999 was not taken into cash book.
- ❖ The GPF advance of Rs 40,000/- drawn (1.12.1999) in favour of an ANM (Meera Devi) was shown in the cash book as disbursed to her while she denied (13 August 2001) receipt of this amount. Thus, entry in the cash book was made against forged receipt of payee. Besides, GPF advances of Rs 20,000/- drawn (17.4.1996) through 2 bills were shown in cash book as paid though there were no payees receipts.
- ❖ A cheque for Rs 48,000/- dated 9 November 1999 for payment of arrear pay and allowance to a doctor was encashed by the Nazir. He did not exhibit encashment of the cheque and disbursement of the amount in the cash book.
- ❖ Disbursement of honorarium of Rs 2.84 lakh was shown in the cash book during 1997-98 to 1999-2000 to 10 Sevikas and 13 Sahaikas, though no honorarium was sanctioned to them during these years.
- ❖ There was no detail of advance payment of Rs 2.11 lakh out of Rs 4.95 lakh shown as advances in closing balance of cash as on 12 September 1997. Further names of officials/staffs to whom paid, purpose of advance and actual payees receipts etc. against advance payments of Rs 0.70 lakh as recorded in the cash book during February June 1998 was not available.

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<sup>1</sup> *Sevikas/Sahaika, Auxiliary Nurse and Midwife (ANMs) and a doctor*

- ❖ State Bank of India, Sakari Bazar showed a balance of Rs 1,25,773.55 in the pass book on 8 August 1995, but balance in bank column of the cash book was for Rs 1,65,773.55 resulting in shortage of cash of Rs 40,000/-.
- ❖ Unadjusted vouchers for Rs 0.80 lakh as on 14 August 1997 and for Rs 0.31 lakh during June 1998 to August 2000 as shown in the cash book were not available.
- ❖ Rupees 1.93 lakh spent during 1995-96 to 2000 on maintenance of a vehicle (No.4258) which was condemned in 1995-96 and off the road since then was doubtful.

The matter was referred to the Government (June 2003). The Commissioner and Secretary to the Government, Social Welfare Department stated (November 2003) that District Magistrate, Darbhanga had lodged FIR against guilty officials and the Superintendent of Police Darbhanga had been requested (February 2003) to expeditiously frame charge sheets against them. The departmental action against the guilty officials was also being initiated.

## **4.2 Infertuous/wasteful expenditure and overpayment**

### **BUILDING CONSTRUCTION AND HOUSING DEPARTMENT**

#### **4.2.1 Collapse of the roof of newly constructed Conference Hall in the Secretariat**

*Even indiscreet award of work to the highest tenderer at an extra cost (Rs 20 lakh) and undue aid to contractor (Rs 7.46 lakh) in Building Construction Division, Patna could not lead to completion of Conference Hall in front of Sinchan Bhawan in five years. Due to faulty supervision the roof of the hall also collapsed.*

The work for construction of a 'Conference Hall' in front of Sichai Bhawan at Patna was administratively approved (February 1998) for Rs 3.49 crore by Building Construction and Housing Department, Bihar. Without technical sanction and even prior to administrative approval tender for the work was invited (August 1997) by the EE, Building Construction Division No.I, Patna.

Scrutiny of records of Building Construction Division, No.I Patna revealed (September 2002) that three agencies responded to the tender. The lowest rates quoted was 5.74 per cent above the estimated cost of Rs 1.95 crore. However, the tenders were decided (15 February 1999) after one and half year by the tender committee of the department headed by the Engineer-in-Chief after lapse of the validity period of 180 days as stipulated in the notice inviting tender. As a result, the first and the second lowest tenderers refused to execute

the work on their quoted rates and the work was allotted (September 1999) by the Engineer-in-Chief to the highest tenderer for completion by May 2001 (extended to 19 November 2002) at a cost of Rs 2.26 crore which was 15.75 per cent above the estimated cost resulting into extra cost of Rs 20.00 lakh.

The EE stated (June 2003) that the work was incomplete and Rs 2.21 crore had already been spent. He also stated that the roof of the building had collapsed and the matter was under investigation. Strangely, the newly constructed building, which collapsed, was being constructed in the Secretariat campus itself where the entire engineering department was situated nearby for supervision of the work. The officials (Junior Engineer, Assistant Engineer, the Executive Engineer) responsible for execution of the work failed to supervise the work.

### ***Collapsed roof of newly constructed building of Conference Hall***

Further, the materials valued at Rs 47.34 lakh were issued to the agency for the work and surprisingly, the percentage increase (15.75 per cent) on the material component of the scheme also was allowed to the agency, though not admissible, resulting in extra undue financial assistance of Rs 7.46 lakh to the agency.

Thus, inordinate delay in deciding tender resulted in indiscreet award of work to the highest tenderer at extra cost of Rs 20.00 lakh. Besides, undue financial assistance of Rs 7.46 lakh was extended to the agency by way of allowing inadmissible percentage increase in cost of the material issued by the department. Further, the roof of the building has since collapsed due to poor quality of work and faulty supervision. As a result, the building has remained incomplete even after five years and incurrence of expenditure of Rs 2.21 crore.

The matter was referred to the Government (June 2003); their reply had not been received (April 2004).

### 4.3 Violation of contractual obligations/Undue favour to contractors

#### RURAL DEVELOPMENT DEPARTMENT

##### 4.3.1 *Undue financial assistance to brick suppliers*

*Advances remained overdue due to undue financial assistance of Rs 25.59 lakh to suppliers in Block Development Office, Alawali, Khagaria.*

Rule 411 of Bihar Treasury Code provides that advances to contractors are as a rule prohibited, and every endeavour should be made to maintain a system under which no payments are made except for work actually done.

A scrutiny of records of Block Development Officer (BDO), Alawali, district Khagaria revealed (December 2002) that the BDO advanced Rs 28.27 lakh between 19 January 1991 and 25 May 1993 to seven suppliers<sup>1</sup> of bricks for implementation of district plan schemes. Advance of Rs 2.68 lakh of two suppliers was adjusted as of December 2002 but there was no evidence for the receipt and accounting of bricks against Rs 2.68 lakh. The seven suppliers did not supply any bricks against the balance advance of Rs 25.59 lakh.

It was also noticed that advances were released without any work order, mentioning the quantity of bricks to be supplied and the periods of supply. Thus, the BDO extended undue financial assistance to brick suppliers by indiscreet advance payments. He did not enforce recovery of overdue advances for 10 to over 12 years as of May 2003.

The matter was referred to Government (June 2003); their reply had not been received (April 2004).

### 4.4 Avoidable/Excess/Unfruitful expenditure

#### PUBLIC HEALTH ENGINEERING DEPARTMENT

##### 4.4.1 *Unfruitful expenditure on hand tubewells with iron removal plants*

*Expenditure of Rs 1.54 crore in construction of iron removal plants was rendered unfruitful due to lack of proper maintenance arrangements, thereby denying the potable water facility to rural population of Katihar district.*

For removal of excess iron content in potable water, Public Health Engineering Department, Government of Bihar launched a new scheme under Koshi Amrit Payajal Yojna (KAPY) during 1998-99. Accordingly, 2464 iron

<sup>1</sup> Ramchandra Paswan : Rs 6,62,500; Krishna Singh: Rs 5,97,500; Anil Kumar: Rs 5,97,500; Umesh Kumar; Rs 70,000; Rajendra Prasad Singh: Rs 6 Lakh; Uday Singh: Rs 2.50 lakh; Dinesh Kumar: Rs 0.50 lakh.

removal plants with hand tubewells were to be constructed during 1998-99 in 1232 revenue villages (@ 2 plants per village) of Katihar district at an estimated cost of Rs 2.67 crore at the rate of Rs 10830 for each tubewell. Government of Bihar released Rs 2.72 crore in July 1998 for construction of all the 2464 iron removal plants by March 1999.

Against targeted construction of iron removal plants with hand tubewells, the EE, PHE Division, Katihar constructed 2151 iron removal plants with hand tubewells departmentally at a total cost of Rs 2.71 crore as of March 2003. This resulted in extra cost of Rs 38.00 lakh, on construction of 2151 iron removal plants with hand tubewells in Katihar district.

Further only 1076 of 1232 villages targeted were covered under the scheme upto March 2003.

Incidentally, 1225 out of 2151 iron removal plants constructed were non-functional as of March 2003 resulting in unfruitful expenditure of Rs 1.54 crore on their construction. The EE, P.H. Division, Katihar stated (May 2003) that the beneficiaries did not clean up the iron removal plants. He had earlier stated (May 2002) that plants were not worthy of repairs.

Thus, lack of effective action to create awareness for repairs among the beneficiaries, absence of training and non-supply of essential field kits to the villagers by the division as required under the scheme resulted in non-achievement of the objectives of the scheme in majority of the villages. On the other hand funds of Rs 0.97 lakh during 1998-99 meant for supply kits to farmers were surrendered.

The matter was referred to the Government (June 2003); their reply had not been received (April 2004).

## **REVENUE DEPARTMENT**

### **4.4.2 *Avoidable expenditure on payment of interest***

***Payment of interest (Rs 17.94 lakh) due to non-payment by District Magistrate Patna to suppliers in time was avoidable.***

The Government provided Rs 66.41 lakh to the District Magistrate (DM), Patna for purchase of blankets and shawls etc. The DM, Patna purchased 25574 blankets and shawls etc. valued at Rs 44.93 lakh from four local dealers/suppliers in January 1997 without inviting tenders and paid Rs 20 lakh as advance to the local suppliers and kept Rs 46.41 lakh in the bank (March 1997).

As DM did not pay balance amount of Rs 24.93 lakh to the suppliers, the suppliers moved the Court (1999) for payment of dues of Rs 24.93 lakh with compound interest thereon. Even during pendency of the case, Government pleader conveyed (March 2000) to the DM that the suppliers were ready to forego the interest and legal cost if the amount due was paid to them. The DM did not respond to this offer. Ultimately, the Court awarded decree (April 2000) for payment of the dues to the four suppliers along with interest (@ 18

per cent) on the decretal amount as well as cost of the suit. Government pleader advised (June 2000), the DM to make payment of the decretal amount but DM did not make payment. As a result, the suppliers again filed a case in the Court for recovery of the decretal amount. On this the DM paid Rs 24.93 lakh (January 2001) to the suppliers. The Court, however, passed orders (March 2001) for adjusting the amount paid (Rs 24.93 lakh) against interest of Rs 17.94 lakh accrued up to January 2001. The Civil Revision Application against this filed (2001) by the DM in the Patna High Court was dismissed in February 2002.

On this being pointed out by Audit (June 2003) the DM intimated (December 2003) that funds for payment of interest was being asked for from the Government.

Thus failure of the DM to make prompt payment to the suppliers as per the advice of the Government pleader and to comply to the orders of the Court resulted in avoidable payment of interest of Rs 17.94 lakh upto January 2001 and additional avoidable liability of interest of Rs 6.45 lakh upto June 2003, besides the principal amount of Rs 17.94 lakh which remained unpaid. No action has been taken against the guilty officials.

The matter was referred to Government (June 2003); their reply had not been received (April 2004).

## **ROAD CONSTRUCTION DEPARTMENT**

### **4.4.3 Extra cost in road work**

***Excess provision of stone metal and WBM/BSG in road work under Road Construction Division No.-I, Gaya resulted in extra cost of Rs 31.36 lakh.***

Scrutiny of records of Road Construction Division No.1 Gaya revealed that widening and strengthening of Gaya-Sherghati road (0 to 32 Km) was administratively approved for Rs 3.94 crore (1997-98) to improve transportation in naxal infested areas. Technical sanction for Rs 3.72 crore (September 1998) was accorded by the Engineer-in-Chief, Road construction Department, Patna. The road work was divided into two groups (Group I: 0 to 15 Km and group II:16 to 32 Km). Both the groups were allotted (December 1998) to an agency of Gaya for Rs 1.53 crore and Rs 2.11 crore respectively for completion by June 2000 (extended upto March 2001).

The technical sanction stipulated consumption of 75 mm thick stone metal under both the contracts but Bill of Quantity (BOQ) was approved (November 1998) by the Superintending Engineer, Road Circle, Gaya for 91 mm thick stone metal under group I and 116 mm under group II and accordingly agreements were executed (December 1998). The change in specification of graded metal without assigning any reason resulted in excess consumption of 3869 cu.m of stone metal at extra cost of Rs 23.37 lakh.

Besides, in group I sanction of 27820 sq.m, road layers of water bound compacted broken stones metals (Water Bound Macadam - WBM) were increased to 38182 sq.m. Built-up spray grouting (BSG) with 20 mm bituminous premix carpeting over WBM resulted in excess execution of work for 10362 sq.m area for BSG and premix carpeting valued at Rs 7.99 lakh.

Thus excess provision of stone metal and WBM/BSG works resulted in increase in cost of the road works by Rs 31.36 lakh.

The matter was referred to the Government (June 2003); their reply had not been received (April 2004).

## ROAD CONSTRUCTION DEPARTMENT

### 4.4.4 Excessive Expenditure

***Excessive expenditure on Built up Spray Grouting and Excess supply of stores valued at Rs 37.68 lakh in execution of road works by Road Construction Division, Ara remained unrecovered after three years.***

Strengthening of Ara-Buxar state road in 0-35 km was administratively approved (March 1998) for Rs 3.81 crore and technically sanctioned for Rs 3.75 crore (April 1998). The Chief Engineer invited tender (September 1998) for the work at an estimated cost of Rs 2.89 crore (based on Bill of Quantity). He awarded the work to the lowest tenderer at 16 per cent above estimated cost minus value of material (Rs 78.53 lakh) to be supplied by the department, though as per Cabinet Secretariat and Coordination Department's instruction (July 1986) approval of rates in excess of 10 per cent of the estimated cost was not permissible.

EE, Road Construction Division, Ara executed agreement (December 1998) with the agency for completion of the work by October 1999. However, the agency commenced work in October 1998 based on the work order issued (October 1998) by the EE. The agency executed work valued at Rs 2.81 crore and was paid for till the State road was handed over (December 2000) to National Highway wing of the Government.

Scrutiny further revealed the following:

❖ The Built up Spray Grouting (BSG), an essential component of the road work was technically sanctioned for Rs 25.68 lakh (36430 sq.m @ 70.50 per sq.m). Against this, BSG work valued at Rs 51.22 lakh (72654 sq.m @ 70.50 per sq.m) was done and paid for resulting in excess execution of 36224 sq.m of BSG work valued at Rs 25.54 lakh which was disapproved (March 1999) by the Chief Engineer, Central Design Organisation, Patna. The amount disapproved was not recovered as of March 2004.

❖ Test-check of site account for materials revealed that 146.42 tonne of bitumen valued at Rs 12.14 lakh issued (December 1999) for repair

work of the road was not consumed in work and the same remained unrecovered from the agency as of May 2003.

Thus value of execution of BSG work and pilferage of bitumen aggregating Rs 37.69 lakh remained unrecovered even after three years of completion of the work.

The matter was referred to the Government (June 2003); their reply had not been received (April 2004)

#### **4.4.5 Doubtful use of material in road work**

***Excessive use of stone metal valued at Rs 88.70 lakh in the road works was allowed and paid for without specific approval. Further, supply of Bitumen in excess of the requirement (Rs 90.29 lakh) to the contractor was not recovered.***

Improvement and repair of Bihar-Ekangar-Telhara Road (0 to 35.47 Km) was sanctioned under the scheme of development of road in naxal area during 1997-98. Technical sanction of the work was accorded (April 1998) by Chief Engineer, (Central Design Organisation) Road Construction Department (RCD), Patna for Rs 4.62 crore. The Superintending Engineer awarded the work (September 1998) to an agency at the tendered cost of Rs 4.29 crore for completion by April 1999. As per the technical sanction the width of the road was to be widened upto 5.5 meters.

Scrutiny of records (December 2002) of RCD, Biharsharif revealed that 3951.19 cu.m. sand filling (150 mm thickness) was done in the widened portion of road in 26344.27 sq.m area. For preparations of water bound macadam (WBM) surface in the area ibid 2634.13 cu.m stone metal grade I, 1975.59 cu.m each of stone metal grade II and III were required as per sanctioned estimate in the ratio of 100 mm for grade I and 75 mm for grade II and III each. As against the above requirement, 6053.84 cu.m grade I, 5439.11 cu.m grade II and 5664.12 cu.m grade III stone metals were used in the work (all compacted measurement). Thus 3419.71 cu.m, 3463.52 cu.m and 3688.53 cu.m stone metal grade I,II and III respectively valued at Rs 88.70 lakh were used in the work in excess of requirement and paid for (March 2001).

No reason for excess consumption of material in road work was on record. Even original estimate was not revised. Besides, the estimates for the road work was prepared after ascertaining the site conditions and the contracting agency offered the rates in tenders after knowing the site conditions. Therefore, use of such huge quantity of stone metals valued at Rs 88.70 lakh in the work was doubtful.

Scrutiny further revealed that against total requirement of 1551.56 tonne of bitumen in the work, 1624.28 tonne of bitumen were issued (1998-2000) to the agency for the work, though no material in excess of requirement was to be issued to an agency as per the orders (December 1983) of technical cell of the

Cabinet Co-ordination Department, Government of Bihar. Moreover, the material expected to be consumed in work within 15 days was to be issued by a division to an agency. Against this, 685.79 tonne of bitumen were consumed in the work and the balance 938.48 tonne (1624.28-685.79 tonne) valued at Rs 90.29 lakh (938.48 @ Rs 9621/- per tonne) remained unrecovered from the agency as of February 2004. The agency stopped work after receiving payment of Rs 2.91 crore in March 2001 and did not resume the work thereafter. However, the EE did not issue direction to the agency for resuming the work and invoke penal clause for default in execution of the work.

Thus there was doubtful use of stone metals valued at Rs 88.70 lakh in road works and 938.48 tonne of bitumen valued at Rs 90.29 lakh issued to an agency in excess of requirement for the same road work remained unrecovered.

The matter was referred to the Government (June 2003); their reply had not been received (April 2004).

#### **4.4.6 Extra cost and doubtful repairs of road**

***In Road Construction Division, Saharsa expenditure of Rs 28.22 lakh on repairs when the road was under construction was doubtful.***

The work of widening (from 3.09 to 5.49 metres) and strengthening of 14.5 km of Panslwa-Baidyanathpur road (from 22.2 to 36.7 km) was administratively approved (December 1998) for Rs 3.48 crore. Technical sanction for construction of 17.8 kms of the same road (22.2 km to 40 km) was however accorded for Rs 4.18 crore. The Road Construction Division, Saharsa invited tenders (December 1998) based on Bill of Quantity for Rs 4.02 crore. In response to the tenders the work was awarded to an agency at a cost of Rs 4.38 crore which was 10 per cent above the estimated cost. Accordingly EE, Road Construction Division, Saharsa executed contract (March 1999) with the agency for completion of the work by May 2000, though the work had already commenced (February 1999).

It was observed (November 2002) that after receiving payment of Rs 3.30 crore the agency stopped the work in March 2002 without assigning any reason. However, no penal action was initiated by the EE against the agency as per the contract for abandoning the work. Instead he framed a fresh estimate of Rs 1.35 crore for completion of the balance work and submitted (January 2002) to the Superintending Engineer (SE) who sanctioned the estimate with the approval of the Chief Engineer (CE) under the sub-head maintenance and repairs though this work was of original nature. The work was allotted to the same agency (May 2002) for completion by October 2002 who had abandoned the work earlier. Rupees 1.35 crore were paid to the agency as of March 2003. This resulted in extra expenditure of Rs 27 lakh.

Interestingly, while original work under the first contract was in progress, the division spent Rs 28.22 lakh on repairs and maintenance of the same road (including pot patch repairs) during 1999-2000 though the works of original construction had not been completed in the same stretch of the road. Thus the

expenditure of Rs 28.22 lakh on repairs of the road, when the original work of widening and strengthening of the road was in progress, was doubtful.

The matter was referred to the Government (June 2003); their reply had not been received (April 2004).

#### **4.4.7 Avoidable extra expenditure**

***Default in finalisation of tenders resulted in avoidable extra expenditure of Rs 32.85 lakh in Ullar-Masaurhi road works under City Road Division, Patna.***

Widening and strengthening of Ullar-Masaurhi road (12 to 22 km) in naxal infested area was administratively approved (March 1998) for Rs 1.30 crore and technically sanctioned (April 1998) for Rs 1.11 crore. The EE, Patna city RCD, Gulzarbagh, Patna invited tenders, for the work at an estimated cost of Rs 1.11 crore, four times between March 1998 and January 2001. Against these, one to two agencies (three times : two agencies, one time : one agency ) responded. However, the SE, Central Circle, Patna did not initiate action to finalise the tenders for over five years while out of Rs 1.25 crore provided by the Government for the work during 1998-2002, Rs 1.09 crore were surrendered and Rs 16 lakh were spent on repairs of the road. Subsequently, Engineer-in-Chief, unilaterally ordered (January 2003) for departmental execution of widening and strengthening in a stretch of four kms (17.80 to 21.80 km) at estimated cost of Rs 1.22 crore.

Test-check also revealed (June 2003) that the Division carried out road work upto water bound macadam (WBM) level at a cost of Rs 48.88 lakh (Material : Rs 43.23 lakh + Labour : Rs 5.65 lakh) as of March 2003 though the estimated cost (April 1998) for the same water bound macadam in the same stretch of the road was for Rs 16.03 lakh only resulting in avoidable extra cost of Rs 32.85 lakh mainly due to damage to the road crust (Rs 24.83 lakh) and increase in price (Rs 8.02 lakh). The road work remained incomplete as of (October 2003).

Thus inordinate delay in finalisation of tenders due to inaction of the SE for over five years resulted in avoidable extra expenditure of Rs 32.85 lakh.

The matter was referred to the Government (June 2003); their reply had not been received (April 2004).

#### **4.4.8 Indiscreet award of road work**

***Extra expenditure (Rs 31.92 lakh) and cost over run (Rs 1.22 crore) was incurred due to indiscreet award of Ara-Sasaram road work and imprudent decision taken by the CE not to invoke penal action.***

Widening and strengthening of Ara-Sasaram road (naxal infested area) in 4 to 50 km. was administratively approved (March 1998) for Rs 5.92 crore and technically sanctioned for Rs 5.50 crore (April 1998). EE, RCD, Ara invited

tender in August 1998 at estimated cost of Rs 4.77 crore. Against this, two agencies (Vishal Builtech at 39.40 per cent and Kartick Kumar at 45 per cent above estimated cost) responded.

Test-check (May 2002 and May 2003) of the records of Road Construction Division, Ara revealed that a single agency had quoted rates in two names and the departmental tender committee without obtaining competitive rates approved award of the work to the agency (Vishal Builtech) for Rs 4.89 crore at 16.8 per cent above the estimated cost excluding cost of Government materials. The EE contracted with the agency for completion of the work by June 1999 (extended upto June 2001). This resulted in unauthorised award of work on single tender basis. The agency abandoned the work after executing work valued at Rs 4.92 crore and receiving payment as of March 2000.

Engineer in Chief (EIC) closed (August 2001) the contract without invoking penal risk and cost clause of the contract. On the contrary, he irregularly directed the CE (Communication) to get this original work completed under repair head of accounts. Accordingly the CE approved (March 2002) estimate for residual work under repair head at Rs 1.19 crore which included Rs 62.32 lakh for damaged portion of road crust due to incomplete construction of road work already executed by the previous agency. The EE, RCD, Ara invited tender for the repair work in March 2002. Departmental tender committee awarded the work (June 2002) to an agency at estimated cost of Rs 1.19 crore for completion by January 2003. The agency executed work valued at Rs 46.24 lakh including Rs 31.92 lakh spent on redoing the damaged road works as of March 2003 and the work remained incomplete as of December 2003.

Thus indiscreet award of contract to a particular contractor, failure of the departmental officers in invoking penal clause of contract and ensuring completion of the work by the agencies in time as per contract resulted in avoidable extra expenditure of Rs 31.92 lakh on redoing the damaged road work, besides loss of Rs 1.22 crore.

The matter was referred to the Government (June 2003); their reply had not been received (April 2004).

#### **4.4.9 Unfruitful expenditure on incomplete construction of road**

***Taking up link road between Rajendra Nagar and Patna New By-pass road without acquisition of land resulted in unfruitful expenditure of Rs 41.30 lakh on incompleting construction of the road.***

Improvement and construction of link road (Kankarbagh road no.3) from Rajendra Nagar Rail over bridge southern approach to Patna new bypass road, administratively approved for Rs 82.56 lakh (March 1991) was technically sanctioned (December 1998) for Rs 86.45 lakh in two stretches (Rs 45.77 lakh for 1285 metres from south approach of Rail over bridge and for Rs 40.68 lakh for 1285 metres onward to bye pass road). After tendering (December 1998) the CE, Communication, South Bihar wing, Patna awarded (February 1999

and 19 June 1999) the work of first stretch (1285 metres) to two agencies at five per cent above BOQ value at Rs 35.18 lakh for completion by October 1999 and second stretch (February 2000) to another agency at five per cent above BOQ value at Rs 40.07 lakh for completion by June 2000. All the three agencies executed work of Rs 41.30 lakh upto June 2001 and were paid for and abandoned the work thereafter due to non-availability of land for construction of road.

It was noticed in audit (March 2003) that at the time of technical sanction and award of the work to the agencies, mid portion of the proposed construction of second stretch of road was not free for construction and private buildings were already constructed with the approval of the Patna Regional Development Authority. The EE, New Capital Division, RCD, Patna did not ensure encroachment free alignment of the road before preparation/sanction of estimates and taking up construction, though as per para 4.5 and 7.5 of the resolution of Cabinet Coordination (Confidential cell) Department issued in July 1986, no work should be taken up without acquisition of land. This resulted in obstruction in construction of road by house owners and abandonment of the work.

***Rajendra Nagar Patna New By-pass road blocked by private buildings***

Thus road work taken up without availability of land resulted in unfruitful expenditure of Rs 41.30 lakh on incomplete construction of road. Besides, the intended objective of connectivity of the road between Rajendra Nagar Railway over bridge to Patna new bypass road was not realised.

The matter was referred to the Government (June 2003); their reply had not been received (April 2004).

**ROAD CONSTRUCTION DEPARTMENT  
(NATIONAL HIGHWAY WING)**

***4.4.10 Extra cost in construction of approaches to Railway bridge***

***Commencement of the work of construction of approaches to Railway Bridge at Hajipur without proper survey and investigation resulted in extra cost of Rs 1.62 crore.***

Construction of southern approaches to Railway overbridge at Hajipur in 1<sup>st</sup> km of Hajipur, Patna section of National Highway 19 was administratively approved and technically sanctioned by Ministry of Road Transport and Highways (MORTH) in March 1998 for Rs 4.55 crore. The EE, National Highways Division (NHD), Gulzarbag, Patna invited tender (October 1998) based on Bill of Quantity for Rs 4.24 crore. The work was allotted in May 1999 to an agency at a cost of Rs 4.88 crore which was 15 per cent above the estimated cost for completion by June 2001(extended June 2002). The work

was started in June 1999. Rupees 5.23 crore were paid to the agency as of July 2003.

Scrutiny of records of NHD, Gulzarbagh, Patna revealed (August 2002) that as per original technical sanction there was provision for 3 girder system, 20 mm premix carpet with seal coat type 'A'. The design was subsequently changed to 4 girder system and specification was also changed to 75 mm bituminous macadam and 40 mm semi dense carpet without justification and without any change in site conditions on record. Due to modification in the design and change in specification extra provision of Rs 76.46 lakh was made in the revised estimate submitted (November 2001) by the departments for Rs 7.36 crore to the MORTH, Government of India, New Delhi. The MORTH however sanctioned (January 2003) the work for Rs 6.17 crore only. The revised estimate also included provision of Rs 47.26 lakh for boulder pitching instead of turfing over the earth work of 12 metre height in the approach road of the bridge in order to protect the earth work done from erosion.

The change in design and specification of the approaches while the work was in progress indicated that the work of approach road was administratively approved, technically sanctioned and taken up without proper survey and investigation resulting in estimated extra cost of Rs 1.62 crore. Against this Rs 52.29 lakh had already been spent upto July 2003.

The matter was referred to the Government (June 2003); their reply had not been received (April 2004).

## **WATER RESOURCES DEPARTMENT**

### ***4.4.11 Unfruitful expenditure on incomplete construction of branch canal***

***Commencement of the construction of branch canal from RD 95 to RD 125 of Western Kosi Project without acquisition of land resulted in unfruitful expenditure of Rs two crore on incomplete constructions.***

As per para 4.5 read with para 7.5 of the resolution of the Cabinet Coordination (confidential cell) Department issued in July 1986, no work should be taken up without acquisition of land and availability of funds.

In violation of these instructions Joint Secretary to Government, Water Resources Department entrusted (November 1999) the work of construction of Kakarghati Branch Canal of Western Koshi main canal from RD 95 to RD 125 to an agency at a cost of Rs 2.19 crore (9.50 per cent above estimated cost of Rs two crore) for creating irrigation potential for 45334 hectare of land. Accordingly, the EE, Western Koshi Canal Division, Benipur, Darbhanga executed agreement (January 2000) with the agency for completion of work by 5 June 2001.

Subsequently (March 2001) the EE entered into a supplementary agreement with the same agency for carriage of earth (20651 cu.m) by mechanical means beyond 150 metre to half kilometre at extra cost of Rs 16.88 lakh based on the

orders of the Chief Engineer, Water Resources Department, Darbhanga, though carriage of earth through mechanical means was not stipulated in the original estimate.

The agency after executing work valued at Rs two crore in different stretches stopped the work (June 2001) due to non-acquisition of land at various points. Thereafter, Chief Engineer, Darbhanga ordered (December 2001) closure of agreement and final bill for the value of Rs two crore was paid in June 2002.

It was noticed in audit (February 2003) that the land at different points had not yet been acquired as of February 2003 due to lack of proper initiative by the departmental officers for acquisition of land before taking up the work. As a result, the construction of branch canal could not be completed.

Thus commencement of the construction of branch canal without acquisition of land at different points resulted in unfruitful expenditure of Rs two crore on incomplete construction of the branch canal. Besides, the objective of creating irrigation potential for 45334 hectares of land was not realised.

The matter was referred to the Government (June 2003); their reply had not been received (April 2004).

#### **4.4.12 Unfruitful expenditure**

***Expenditure of Rs 3.01 crore on incomplete canal construction and cross drainage structures was rendered unfruitful.***

As per the Government instructions issued under a resolution (July 1986) that no work should be taken up without acquisition of land.

Chief Engineer, Water Resources Department, Dehri, on the recommendation of Departmental Tender Committee entrusted (March 2001) the work of construction of canal and cross drainage structure at chain no. 78 to 103.20 of Durgawati dam to four different agencies at a total cost of Rs 4.03 crore against estimated cost of Rs 4.46 crore during 2000-01 for creating cultivable command area of 28898 acres of land. The EE, Durgawati Right Main Canal, Chenari accordingly executed agreement during March 2001 to August 2001 for completion of works between March and August 2002.

It was observed that the division submitted the requisition for acquisition of land in October 2001 to Special Land Acquisition Officer (SLAO), Sasaram though the works were entrusted to the agencies in March 2001 (agreements executed during March to August 2001). However, the land was not acquired and the construction of the canal and the cross drainage structure remained held up, besides the works under chain 90.50 to 95.55 could not be taken up as of June 2003.

Thus taking up the works without acquisition of required land resulted in unfruitful expenditure of Rs 3.01 crore as of June 2003 on incomplete construction of canal and cross drainage structure. No responsibility was fixed on any officials for the lapse.

The matter was referred to Government (June 2003); their reply has not been received ( April 2004).

#### **4.4.13 Unfruitful investment on road work**

***Stoppage of work of road bridge over North Koel barrage at Mohammadganj midway rendered the investment of Rs two crore unfruitful.***

Joint Secretary, Water Resources Department, Bihar based on the recommendation of departmental tender committee, entrusted (April 1999) the work of construction of double lane road bridge over North Koel Barrage at Mohammadganj to Hindustan Steel Works Construction Limited, Ranchi for smooth operation of barrage and restricting movement of people over the bridge at a cost of Rs 4.92 crore (44 per cent above the estimated cost of Rs 3.41 crore) though as per Cabinet Secretariat and Co-ordination Department's instruction (July 1986) approval of rates in excess of 10 per cent of the tendered cost was not permissible.

The EE, North Koel Barrage Division, Mohammadganj executed agreement (May 1999) with the agency for completion of the work within 24 months. However, the agency executed work valued at Rs two crore till March 2001 and thereafter stopped the work. The EE stated (September 2001) that the work was stopped due to non availability of fund.

It was noticed (December 2002) that the division failed to spend Rs 92.63 lakh out of Rs 2.05 crore available during 1999-2001. The available fund during 1999-2001 lapsed and the Government thereafter did not provide any fund. There was no initiative on the part of the division to get the work done and the investment of Rs. two crore on the incomplete work was rendered unfruitful.

On being pointed out by audit (June 2003), the Commissioner and Secretary to Government, Water Resources Department stated (September 2003) that the work was awarded to the agency with the approval of Finance Department. He also stated that the Ganga and Sone Management Board would allot the funds after finalisation of the cost ratio between the Bihar and Jharkhand Governments for the remaining work. Further progress in the matter was not intimated by him (April 2004).

#### **4.4.14 Default in payment of compensation**

***Default in payment of decretal amount of compensation of land led to avoidable payment of interest for Rs 31 lakh.***

Two Special Land Acquisition Officers, (Muzaffarpur and Aurangabad) acquired 32.71 acres of land in August 1976 and July 1982 for rehabilitation of persons displaced due to implementation of Bagmati Project and construction of North Koel Main Canal and Basdiha distributory.

The owners of land of two villages (Musachale : Sitamarhi district, Jhikitia : Aurangabad district) filed four cases in the Courts of Subjudge I (Sitamarhi

and Aurangabad) during 1986, 1991 and 1992 for revision of rates of compensation of land acquired by the department.

The courts ordered (December 1991, December 1992, January 1994 and April 1995) payment of compensation of Rs 99.80 lakh to the land owners at the rates varying from Rs 1700 to Rs 2600 per decimal of land. The decretal amount included payment of solatium plus additional amount of 12 per cent per annum from the date of notification of acquisition of land to the date of declaration of award besides interest at the rate of nine per cent for one year from date of possession of land and thereafter at the rate of 15 per cent per annum.

However, both the Special Land Acquisition Officers defaulted in payment of the decretal amount of Rs 99.80 lakh mainly due to delay in obtaining legal opinion on the decision of the courts and obtaining funds from the Government. They paid enhanced amount of compensation of Rs 1.31 crore to the land owners (March 1995, January 1998, February 1998, June 2000) resulting in avoidable payment of interest of Rs 31.00 lakh to the land owners. The default in payment of decretal amount was not investigated by Government and no action was taken against the officials responsible.

The matter was referred to the Government (June 2003); their reply had not been received (April 2004).

#### **4.5 Idle investment/Idle establishment/Blockage of funds**

##### **ANIMAL HUSBANDARY DEPARTMENT**

##### **4.5.1 Nugatory expenditure on idle officials**

***Officials in Fodder Development Office remained without work since 1990-91 leading to nugatory expenditure of Rs 65.05 lakh on them.***

Office of the Fodder Development Officer (FDO), Bihar, Patna was established in 1980 with the objective of exhibiting process and procedure for getting maximum production of green fodder from fields of rural areas. Accordingly the office was to undertake sample selection of plots, method of enrichment of soil, selection of improved variety of seeds etc.

It was noticed in audit (June 2002) that no sample survey for selection of plots and soil etc. was carried out and no target was ever fixed by the department since inception of the scheme. The FDO stated (June 2002) that no work could be done as funds for the execution of scheme were never provided and also no target for production of fodder and demonstration fixed since 1990-91. Thus the office consisting of seven officials (Fodder Development Officer: 1; Head clerk:1; and other:5) remained without work since 1990-91 and nugatory expenditure of Rs 65.05 lakh was incurred on their pay and allowances between 1990 and 2004.

The matter was referred to Government (June 2003). The Deputy Secretary to Government, Animal Husbandry Department stated (August 2003) that action for revival of the activities of the office was being taken.

#### **4.5.2 Nugatory expenditure on a non-functional liquid nitrogen plant**

***Officials deployed in Liquid Nitrogen Plant remained without work rendering expenditure of Rs 1.05 crore on them during April 1992 to March 2003 nugatory.***

Liquid Nitrogen Plant set up (April 1989) in Frozen Semen Bank, Chandwara, Muzaffarpur with a capacity to produce liquid nitrogen (@ 27 litres per hour) for preserving semen collected from bulls and he-buffaloes in frozen condition. The semen so preserved was to be used for artificial insemination of cows and she-buffaloes in three divisions (Tirhut, Darbhanga and Saran) to cater to the need of Cattle Development.

It was noticed in audit (December 2001 and May 2003) that the Liquid Nitrogen Plant was set on fire by an irate mob in March 1992. As a result, the electricity generating set and internal electrification of the plant were damaged and the plant did not operate since April 1992. The damaged internal electrification and the electricity generating set, estimated (June 1994) to be repaired at a cost of Rs 2.70 lakh were not repaired as of May 2003 because no funds were provided by the Government.

As a result, the man power deployed for the plant (Project Officer 1; Clerk1; Insemination Officer1; Technicians 5; Mechanic 1; Driver 1; Bull Attendant, Peon and Night Guard 4) remained without work since April 1992, and nugatory expenditure of Rs 1.05 crore was incurred on their pay and allowances during April 1992 to March 2003 as the head of the department did not take action to get their services gainfully utilised elsewhere in the department. Further, the Government also sustained loss of revenue from the owners of cows and she-buffaloes for artificial insemination.

Besides, the activity of artificial insemination in three divisions remained unattended/neglected. The matter was referred to Government (June 2003); their reply had not been received (April 2004).

### **PERSONNEL AND ADMINISTRATIVE REFORMS DEPARTMENT, REVENUE DEPARTMENT AND WELFARE DEPARTMENT**

#### **4.5.3 Irregular deposit of Government money in Civil Deposits/banks**

***Five Drawing and Disbursing Officers drew funds of Rs 8.09 crore from treasuries and irregularly kept them in Civil Deposits/ banks.***

Rules provide that no money should be drawn from treasury unless it is required for immediate payment. Even the withdrawal from the treasury should not be made to avoid lapse of budget grants. Further, any sum

remaining undisbursed at the end of the financial year should forthwith be deposited in the treasury under the appropriate head of account.

In utter disregard to these codal provisions funds were drawn by several officials from treasury and kept in banks/Civil Deposits as given below:

(Rs in crore)

Sl. No.	Name of Department/ Designation of the officer	Funds drawn/ Month & year	Purpose	Amount deposited in civil deposits/ period	Amount deposited in Bank	Remarks
1.	Registrar, Personnel & Administrative Reforms Department Bihar, Patna	Rs 1.00 / March 2002	C A for construction of Administrative Training Institute at Patna	Rs one crore between March 2002 to May 2003 and Rs 50 lakh from June to December 2003	-	Rs 50 lakh drawn from Civil Deposits in June 2003. Of this Rs 20 lakh was spent on salary of staff.
2.	District Welfare Officer, Araria	Rs 1.08 / 1997-99	C A for implementation of family oriented income generating schemes for SC/ST	Rs 0.47 / February 2002 to December 2003	Rs 0.52	In addition Rs 52.00 lakh was deposited in 12 Banks during Jan 2001 to Dec 2001 for Payment of loan to the beneficiaries.
3.	District Welfare Officer, Muzaffarpur	Rs 1.96 / 1997-99	-do-	Rs 1.84 / April 2002 to December 2003	Rs 1.84	Rs 1.84 crore was deposited in current accounts in bank from 1997-98 to March 2002.
4.	District Welfare Officer, Betia	Rs 3.62 (Unspent balance) / March 2002	-do-	Rs 0.44 / March 2002 to December 2003	Rs 0.85	Rs 0.85 crore credited to the banks prior to April 1998. Interest of Rs 61.41 lakh was earned upto March 2002 out of which Rs 44.18 lakh was put in Civil Deposits.
5.	District Magistrate, District Nazarat, Samastipur	Rs 1.13 / 1998-99	Implementation of total literacy campaign.	-	Rs 1.13	The amount was deposited in current account upto September 2000 sustaining loss of interest of Rs 12.40 lakh. After that the amount was transferred to savings account in banks
<b>Total</b>				<b>Rs 3.75</b>	<b>Rs 4.34</b>	

On being pointed out by audit (June 2003), the Secretary to the Government, Welfare Department who stated (October 2003) that due to non co-operation from the bank for payment of loans to beneficiaries, the funds remained unutilised in banks in Muzaffarpur and action was being taken for working out a solution but he could not justify keeping an amount of Rs 1.84 crore in Civil

Deposits by the District Welfare Officer, Muzaffarpur. Other authorities did not give any reply as yet (April 2004).

## **DEPARTMENT OF HEALTH, HEALTH EDUCATION AND FAMILY WELFARE**

### **4.5.4 Inordinate delay in utilisation of funds**

*As the construction of building was incomplete, the Cobalt machine for providing specialised treatment to cancer patients in DMCH was not installed.*

Government of India provided (1990-91) Rs 50 lakh to State Government for purchasing and installing Cobalt machine in Darbhanga Medical College and Hospital (DMCH) for providing specialised treatment of cancer. Against this the State Government released Rs 31.69 lakh (30 March 1993) to the Superintendent, DMCH for construction of cobalt building for cancer unit in the hospital, who drew the amount and kept the same in "Civil Deposits" (31 March 1993). The Superintendent drew the amount from "Civil Deposits" in January 1995 and kept the same in current account of State Bank of India, DMCH Branch, Laheriasarai where the money remained unutilised upto June 1999, though drawal of funds for keeping in "Civil Deposits"/ current accounts in bank was not permissible under rules.

The Superintendent released Rs 31.69 lakh (July 1999: Rs 15 lakh+ July 2002: Rs 16.69 lakh) to EE, Building Construction Division, Darbhanga for construction of a building though the Chief Engineer, Building Construction, Laheriasarai, Darbhanga had already informed (April 1998) the Superintendent, DMCH that construction of Cobalt building could be taken up only if availability of the revised cost of Rs 60 lakh (further revised to Rs 74.62 lakh in February 2003) of the building was assured. The EE spent Rs 23.68 lakh as of April 2003 on 33 per cent of the work.

It was noticed in audit (July 2002 and March 2003) that the Superintendent did not provide additional funds to the division, nor did he obtain mandatory approval of the design of the building from the Bhabha Atomic Research Centre as of March 2003. Further, the utilisation of funds provided by the departments was not monitored by the Government.

Thus due to lack of planning and initiative on the part of the Superintendent, DMCH and the Government, building remained incomplete even after lapse of more than ten years and the cobalt machine was not installed resulting in unfruitful expenditure of Rs 23.68 lakh. Besides, the State Government lost interest of Rs 18.36 lakh (@ 12 per cent per annum) due to depositing Rs 31.69 lakh in current bank account.

The matter was referred to Government (May 2003); their reply had not been received (April 2004).

## **ANIMAL HUSBANDARY DEPARTMENT**

#### 4.5.5 *Nugatory expenditure due to overstaffing*

***Twenty Bull Attendants remained without work in District Animal Husbandry Office, Muzaffarpur rendering the expenditure of Rs 58.61 lakh nugatory.***

Scrutiny (July 2002) of records of the District Animal Husbandry Officer (DAHO), Muzaffarpur revealed that against sanctioned posts of eight Bull Attendants in District Animal Husbandry office, Muzaffarpur, 20 persons were posted at Muzaffarpur during April 1997 to June 2003 resulting in excess posting of 12 Bull Attendants. Moreover, there was no bull in the cattle farm in Muzaffarpur district since April 1997. The DAHO did not refer the matter of excess posting of 12 Bull Attendants and of all the 20 Bull Attendants, who remained idle since 1997 to Government for utilising their services gainfully elsewhere in the department. It was also noticed that the salaries of the Bull Attendants in excess of sanctioned strength (April 1997 to March 2003) were drawn by the DAHO from treasury endorsing wrong certificates on the salary bills that the pay and allowances were well within the sanctioned strength.

Thus, there was unauthorised deployment of 12 Bull Attendants involving irregular payment of salary of Rs 34.47 lakh as well as nugatory expenditure of Rs 58.61 lakh on pay and allowances of all the 20 Bull Attendants who remained without work during April 1997 to June 2003. DAHO, Muzaffarpur stated (July 2003) that the payment to Bull Attendants were made against the sanctioned strength of peons and chaukidars. The reply was not acceptable because the peons and chaukidars had different nature of work than that of Bull Attendants. Further approval of the Government has not been obtained for recruiting excess bull attendants against the posts of peons and chaukidars.

The matter was referred to Government (June 2003); their reply had not been received (April 2004).

#### **4.6 Regulatory issues and other points**

##### **HIGHER EDUCATION DEPARTMENT**

#### **4.6.1 *College and hostel buildings occupied by CRPF***

***Post-graduate building of Anugrah Narain College, Patna and P.G. hostel of Bhim Rao Ambedkar, Bihar University, Muzaffarpur were occupied by CRPF affecting teaching of students. Even rental charges of Rs 73.57 lakh were not recovered from them.***

##### ***Post graduate building of A.N.College, Patna occupied by CRPF***

Anugrah Narayan College, Patna under Magadh Univerisity, Bodh Gaya had constructed (October 1994) a three storey building having 36 rooms at a cost of Rs 30.59 lakh for holding Post Graduate (Arts) classes. During construction of the building itself, CRPF unauthorisedly occupied (July 1992) this building and did not pay any rent for this. Principal of the college requested (March 2003) the Registrar, Magadh University, Bodh Gaya to take

necessary steps to get the building vacated for conducting Post Graduate classes and for realisation of rent from CRPF at the rate of Rs 50000 per month since its occupation. However, the Registrar did not respond and neither the rental charges aggregating Rs 65.50 lakh for the period July 1992 to May 2003 were recovered from the CRPF nor was the building vacated as of June 2003.

Similarly two Post Graduate Boys Hostels (2 and 5) of BRA Bihar University, Muzaffarpur having combined capacity of 153 (86 and 67) seats were occupied by CRPF since April 1996 on the verbal consent of the Vice-Chancellor, BRA University, Muzaffarpur. However, the University did not recover any rental charges for occupation of the two hostels by the CRPF and unrecovered charges as of January 2003 aggregated Rs 8.07 lakh.

Thus, failure of the two Universities to get the college and hostel buildings vacated from the possession of the CRPF, resulted in unauthorised use of official/hostel building and deprived hostel facilities to the students. Besides, rental charges of Rs 73.57 lakh have also not been realised.

The matter was referred to Government (June 2003); their reply had not been received (April 2004).

## **ROAD CONSTRUCTION DEPARTMENT**

### **4.6.2 *Quality of road work not assured***

***In the absence of sand filling road work involving expenditure of Rs 1.05 crore done in Harnaut-Belchi-Chandi road was not assured.***

The improvement/repair of Harnaut-Belchi-Chandi road in one to 16 km under the scheme of development of road in naxal area was administratively approved (March 1998) by Road Construction Department (RCD), Bihar, Patna for Rs 1.71 crore. Technical sanction was accorded (April 1998) by the Chief Engineer, Central Design Organisation (CDO), RCD, Patna for Rs 1.46 crore. As per the estimate, the existing road width of 3.05 meters was proposed to be widened upto 5.5 meters. The sanctioned estimate also provided for (a) box cutting (b) sand filling (c) stone metal Gr. I,II and III (d) primer coat (e) 50 mm built up spray grouting (BSG) (f) 10 per cent levelling course and (g) 20 mm premix carpet. The work was allotted to an agency for Rs 1.94 crore against Bill of Quantity's value of Rs 1.77 crore under three agreements for completion between March 1999 and May 2000.

Scrutiny of records (December 2002) of RCD, Bihar Sharif revealed that all the items which were provided in sanctioned estimate were included in the agreement, except sand filling work. Further stone metals grade I,II and III were provided without sand filling in box cutting and other items of work such as primer coat, 50 mm built up spray grouting and 20 mm premix carpet were executed over newly prepared water bound macadam (WBM) surface in widened portion. The sand filling work is necessary to strengthen the sub base and increase its strength value (California Bearing Ratio : CBR) in the widened portion of the road.

Thus, in absence of sand filling in the base of widened portion of the road the quality of work executed at the cost of Rs 1.05 crore was not assured. The Chief Engineer, CDO, RCD stated (March 2004) that technical sanction of the estimate was accorded on the estimate framed and submitted by the then EE. He also stated that the existing sub base might be sandy so that provision of sand filling might have been done away with. The reply was vague and untenable because as per the note (September 1998) of the then EE, the element of 150 mm thick sand filling was provided in the original estimate.

The matter was referred to the Government (June 2003); their reply had not been received (April 2004).

## **WATER RESOURCES DEPARTMENT**

### ***4.6.3 Unauthorised occupation of building***

***Residential building of Head Works Division, Birpur and Irrigation Division, Purnea were not only unauthorisedly occupied by serving and retired officials, penal rent of Rs 49.42 lakh was also not paid by them.***

It was noticed that 154 nos. of Government residential quarters of Head Works Division, Birpur (60 nos.) and Irrigation Division, Purnea (94 nos.) were unauthorisedly occupied during October 1981 to June 2000 by the departmental/other officials who had either been transferred or retired. Out of these 112 nos. (60 at Birpur & 52 at Purnea) remained under unauthorised occupation as of March 2003. Penal rent of Rs 49.42 lakh for unauthorised occupation of the Government quarters was not recovered from the officials concerned as of May 2003.

The EE requested the district administration (May 2000 and December 2002) for evicting the unauthorised occupants. However, they did not take up the matter with higher departmental officers for initiating legal action against the unauthorised occupants.

Thus due to lack of initiative on the part of the EEs the Government residential quarters remained in unauthorised occupation and penal rent of Rs 49.42 lakh remained un-recovered as of May 2003.

The matter was referred to the Government (June 2003); their reply had not been received (April 2004).

**CHAPTER IV**  
**AUDIT OF TRANSACTIONS**

**4.1 Fraudulent drawal/ Misappropriation/ Embezzlement/  
Losses**

**ENVIRONMENT AND FOREST DEPARTMENT**

**4.1.1 *Doubtful expenditure***

*Expenditure of Rs 1.33 crore against advance payment in Valmiki State Trading Division, Betia was doubtful.*