

Chapter III: Civil Departments

Education Department

3.1 Undue delay in implementing of computer education

Delay in finalising arrangements for Computer Education Project-V deprived the students of government schools in Delhi of the intended benefit of computer education. It also resulted in idling of equipment worth Rs. 12.37 crore for one year.

The Directorate of Education (department) has been implementing Computer Education Project (CEP) in government schools as well as government aided schools under its jurisdiction. The project was being implemented on an outsourcing model wherein all the requirements were obtained on lease basis from private agencies having experience in the field of education. Mention was made in the Report of the Comptroller and Auditor General of India on the Government of NCT of Delhi for the year ended March 2005 regarding improper implementation of the project which had resulted in unfruitful expenditure of Rs. 87.55 lakh and non-levy of penalty of Rs. 27.76 lakh on the contracted agencies.

In the first phase, the project was introduced in 115 schools during 2000-01. CEP-II was introduced in April 2002 in another 273 schools (101 single shift schools and 86 double shift schools) by establishing 187 labs. Equipment worth of Rs.12.37 crore had been installed in the schools under this phase. The terms of the contract for CEP-II envisaged that all the computer systems and software supplied to the schools would become the property of the Government after the expiry of the contract period. The computer education in CEP-II schools was to be continued thereafter through CEP-V and the successful bidder of CEP-V was to take over the items/equipment of CEP-II computer labs from the implementing agency of CEP-II.

Scrutiny of the records of the education department revealed the following:

- The contract for CEP-II was scheduled to expire on 31 March 2005. The department, however, floated tenders for CEP-V only on 14 March 2005. In view of the delay in finalising the agencies to implement CEP-V, the department had to extend the contracts for CEP-II for one month i.e. upto 30 April 2005 at an additional cost of Rs.36.33 lakh.

- Though the Technical Advisory Committee recommended M/s Everonn Systems India Limited (agency) as the lowest bidder on 15 April 2005 for implementing CEP-V, the contract could be signed by the department only on 20 February 2006 i.e. after a delay of over nine months. Consequently, CEP-V scheduled to commence from 2005-06 had to be deferred to the next academic session 2006-07. Thus, barring April 2005, the department could not provide continuing computer education to the students for the bulk of the academic session 2005-06 i.e. from July 2005 (May-June being summer vacation period) to March 2006.
- A survey conducted by the department from December 2005 to January 2006 revealed that none of the 187 CEP-II labs established to cater for 273 schools was ready for use. Therefore, meaningful implementation of CEP-V even from April 2006 was doubtful, as restoration of the functionality of various items/ systems, removal of deficiencies, upgradation etc. was bound to be a time consuming process.

The Directorate of Education, Government of NCT of Delhi stated in August 2006 that finalisation of CEP-V was delayed due to procedural formalities. Further, remedial action had been initiated on the findings of the survey report. It added that alternative arrangements for computer education for students of +2 level of schools covered under CEP-II/V were made in nearby CEP-III schools right from July 2005.

The reply is not tenable because

- the department did not plan for CEP-V sufficiently in advance despite being aware of the fact that the contract under CEP-V was going to be significant both in terms of duration and financial cost (around four academic years and Rs.36 crore were involved);
- the department made alternative arrangement for imparting computer education to Class XI and XII students only on Saturdays, against four periods per week envisaged under CEP-II contract; and
- no arrangements were made by the department for students from class VI to X, though training for at least two periods per week was prescribed.

Thus, delay on the part of the department in finalising arrangements for CEP-V and failure to ensure that computer labs were ready deprived about 1.97 lakh numbers of students of computer education for one academic session and non-utilisation of the equipment worth Rs.12.37 crore.

3.2 Wasteful expenditure on printing of question papers

The Directorate of Education printed question papers and answer sheets even before approval of the scheme by the competent authority. The tests were subsequently postponed and the question papers/answer sheets rendered useless due to change in syllabus. Thereafter, question papers were printed without a proper assessment of the actual numbers required resulting in printing of 4.99 lakh excess question papers. This resulted in wasteful expenditure of Rs.21.26 lakh.

The General Financial Rules¹ stipulate that every government servant incurring or authorizing expenditure from public funds should be guided by high standards of financial propriety and that the expenditure should not be prima facie more than the occasion demands. Rules also envisage that necessary approvals of the competent authority should be obtained before any expenditure is incurred.

Test check of the records of the Director of Education revealed that the Directorate issued a circular in December 2003 introducing a system of Continuous Comprehensive Evaluation Plan (CCEP) to ensure accountability of teachers of government schools. Under the scheme, objective type tests were to be conducted for students of Class III to XII on a quarterly basis in an academic year in addition to the routine terminal tests. To begin with, the system was to be implemented for students of Classes VIII, IX and XI from 28 February 2004 in all the 28 zones under the Directorate. In pursuance of this circular, 3.91 lakh question papers and 3.96 lakh optical mark reader answer sheets were printed by the Directorate from two private agencies at a cost of Rs.11.36 lakh in February 2004 even before the clearance of the scheme by the Department of Education.

On examination of the scheme, the Department of Education felt that the scheme design required further refinement and that it should initially be taken up on an experimental basis in a small number of schools. The Department directed in February 2004 that the circular already issued by the Director of Education, while the policy was still under discussion, should be withdrawn and the scheme could be implemented from the next academic year. The Director thereafter issued a circular on 27 February 2004 i.e. a day before the scheduled date of the test to all the district and branch offices informing them of the postponement of the test. The question papers and answer sheets printed in anticipation of approval of the scheme could not be used in the subsequent academic sessions due to change in syllabus necessitating a change in the pattern of the question papers/answer sheets.

¹ Rules 21 and 22 of General Financial Rules, 2005.

Thus, initiating action for implementation of the scheme and printing of the question papers and optical mark reader answer sheets without first finalizing the scheme details and without obtaining the approval of the Department was irregular and resulted in wasteful expenditure of Rs.11.36 lakh.

Further, the Directorate started conducting the CCEP tests from August 2004 for students of classes V to XII of all the schools under its jurisdiction. Six tests were conducted up to October 2005. An expenditure of Rs. 1.09 crore was incurred on printing of fresh question papers from private agencies. The number of question papers and optical mark reader answer sheets to be printed was decided on the basis of data of enrolled students provided by its IT wing.

Scrutiny of the records relating to the printing and utilization of the question papers required for the six CCEP tests revealed excess printing of 4,99,128 numbers (even after allowing for 10 *per cent* excess of actual requirement to provide for wastages and errors) of question papers costing Rs.9.90 lakh as indicated in the table below:

Month of Exam	Class	Number of students enrolled	Enrolled students + 10% excess	Question papers printed	Excess printed	Rate per question paper (in Rs.)	Amount incurred on printing of excess question papers
(1)	(2)	(3)	(4)	(5)	(6) =(5)-(4)	(7)	(8) = (6)x(7)
Aug 2004	V to X	7,93,081	8,72,389	9,43,200	70,811	1.45	1,02,676
	XI & XII	1,15,700	1,27,270	1,47,000	19,730	2.90	57,217
Oct 2004	V to X	7,93,081	8,72,389	9,37,368	64,979	1.45	94,220
	XI & XII	1,15,700	1,27,270	1,56,168	28,898	2.90	83,804
Dec 2004	V to X	7,93,081	8,72,389	9,18,912	46,523	1.54	71,645
	XI & XII	1,15,700	1,27,270	1,64,400	37,130	3.08	1,14,360
Feb 2005	V to IX	7,06,648	7,77,313	7,86,000	8,687	1.54	13,378
	XI	58,036	63,840	87,600	23,760	3.08	73,181
Aug 2005	V to X	7,91,002	8,70,102	9,55,200	85,098	1.54	1,31,051
	XI & XII	1,24,266	1,36,693	1,53,600	16,907	3.08	52,074
Oct 2005	V to X	7,91,002	8,70,102	9,36,000	65,898	1.54	1,01,483
	XI & XII	1,24,266	1,36,693	1,67,400	30,707	3.08	94,578
Total		53,21,563	58,53,720	63,52,848	4,99,128		9,89,667

The Department stated in May 2006 that each school was provided with one extra packet of 50 question papers and that there was huge variance between the number of students actually enrolled in the schools and the computer generated data. The reply was not tenable as the Directorate, before incurring the expenditure, should have assessed the number of question papers required on the basis of actual enrollment in the schools if the data provided by its own IT wing was not deemed to be credible.

Thus, incurring of expenditure on printing of question papers and answer sheets without obtaining the approval of the competent authority to the CCEP

scheme coupled subsequently with printing of question papers without properly assessing the numbers required to be printed resulted in a wasteful expenditure of Rs.21.26 lakh.

The matter was referred to Government in June 2006: its reply was awaited as of November 2006.

3.3 Unfruitful expenditure

Administrative laxity in shifting of computer systems and IT assistants leased from a private contractor to schools for which they were intended resulted in unfruitful expenditure of Rs.58.42 lakh.

The Directorate of Education introduced Computer Education Programme (CEP) in government schools/government aided schools in three phases during 2000-2002 for imparting computer education to the students by covering 435 government schools in CEP I and II, and remaining 556 government schools in CEP III. In addition to the computer labs of 10/20 computers required for teaching, CEP III included a provision of one additional computer along with an IT assistant for interlinking of the school with the district education office and the Directorate. In order to interlink the 435 government schools that were under CEP I and CEP-II also, the directorate entered into a separate contract with M/s Computer Clinic India Private Limited in January 2004 to provide an additional computer, printer and associated computer furniture on lease basis in these 435 schools at a cost of Rs. 4.07 crore for a period of four years. The contractor was also to provide an IT assistant who would initially assist the Principal in executing the IT application for one year which was subsequently extended by another year with effect from March 2005. As leasing of computers with IT assistants under CEP III was delayed due to litigation, computers along with IT assistants were diverted from the schools covered under CEP I and II to 204 schools covered under CEP III for their interlinking purposes. Subsequently, when contract for CEP III was finalized and computers with IT assistants provided during September 2004, it resulted in excess computers and IT assistants in 204 CEP III schools as they had already received one computer and IT assistant each from schools covered under CEP I and II.

Test check in audit (November-December 2005) revealed that the Directorate failed to promptly shift the excess computers and IT assistants from the 204 CEP III schools to CEP I and II schools which had not been provided with computers and IT assistants. There were significant delays in shifting of computers and IT assistant ranging from 31 days to 309 days in 123 schools while the computer system and the IT assistant were yet to be shifted in 67

schools despite lapse of periods ranging from 49 days to 476 days as of January 2006 since installation of the additional computers under CEP III assuming reasonable time of one month for shifting the computers and manpower. Such delay in shifting resulted in non-utilization of the services of the IT assistant and additional computer systems for interlinking purpose in 190 schools for periods ranging from one month to one and a half years and led to unfruitful expenditure of Rs. 58.42 lakh on payment of lease charges in respect of these surplus computers and the services of IT assistants.

The matter was referred to the Government in June 2006. The department stated in September 2006 that as and when CEP III computers were supplied and made operational, the computers of CEP I and II were shifted back in phases.

The reply is not tenable as there were significant delays in shifting the surplus computers and manpower after the installation of the CEP III computers. Given the fact that the shifting of only one computer system and an IT assistant per school was involved, it should have been possible for the Directorate to ensure expeditious shifting of the surplus computers and manpower as soon as CEP III computers were installed. Hence, undue delay in shifting of surplus computers and IT assistants to schools for which they were intended resulted in non-utilization of the additional computers and the IT assistant and unfruitful expenditure of Rs. 58.42 lakh as of January 2006.

Health and Family Welfare Department

3.4 Idle investment on medical equipment

Inability of the hospital authorities to properly plan and synchronize the installation of vital medical equipment procured at a cost of Rs.1.08 crore with simultaneous deployment of technical staff for their operation resulted in their non-utilisation even after lapse of more than a year and half.

Satyawadi Raja Harish Chander Hospital (Hospital) started functioning from August 2003. It has forty beds to cater to indoor patients and round the clock emergency services that became operational from September 2005. On an average, 1,142 patients attend the OPD of the hospital on every working day.

Audit scrutiny revealed that one ultra sound machine, three ventilators and two anaesthesia machines procured between July 2004 and March 2005 at a

total cost of Rs.1.08 crore could either not be installed or used for patient care even after installation as indicated below:

Sl. No.	Equipment	Quantity	Cost (Rs. in lakh)	Date of receipt	Date of installation	Status	Lapsed period of warranty
1	Ultra sound Machine	01	21.07	28.7.04	16.12.04	Not being used	22 months
2	Ventilator	03	33.00	05.12.04	23.03.05	Not being used	17 months
3	Anaesthesia Machine	02	53.82	14.03.05	Under installation	Under installation	14 months
4.	Total		107.89				

The ultra sound machine which is required for essential diagnostic purposes and the three ventilators which are required for respiratory support to critically ill patients were lying unused for over 17 months and 14 months respectively as of May 2006 since their installation due to non-deployment of radiologists and specialists required to operate them. The two anaesthesia machines which are required for surgeries under general anaesthesia are yet to be installed 14 months after their receipt in the hospital.

The equipment was covered under a warranty period of 63 months from the date of shipment/dispatch or 60 months from the date of installation which ever is earlier. Such gross delay in installation and use of the equipment led to a significant portion of the warranty period viz. 22 to 35 *per cent* having elapsed even before the equipment could be put to actual use.

It was observed in audit that the hospital authorities did not plan and synchronize the procurement of the ultra sound machine and ventilators with the availability and deployment of technical staff required to operate the equipment which resulted in their non-utilization. Though post of radiologist was created in June 2003, it was yet to be filled up. Further, no action was apparently taken to get the anaesthesia machine expeditiously installed except to issue routine reminders to the agency. Consequently, the health facilities and patient care expected from the hospital was adversely affected and patients requiring such facilities had to be referred to other hospitals despite the expenditure of Rs.1.08 crore.

The matter was referred to the Government in May 2006; its reply was awaited as of November 2006.

Irrigation and Flood Control Department

3.5 Unfruitful expenditure due to foreclosure of a work

Failure of the department to adhere to codal provisions and ensure hindrance free site before awarding a work resulted in unfruitful expenditure of Rs.18.31 lakh due to foreclosure of the work.

Para 4.21 of CPWD Manual Volume II stipulates that availability of the site should be ensured at the planning and designing stage of the work itself and that preparation of detailed estimates and drawing and designs should be taken up only after availability of the land was assured. Para 3.4.1.1 further provides that estimates should be sent to the client department after fully ascertaining the necessary site and topographical details, technical feasibility, etc. In case site survey is necessary, a small estimate may be sent to the client for the purpose of assessing the suitability and availability of the land for the proposed work.

The Reports of the Comptroller and Auditor General for the years ended March 2004 and 2005 had highlighted unfruitful expenditure by the department amounting to Rs.1.43² crore due to non-adherence to the above codal provisions. A test check of the records of Civil Division-VII revealed another similar instance of unfruitful expenditure of Rs.18.31 lakh relating to the work of re-modeling of Bawana Escape as discussed in the succeeding paragraph.

The Executive Engineer awarded in May 2002 a work of “Excavation of drain and making banks from RD³17,595 M to RD 19,290 M” to a contractor at the tendered cost of Rs.26.43 lakh with stipulated dates of start and completion of 7 June 2002 and 6 December 2002 respectively. The work was meant to enable additional discharge from Bawana industrial complex and the Narela sub-city by excavation of the drain and making banks in a length of 1,695 M of the drain.

A test check in audit revealed that the work was awarded without ensuring the availability of clear site as envisaged in the codal provisions. The contractor intimated the division in September 2002 that he had completed the work on the portion of the site provided to him and work on the remaining portion could not be taken up due to existence of a compound wall as their machines could not be operated without removal of the wall. The work was finally foreclosed in July 2004 with retrospective effect from December 2003. At the

² Para numbers 3.12 of Audit Report for the year ended March 2004 and 3.3 and 3.7 of Audit Report for the year ended March 2005.

³ Reach Distance

time of foreclosure, 88.79 per cent of the work valued at Rs.18.31 lakh had been completed. Non-completion of the entire length affected the purpose of the work of enabling additional discharge in the drain and rendered the expenditure incurred unfruitful.

On the matter being referred to the Government in June 2006, the Department stated in October 2006 that the compound wall was part of works undertaken under the 'Maily Yamuna Project' which were under investigation by the Anti Corruption Branch and permission for its dismantling could not be given till the investigations were completed. The reply is not tenable as the matter regarding works under Maily Yamuna Project was pending with the Anti Corruption branch since September 2000 i.e. well before the award of the work in May 2002.

The hindrance was, thus, known to the divisional authorities at the time of preparation of the estimates itself and, therefore, the work should not have been awarded. Award of the work without resolving the hindrance resulted in pre-mature foreclosure of the work and unfruitful expenditure of Rs.18.31 lakh.

Department of Power

3.6 Release of funds received under the Accelerated Power Development Reforms Programme

Release of funds of Rs.105.51 crore under the APDRP to private DISCOMs was not in conformity with the APDRP guidelines. There was also short recovery of interest of Rs.56.63 lakh and outstanding dues of Rs.1.74 crore.

Government of India launched the "Accelerated Power Development Programme (APDP)" in 2000-01 whereunder assistance was provided to State Governments as additional Central Plan assistance to upgrade the power distribution network. This program was re-christened as the "Accelerated Power Development & Reform Programme" (APDRP) in 2002-03. The main objectives of APDRP were to reduce Aggregate Technical and Commercial (AT&C) losses and to bring about commercial viability in the power sector.

Audit scrutiny of the release and management of the APDRP funds revealed the following:

Release of APDRP funds was not in conformity with the guidelines

In June 2001, the erstwhile Delhi Vidyut Board (DVB) submitted a proposal for assistance of Rs.548.57 crore under the APDRP to the Power Finance Corporation/Central Electricity Authority (CEA) for electrification of unapproved colonies and upgradation of sub-transmission and distribution works. CEA advised DVB to take up the matter with the Union Ministry of Power. No funds were released during the years 2000-01, 2001-02 and 2002-03. In the meantime, the process of privatization of the electricity distribution sector was underway and Government of NCT of Delhi (GNCTD) requested Government of India in March 2002 to extend the APDRP assistance to the private distribution companies to maintain the creditability of the reform process. A clause was also inserted in the Share Holders Agreement signed with the Distribution Companies on 27 June 2002 wherein it was mentioned that Government of Delhi would facilitate the availability of APDRP assistance to the DISCOMs if made available by Government of India. Thereafter, DVB was unbundled on 1 July 2002.

On 28 March 2003, Government of India released Rs.105.51 crore to GNCTD as APDRP assistance relating to Delhi State. On 11 June 2003, the Union Ministry of Power issued revised guidelines stipulating inter alia that the focus of the scheme was on the upgradation of sub-transmission and distribution in densely electrified zones in the urban and industrial areas and improvement in commercial viability of State Electricity Boards (SEBs). Without taking cognizance of the fact that the APDRP guidelines envisaged release of scheme funds only to SEBs, GNCTD released the above amount to Delhi Power Company Ltd. (DPCL) on 29 August 2003 which in turn released the amount to the private DISCOMs in September 2003. In response to requests of the Government of Delhi for release of additional funds under APDRP, the Union Ministry of Finance pointed out in April 2005 that assistance under APDRP is provided only to the state electricity boards/utilities and that the distribution entities in Delhi had been privatized with the clear stipulation that further investment in distribution network would be the obligation of the privatized power utilities and hence, there was no justification for the government to provide additional grants to such privatized entities.

Thus, release of APDRP funds of Rs.105.51 crore to the DISCOMs by the Government of Delhi was not in conformity with the guidelines of the Government of India that envisaged release of assistance only to state electricity boards/utilities.

The Government stated in November 2006 that APDRP funds were released to the Government of Delhi by its administrative Ministry i.e. Ministry of Home Affairs and that the Government of Delhi had only acted as a medium to pass on the funds. Both the Union Ministries of Home and of Power were aware of the fact that the funds were released for the DISCOMs. The Ministry of

Finance communicated denial of APDRP funds to privatized distribution utilities only in April 2005. Government added that the Monitoring Committee of the APDRP in the Ministry of Power as well as the Deepak Parekh Committee had recommended release of APDRP funds to private distribution companies also.

The reply is not tenable in view of the clear provisions of the APDRP guidelines that envisage release of APDRP funds only to State electricity boards/utilities. The allocation of Rs.105.51 crore under APDRP was part of the plan outlay for the Annual Plan 2002-03 approved in March 2002 when the erstwhile Delhi Vidyut Board was in existence and the DISCOMs yet to be established. Further, while the APDRP Monitoring Committee as well as the Deepak Parekh committee constituted by the Ministry of Power on power sector/APDRP reforms had recommended extending APDRP assistance to privatized entities also, these were yet to be formally accepted by the Government of India. In fact, the revised guidelines issued by the Ministry of Power itself in June 2003 i.e. even after the recommendations of the APDRP Monitoring Committee, envisaged release of APDRP assistance only to State Electricity Boards/utilities.

Hence, release the funds of Rs.105.51 crore to the DISCOMs was not in conformity with the guidelines of the Government of India and specific approval of the Government of India (Ministry of Finance) should have been obtained by the Government of Delhi through the administrative Ministry before release of APDRP funds to the DISCOMs in light of the revised guidelines issued in June 2003.

Short recovery of interest

The MOU signed by DPCL with the Union Ministry of Power provided for charging of interest of 11.5 *per cent* per annum on APDRP loan funds. DPCL entered into a loan agreement with DISCOMs under which the loan amount of Rs.52.75 crore carried interest at the rate of 12 *per cent* per annum. The DISCOMs pointed out the difference in the rates of interest and sought clarification. In July 2006, a corrigendum was issued to the MOU stipulating the rate of interest to be 12 *per cent*. In case of default, the loan agreement provided for levy of penal interest on the unpaid amount at a rate of 15.25 *per cent* or as may be mutually agreed between the parties. While NDPL paid the interest at the rate of 12 *per cent* for the period from September 2005 to September 2006 and also remitted the differential interest amount (at the rate of 0.5 *per cent*) from September 2003 to September 2005 to DPCL in September 2006, the other two DISCOMs viz. BYPL and BRPL continued to make payment of interest at the rate of 11.5 *per cent* resulting in short recovery of interest of Rs.56.63 lakh from BYPL and BRPL for the period from September 2003 to November 2006.

Government stated (November 2006) that BSES had written to the Ministry of Power to clarify the rate of interest at which the loan amount should be repaid and a reply was awaited. The reply is not tenable since BSES was bound to pay interest at the rate of 12 *per cent* as per its loan agreement with DPCL. In any case, there is no justification for non-payment at the rate of interest of 12 *per cent* after issue of the corrigendum of July 2006 and it is open to the Government to enforce the terms of the loan agreement and levy penal interest.

Non-repayment of loan installment

As per the terms of the loan agreement between DPCL and the DISCOMs, 50 *per cent* of the loan amount shall be repaid in 20 annual installments commencing from the year that is following the year in which the last tranche of APDRP funds is released. The balance 50 *per cent* shall be re-paid in 15 annual installments after an initial moratorium of five years commencing from the year following the year in which the last tranche is released. In case of default, penal interest at the rate of 15.25 *per cent* per annum or as may be mutually agreed between the parties would be levied. As the one and only release of APDRP funds was made in September 2003, the repayment of the first installment of 50 *per cent* of the loan amount became due in September 2004. Audit scrutiny revealed that while NDPL had remitted its dues except for penal interest, BRPL and BYPL had remitted only one installment each as against three installments resulting in outstanding dues of Rs.1.74 crore (BRPL: Rs.93.15 lakh, BYPL Rs.81.08 lakh) along with penal interest of Rs.7.11 lakh (BRPL: Rs.3.02 lakh, BYPL: Rs.2.63 lakh and NDPL: Rs.1.46 lakh) as of November 2006. No action had been taken by the department as of November 2006 to recover its dues though the loan agreement provided for recall of the entire loan amount along with interest in case of subsisting defaults.

Government stated (November 2006) that the Government of India had refused further disbursement of APDRP funds to GNCTD for DISCOMs only in June 2005 and repayment of the principal was commenced thereafter. NDPL has prepaid the entire loan amount with interest while BRPL/BYPL had been asked to prepay the entire APDRP loan along with penal interest. Government added that it would take appropriate action if BSES defaulted in making the repayment.

Public Works Department

3.7 Un-authorised expenditure

Executive Engineer incurred an expenditure of Rs.68.08 lakh on a work without obtaining administrative approval and expenditure sanction of the competent authority by debiting it to two different plan works in blatant disregard of the rules.

Rules⁴ provide that funds shall not be appropriated or re-appropriated from plan scheme to non-plan scheme or for any work which has not received administrative approval and expenditure sanction of the competent authority. Engineer-in-Chief (PWD) and the Secretary (PWD) are empowered to accord expenditure sanction up to Rs. 10 lakh and Rs. 85 lakh respectively in respect of projects/schemes of PWD. The Finance department is empowered to accord expenditure sanction up to Rs. 1.20 crore. Proposals involving expenditure beyond that amount require the approval of the Expenditure Finance Committee of the Government of Delhi.

Test check of the records of the Executive Engineer, PWD Division XXI revealed that two separate Administrative Approvals and Expenditure Sanctions (AA&ES) were obtained in July 2002 and February 2003 for two planned works namely (a) Construction of footpath drain, anti encroachment measures, resurfacing, mastic asphalt treatment and road markings etc. in respect of Road No.13-A and (b) Widening of Road No.13-A from four lanes to six lanes from Mathura Road Junction to Kalindi Kunj Junction RD⁵ 0 M to 2500 M and construction of service road on Sarita Vihar side from RD 0 M to 1500 M for Rs. 1.78 crore and Rs. 4.34 crore respectively. During execution of the work of resurfacing of Road No 13-A, it was noticed that the wearing course on the road had outlived its useful life and it was decided to provide Dense Bituminous Macadam (DBM) on the existing road surface prior to execution of Dense Asphalt Concrete (DAC). However, no provision had been made in the AA&ES for laying of DBM. Accordingly, a separate preliminary estimate was sent to the Department in August 2003 for obtaining AA&ES of Rs. 69.46 lakh. Without obtaining such AA & ES, the work of "Laying a layer of DBM on Road No. 13-A in a width of 7.5 M from the central verge through out" was awarded to a contractor in January 2004 at his tendered cost of Rs. 52.98 lakh. The work was completed in April 2004 at a cost of Rs.68.08 lakh. The expenditure incurred on this work was charged to both the plan works for which AA&ES was received earlier. Such incurring of expenditure

⁴ Section 49.9 (v) and (vi) of CPWD Works Manual

⁵ Radial Distance

of Rs. 68.08 lakh without obtaining of AA&ES constituted a blatant disregard of the codal provisions.

The Superintending Engineer (SE), PWD, Circle V and Chief Engineer (CE) Zone IV stated in October-November 2006 that the preliminary estimate was sent to the department for AA&ES but the Principal Secretary (PWD) accorded his approval for taking up this work from the overall savings of two major estimates sanctioned for the road through separate call of tender. They added that the expenditure of Rs 6.38 crore incurred on the three works was within the 10 *per cent* variation of the overall sanction of Rs. 6.12 crore for both the plan works.

The reply is not tenable as the expenditure of Rs. 68.08 lakh was incurred on a separate item of work viz “Laying a layer of DBM on Road No. 13-A in a width of 7.5 M from the central verge through out” for which a separate AA&ES should have been obtained as it was not included in the two sanctioned schemes. It was further noticed that the saving in the two plan works was only Rs. 42.22 lakh where as the expenditure incurred on the third work was Rs. 68.08 lakh. Moreover, the 10 *per cent* variation cited by the SE/CE is not relevant as it pertains to variations from sanctioned estimates and can not be extended to cover expenditure on a separate item of work for which AA&ES has not been obtained. The case highlights weakness of payment, accounting and expenditure controls in the department which permitted incurring of expenditure without obtaining AA&ES in disregard of the codal provisions.

The matter was referred to the Government in July 2006; its reply was awaited as of November 2006.

3.8 Irregular expenditure

Executive Engineer incurred an excess expenditure of Rs.40.36 lakh for providing lighting arrangements on a flyover without administrative approval or expenditure sanction in violation of codal provisions.

Rules⁶ envisage that the Public Works department should obtain the administrative approval and expenditure sanction of the competent administrative authority before executing any work. Sections 2.16.1 and 2.16.2 of the CPWD Manual Volume II provide that material deviation from the original proposal should not be made without the sanction of the authority which accorded the administrative approval to the work even though the cost

⁶ Para 61 to 63 of Central Public Works Accounts Code

of the same may be covered by savings on other items. Excess up to 10 per cent of the amount of the administrative approval may be authorized by the officers of PWD up to their respective powers of technical sanction. In case of excess exceeding 10 per cent, administrative approval of the competent authority must be obtained. Section 2.21 further provides that the expenditure sanction can be exceeded by 10 per cent beyond which revised expenditure sanction shall be necessary which should be applied for as soon as such excess is foreseen.

Test check of the records of PWD Electrical Division-III revealed that Administrative Approval (AA) and Expenditure Sanction (ES) for Rs.17.65 crore was obtained in September 2002 for construction of a flyover on the Outer Ring Road-Khelgaon Marg intersection. This included a provision of Rs.41 lakh for street lighting and luminaries on the proposed flyover and Rs.20 lakh for the service connection of electricity. In August 2004, the work of supplying, installation, testing and commissioning of street light poles and luminaries was awarded to a contractor at his tendered cost of Rs.47.70 lakh with the stipulated dates of start and completion being 2 September 2004 and 1 November 2004 respectively. The work was actually completed on 4 April 2005 after incurring a total expenditure of Rs.81.36 lakh which exceeded the amount of Rs. 41 lakh administratively approved/sanctioned by Rs.40.36 lakh as below:

(Rs. in lakh)

Sl. No.	Nature of work	Amount of AA and ES	Expenditure incurred	Excess over AA and ES	Remarks
1.	Street Lighting	41.00	69.25	28.25	Cost of deviated quantity Rs. 10.67lakh and extra item Rs. 10.90 lakh
2.	Temporary lighting		7.95	7.95	
3.	Purchase of aluminum cable		2.71	2.71	
4.	Supplying and providing galvanized mild steel flange support at central verge of flyover		0.69	0.69	
5.	Permanent imprest		0.54	0.54	
6.	Advertisement		0.22	0.22	
	Total	41.00	81.36	40.36	

The revised administrative approval and expenditure sanction was yet to be obtained as of October 2006.

The department informed in August 2006/October 2006 that though an expenditure of Rs.69.25 lakh incurred on the electrical works was in excess of the technical sanction, there were savings in civil works and the total expenditure on the project was less than the amount of AA and ES. It added that the additional expenditure was necessitated by increase in the scope of

work due to widening of the slip road and for increasing the illumination level throughout the flyover adjoining the slip roads. A revised technical sanction has since been obtained from the competent authority in this regard.

The reply is not tenable because the total expenditure incurred by the department on the civil and horticulture works was Rs.17.97 crore as against the sanctioned amount of Rs.17.04 crore available for the purpose. Hence, there were no savings as claimed by the department. Further, the extent of deviation in the electrical work was nearly 100 *per cent* as against the 10 *per cent* deviation permitted under rules. Also, the need for widening of the slip road and increased illumination should have been foreseen at the planning stage itself in order to obviate the possibility of subsequent changes in scope of the work.

Thus, inadequate planning and failure of the department to adhere to the codal provisions resulted in irregular expenditure of Rs.40.36 lakh.

The matter was referred to the Government in May 2006; its reply was awaited as of November 2006.

3.9 Avoidable expenditure on cost escalation

Failure on the part of the Public Works Department to ensure unhindered execution and timely completion of works led to avoidable additional expenditure of Rs. 1.17 crore.

Rules⁷ envisage that the Public Works Department should not issue tender notices unless all tender documents including complete set of architectural and structural drawings together with specifications of work are available or are likely to be available before the work commences along with sites free from encroachment and hindrances. The department is also responsible for supplying documents, drawings and stipulated materials to the contractors according to the schedule agreed upon in the contract as well as for ensuring adequate coordination with various agencies involved for unhindered and timely execution of works.

The Reports of the Comptroller and Auditor General for the years ended March 2004 and March 2005 had highlighted cases of avoidable expenditure totaling Rs.1.84 crore on account of escalation in the cost of material and labour under clause 10CC of the agreement due to delays in completion of

⁷ Para 17.3.1, 17.3.2 and 4.21 of CPWD Manual Volume-II and CPWD OM no. 7/24/75 W (E-in-C) dated 28.5.76.

works which were attributable to the department. However, no remedial action was taken. Further scrutiny in audit revealed another three similar cases of avoidable expenditure of Rs. 1.17 crore in three divisions (Division 28, Executive Engineer Civil-I Delhi College of Engineering Project and Division XIX) as detailed below:

Sl. No.	Name of Division	Name of work	Date of award of work	Stipulated date of completion	Actual date of completion	Delay	Additional payment as per clause 10CC of the agreement
1.	PWD-XXVIII	Construction of Forensic laboratory at Madhuban Chowk	30 August 2000	13 March 2002	27 March 2004	More than 24 months	Rs. 22.07 lakh (Final bill May 2004)
2.	E.E.(C)-I, Delhi College of Engg. Project	Construction of District courts at Rohini	02 March 2001	11 January 2003	Work in progress	More than 42 months as of July 2006	Rs. 56 lakh (upto to 55 th Running Bill in March 2006)
3.	PWD-XIX	Construction of 200 bedded hospital at Shastri Park, East Delhi SH: Main Hospital and service block	06 February 2002	14 October 2003	Work in progress	More than 33 months as of July 2006	Rs. 38.93 lakh (upto 20 th Running Bill in June 2005)
							Rs.117 lakh

The reasons recorded in the hindrance registers for delay in completion of work included (i) non-supply of various architectural/structural designs and additions/alternations in the executed work, (ii) non-selection/approval of materials, (iii) non-availability of site, (iv) extra items due to change in specification, and (v) hindrance due to the ongoing of some other work, etc. which were all attributable to the department.

The persistent failure of the department to adhere to the codal provisions and ensure smooth and timely completion of works thus resulted in a further avoidable additional expenditure of Rs.1.17 crore on account of cost escalation of labour and material.

The matter was referred to the Government in July 2006; its reply was awaited as of November 2006.

3.10 Avoidable expenditure on watch and ward and upkeep of the closed hot mix plants

Failure of the department to dispose off two hot mix plants which were closed down in pursuance of orders of the Supreme Court despite lapse of nearly nine years resulted in avoidable expenditure of Rs.57.97 lakh on their watch and ward and upkeep.

Rules⁸ stipulate that every officer incurring or authorizing expenditure from public funds should be guided by high standards of financial propriety and enforce financial order and strict economy at every step. Towards this end, it is essential that the time-lag between the declaration of the competent authority as to condemnation of stores and its actual disposal is minimized so that unnecessary expenditure on its maintenance or upkeep is avoided.

Test check of the records of Electrical Division V and XI of the Public Works Department (PWD) revealed that the Supreme Court had directed in October 1996 the closure of all Hot Mix Plants located in Delhi to cut down pollution. The plants were to be closed with effect from 28 February 1997. However, the divisions were yet to dispose off the plants in their jurisdiction even after a lapse of nine years from the date of closure directed by the apex Court and continued to incur expenditure on their upkeep and maintenance as discussed in the succeeding paragraphs.

(a) Hot Mix Plant at G.T. Karnal Road

The Executive Engineer, Electrical Division II, had a hot mix plant at G.T. Karnal Road. The plant was closed down in February 1997. In April 1999, a survey report fixed a reserve price of Rs.13.69 lakh along with unserviceable stores. However, no further action was taken to dispose off the plant through public auction. The plant was subsequently transferred to Division XI which came into existence in June 2004. The survey report was revised in September 2005 and a reserve price of Rs.13.59 lakh fixed owing to transfer of a diesel generating set to the electrical division of a government hospital project in October 1999. However, the plant was yet to be disposed off as of March 2006. In the meantime, the department incurred an expenditure of Rs.37.12 lakh during the period from 1998-99 to January 2006 on the pay and allowances of permanent staff and on private security agencies deployed for the watch and ward of the closed plant.

⁸ Government of India's decision below Rule 6 and Government of India's decision 3(3) under Rule 124, General Financial Rules, 1963

The Chief Engineer PWD Zone III stated in March 2006 that the expenditure on deployment of private security guards as well as permanent staff was not incurred exclusively for the watch and ward of the closed plant but for the entire complex housing the hot mix plant, the office of the Assistant Engineer and Junior Engineers and a testing laboratory.

The reply is not tenable as the testing laboratory remained functional at the site of plant only till the plant was operational, i.e. up to February 1997 and the offices functioned there only till November 1997. The expenditure of Rs.37.12 lakh was incurred between 1998-99 and January 2006 during which period all the establishments had closed down. Thus, the entire expenditure on watch and ward was incurred exclusively for the hot mix plant lying undisposed off in the premises.

(b) Hot Mix Plant at Okhla Industrial Area Phase-I.

The Executive Engineer, Electrical Division-V, had a hot mix plant at the Okhla Industrial Area Phase-I. The plant was closed in February 1997 and its value was assessed at Rs.89 lakh. The survey report was sent to the Chief Engineer, PWD Zone-I, in October 1998. However, no decision was taken by the Chief Engineer to dispose off the plant despite lapse of nine years as of January 2006. In the meantime, the Executive Engineer incurred an expenditure of Rs.14.63 lakh during the period from October 1997 to January 2006 on deployment of private security guards for the watch and ward of the closed plant and a further unwarranted expenditure of Rs.6.22 lakh on issue of minor work orders for the execution of electrical and other miscellaneous works for the upkeep of the unserviceable plant during the period from April 1997 to January 2004.

Thus, failure of the department to take any action to dispose off the closed plants and machinery despite lapse of nearly nine years resulted in an avoidable expenditure of Rs.57.97 lakh on their watch and ward and upkeep. The delay in their disposal would also result in reduction in their reserve price due to deterioration in their condition.

The matter was referred to the Government in June 2006; its reply was awaited as of November 2006.

3.11 Irregular expenditure on deployment of personnel

Deployment of personnel in excess of sanctioned strength and engaging of private security guards without approval of competent authority resulted in irregular expenditure of Rs.1.53 crore.

All categories of permanent, temporary or supernumerary posts in any office of the Government of Delhi can be created only with the concurrence of the Finance Department and approval of the Lt. Governor. The number of persons employed should not exceed the sanctioned posts. In February 2002, the Finance Department added that no tender for security/sanitation etc. should be invited without its prior approval.

The Reports of the Comptroller & Auditor General for the years ended March 2002 and 2004 had highlighted irregular expenditure of Rs. 1.35 crore on account of deployment of personnel in excess of sanctioned strength and on engaging private security agencies without approval of the competent authority in four divisions (namely Division Nos. X, XXI, XXIII and XXIV) of the department. A further test check of two of these divisions (namely Division Nos. XXI and XXIII) revealed that no action had been taken to either discontinue their service or seek ex post facto approval of the Finance Department. Division XXI employed 14 to 17 chowkidars against the sanctioned strength of only four chowkidars. The additional irregular expenditure incurred from September 2002 to March 2006 and during April 2004 to March 2006 in division XXI and division XXIII respectively amounted to Rs. 60.65 lakh.

Test check of the records of another four divisions (namely Division Nos. III, IV, XIV, and EE-II DCE Project) revealed similar deployment of one to four chowkidars in excess of sanctioned strength in two divisions (Division Nos III and IV) along with engagement of services of private security agencies for watch and ward duties in all the four divisions during the period from April 2001 to March 2006 involving an expenditure of Rs. 92.22 lakh. The entire expenditure incurred on deployment of private security guards was charged to annual repairs and maintenance/ construction of various buildings under sub-head "Providing arrangement of security guards at PWD stores, offices, buildings etc." This was irregular as expenditure on regular watch and ward of government property cannot be treated as works expenditure or part of annual repair and maintenance works.

Thus, continued deployment of personnel in excess of sanctioned posts coupled with irregular engagement of personnel purportedly for watch and

ward duties despite the irregularity having been pointed out in earlier Audit Reports resulted in further irregular expenditure of Rs.1.53 crore.

The matter was referred to the Government in July 2006; its reply was awaited as of November 2006.

3.12 Execution of work without technical sanction

Executive Engineer, PWD Division XX undertook a work of improvement of road without a comprehensive technical assessment. This resulted in the work remaining incomplete leading to possibility of early deterioration of the road condition despite expenditure of Rs. 78.41 lakh.

Rules⁹ provide that technical sanction should be obtained from the competent authority before a work is taken in hand. This ensures that the proposals are structurally sound and that the estimates are accurately calculated and based on adequate data. A bituminous road mainly consists of two bituminous courses viz. a base course made of bitumen and macadam (DBM) and a wearing course made of Dense Bitumen Concrete (DBC) or Dense Asphalt Concrete (DAC). Section 504.5 of the specifications to Road and Bridges Work prescribed by the Union Ministry of Surface Transport and Highways (MORTH) as well as clause 6.5 of Indian Road Congress: 94-1986 stipulate that bituminous macadam should be covered with either the next pavement course or a wearing course within a maximum of forty-eight hours prior to regular opening to normal traffic and/or impending rain to prevent ingress of rain water and damage caused by movement of vehicles.

Test check of records of the Executive Engineer (EE), Division-XX revealed that a work of “Improvement of Mathura Road from Sunder Nagar to Tilak Bridge” was awarded to a contractor on 13 December 2004 at his tendered cost of Rs. 82.38 lakh with stipulated dates of start and completion as 21 December 2004 and 20 January 2005 respectively. The scope of work included providing and laying a 50 mm thick dense bitumen macadam (DBM) on the road. It was contemplated that micro-surfacing of the road surface would be undertaken thereafter to complete the improvement work. Hence, work of micro surfacing of the same road was awarded to another contractor in December 2004 at his tendered cost of Rs. 49.55 lakh. In March 2005, the Chief Engineer observed that the surface of the road had not been constructed properly and he directed the EE to provide 25 mm thick layer on the entire road at the contractor’s cost to improve its serviceability. The EE stated that DBM was a base course and it was essential to provide a wearing course to

⁹ Section 2.24 of CPWD Works Manual

remove the undulations and provide a good riding surface. The DBM work was completed in May 2005 at a cost of Rs. 78.41 lakh. In the meantime, the contractor who was awarded the work of micro-surfacing informed in May 2005 that the existing surface of DBM was open graded in nature and unfit for micro-surfacing. In case micro surfacing was to be done on the DBM, the cost of the work would increase substantially. In March 2006, the EE intimated the Superintending Engineer Circle-V (SE) that in the absence of sanction of estimate of dense bituminous concrete over dense bitumen macadam, the road surface could not be made suitable for micro-surfacing and as the contract period had since expired on 3 March 2005, the contract for micro-surfacing should be closed. Thereafter no further action was taken by the department to provide a wearing course on the DBM and complete the work.

It was observed in audit that the entire work of improvement of the road stretch was undertaken without a full technical appreciation of the requirements or feasibility of micro-surfacing. The work was in fact undertaken without a technical sanction as required under the codal provision which may have brought out the technical deficiencies. Hence, the improvement works executed at a cost of Rs. 78.41 lakh remained incomplete without the essential DBC layer which would reduce its life and result in faster wear and tear.

The matter was referred to the Government in July 2006; its reply was awaited as of November 2006.

Department of Training and Technical Education

3.13 Misappropriation of Government money

Failure of the departmental authorities to enforce strict adherence to the extant rules relating to receipt and handling of Government dues coupled with ineffective internal control mechanisms resulted in misappropriation of Government funds of Rs.1.35 lakh which could be recovered subsequently at the instance of audit.

Rules¹⁰ stipulate that all monies received by or tendered to Government officers on account of revenues or receipts or dues of the Government shall, without undue delay, be paid in full into the accredited bank for inclusion in the Government account. The head of an office where money is received on behalf of the Government must give the payer a receipt duly signed by him after he has satisfied himself, before signing the

¹⁰ Rules 6(1) and 21(1) of the Receipt and Payment Rules.

receipt and initialing its counterfoil, that the amount has been properly entered in the cash book. A serious violation of the above rule noticed by Audit is discussed below.

Industrial Training Institutes (ITIs) under the Directorate of Training and Technical Education run various one year and two year courses. Admission for these courses is done at the various admission centers where the trainees deposit their tuition fees for the first six months. Fees for the remaining months are collected at the ITIs.

Audit of records of ITI Malviya Nagar relating to the collection of fees revealed that the tuition fee was being collected by the respective Craft Instructors from trainees/students without issue of any formal receipt to the trainees/students. The fee collected by the Craft Instructors was deposited with their respective Supervisor Instructor/Foreman Instructor and an acknowledgement obtained on a sheet of paper. The Supervisor Instructors/Foreman Instructors were required to deposit the tuition fee with the cashier and obtain a Treasury Receipt (TR-5). Thereafter, the amount was to be accounted for in the cash book and deposited into the government account.

Audit examination disclosed that tuition fees amounting to Rs.1.35 lakh was collected by seven Craft Instructors from 75 trainees during August-September 2004 and deposited with the concerned Foreman Instructors. The Foreman Instructors however, failed to deposit the sum of Rs.1.35 lakh with the cashier. On the matter being detected and reported by Audit, an amount of Rs.1.35 lakh was deposited with the cashier on 31 January 2006 and thereafter into the Government account on 1 February 2006. There was no effective system of internal control or check to ensure that amounts collected on account of tuition fee from the trainees was deposited into Government account in time. Thus, failure of the departmental authorities to enforce strict adherence to the extant rules relating to receipt and handling of Government dues coupled with ineffective internal control mechanisms resulted in misappropriation of Government funds of Rs.1.35 lakh which could be recovered subsequently at the instance of audit.

The Government while confirming the facts stated in July 2006 that disciplinary/criminal proceedings were being initiated against the erring officials apart from charging of penal interest. It added that the prevailing procedure relating to collection of tuition fees in all the ITIs was being reviewed and the principals of all ITIs suitably directed in this regard so as to prevent recurrence of such irregularities in future. Further, an internal control system was being created to ensure that the amounts collected were deposited in the Government account in time.