

## Chapter –IV

### TRANSACTION AUDIT OBSERVATIONS

#### AUDIT PARAGRAPHS

#### 4.1 Fraud/misappropriation/embezzlement/losses/overpayment

##### Revenue Department

##### 4.1.1 Loss due to possible embezzlement

Failure of the Drawing and Disbursing Officer to exercise the prescribed checks led to possible embezzlement of Rs 14.38 lakh by District Nazir in the Office of the Deputy Commissioner, Sonipat.

Financial/Treasury Rules lays down that all monetary transactions relating to withdrawal of funds from treasury, disbursement of payments and moneys received for crediting into the Government accounts require careful scrutiny with vouchers/proper receipts by Drawing and Disbursing Officer (DDO) and proper attestation.

Test-check of records (August 2005) of the office of the Deputy Commissioner, Sonipat (DC) revealed that the DDOs did not observe the rules *ibid* strictly which resulted into embezzlement of huge amount by Nazir-cum-cashier (Nazir) as discussed below:

(a) Sixteen telephone bills amounting to Rs 50,798 for the period between January 2001 and November 2002 already paid were again shown as paid in the cash book in August 2004. Out of the above 16 bills, three bills amounting to Rs 12,353 were shown earlier also as paid in March 2003, thus, three different payments were shown as made against these three bills. Further, three electricity bills amounting to Rs 18,629 already paid in January 2000 were again shown as paid in the cash book in June 2004. Nazir used duplicate bills procured from the departments concerned in support of the duplicate payments and thus embezzled Rs 81,780 (Rs 50,798 plus Rs 12,353 plus Rs 18,629). Further, he made fictitious entries in the cash book, showing payments of Rs 36,586 and Rs 49,175 of miscellaneous contingent bills on 25 August 2003 and 19 December 2003 respectively without any supporting vouchers, whereas these payments had already been made on 07 August 2003 and 05 November 2003 respectively. In fact, no payments in these cases were made and Nazir embezzled Rs 85,761 (Rs 36,586 plus Rs 49,175). On being pointed out in Audit, Rs 1,67,541 (Rs 81,780 plus Rs 85,761) were deposited in the treasury in March 2006 by the defaulter.

(b) Against payment of Rs 1,95,550 for the purchase of service stamps between April 2003 and May 2005, service stamps for Rs 1,24,000 only

were entered in the service stamp stock register and a sum of Rs 71,550 was embezzled. On being pointed out in Audit, the amount of Rs 71,550 was deposited in the treasury in December 2005 by the defaulter.

(c) Thirty-six condemned vehicles and a few miscellaneous items of various departments were auctioned by the DC, Sonipat between March 2003 and August 2004. In contravention of the Government's instructions, 10 *per cent* of the auction money (Rs 1,24,340) was deducted instead of five *per cent*. No receipt (STR 3) had been issued to the successful bidders. The DC stated that no such record was maintained. Nazir did not enter the deducted amount in the cash book. Further, in two cases (auctioned vehicles pertained to DC's office), 90 *per cent* of the auction money, Rs 60,300 (Rs 25,650 and Rs 34,650) were neither entered in the cash book nor deposited into the treasury. Thus, Rs 1,84,640 (Rs 1,24,340 plus Rs 60,300) were embezzled. On being pointed out in Audit, Rs 1,84,640 were deposited in the treasury by the defaulter in April 2006.

(d) The Nazir embezzled Rs 4,83,382 in three cases as under:

(i) An electric meter DC-2/17 installed at Mini Secretariat (DC Office), Sonipat remained out of order for more than two years. Electricity Department continued charging bills between April 2003 and March 2005 at flat rate of Rs 15,985 per month (p.m.). This amount was to be shared by Sub-Divisional Officer (Civil), Sonipat (Rs 3,200 p.m.) and District Transport Officer, Sonipat (Rs 1,280 p.m.). The Nazir collected Rs 1,05,271 in cash from Sub-Divisional Officer (Civil) and District Transport Officer during the said period as confirmed by the offices concerned, but deposited (between July 2003 and March 2005) only Rs 38,426 with the Electricity Department and did not enter the balance amount of Rs 66,845 in the cash book.

(ii) Against the above connection, Rs 5,09,832 were shown as paid in the cash book on 35 occasions to the Electricity Department. But as verified from Electricity Department, Rs 3,76,260 were actually deposited on 24 occasions. So, the Nazir made 11 fictitious entries in the cash book for Rs 1,33,572 (Rs 5,09,832 minus Rs 3,76,260) as neither were claims for this amount raised by the Electricity Department nor was there any evidence of payments made.

(iii) Electricity bills pertaining to two other meters amounting to Rs 2,82,965 were shown as paid in cash book to the Electricity Department between April 2003 and February 2005 but the Electricity Department did not confirm the receipt of these payments.

On being pointed out in Audit, Rs 5,26,000 (Rs 2,43,035 plus Rs 2,82,965) were deposited by the defaulter in the treasury in April 2006 (Rs 42,618 were apparently deposited in excess due to calculation mistake).

(e) Six shops and one cycle stand (two terms) were auctioned on 15 March 2002/16 March 2004 and Rs 80,000 as security were collected on date of auction from successful bidders. Nazir did not account for the security in the cash book. An amount of Rs 5,91,500 realised on account

of auction was also not taken in the cash book. He deposited only Rs 1,40,700 in the treasury upto July 2005 and embezzled the balance amount of Rs 5,30,800. On being pointed out in Audit, Rs 5,07,200 were deposited (Rs 1,00,000 in September/October 2005 and Rs 4,07,200 in April 2006) by the defaulter in the treasury leaving a balance of Rs 23,600.

Thus, Nazir embezzled a total sum of Rs 14,37,913<sup>1</sup>. On this being pointed out in Audit, DC intimated (November 2005 to April 2006) that an amount of Rs 14,56,931<sup>2</sup> had been deposited by the defaulter (excess amount of Rs 19,018 apparently due to calculation mistakes) and supplied the copies of treasury challans in support of the amount deposited, which clearly indicated the Nazir's involvement in these embezzlements.

The embezzlement could have been avoided had the system of internal audit been in existence in the office.

The Financial Commissioner and Principal Secretary to Government Haryana, Revenue Department stated (March 2006) that Commissioner, Rohtak Division has been directed to enquire into the whole matter. Final outcome was awaited (June 2006).

## 4.2 Excess payment/wasteful/infructuous expenditure

### Public Works Department (Irrigation Branch)

#### 4.2.1 *Wasteful expenditure on work requiring clearance from Central Water Commission*

**Construction of work without prior clearance of Central Water Commission, rendered expenditure of Rs 19.17 lakh on it as wasteful.**

Guidelines issued by Central Water Commission (CWC), Ministry of Water Resources, stipulates that schemes involving inter-state implications should be got examined and cleared by CWC before these are finally approved and sanctioned by State Government.

During floods of 2001, a creek of river Yamuna (near Tajewala Head Works adjoining Uttar Pradesh) deflected towards the right side and submerged several villages situated along the right edge of the river Yamuna. Haryana State Flood Control Board approved (January 2002) a scheme for Rs 30 lakh to protect villages from the river Yamuna. Accordingly, an estimate for Rs 18.61 lakh for extension of Mandewala Bund from RD 19600 to 23600 and allied works was

<sup>1</sup> Sub para (a): Rs 1,67,541; Sub para (b): Rs 71,550; Sub para (c): Rs 1,84,640; Sub para (d): Rs 4,83,382 and Sub para (e): Rs 5,30,800.

<sup>2</sup> Sub para (a): Rs 1,67,541; Sub para (b): Rs 71,550; Sub para (c): Rs 1,84,640; Sub para (d): Rs 5,26,000 and Sub para (e): Rs 5,07,200.

sanctioned (March 2002). As the scheme had an inter-state implications, the Government of Uttar Pradesh (UP) raised objections on the commencement of work (May 2002) and the case was referred to CWC. In the meantime, Haryana Government decided to stop the work on 30 June 2002 by which time Rs 19.17 lakh had been incurred on the scheme. CWC directed (March 2003) construction of three Bed Bars of low level with changed design. Fresh estimate for Rs 19.34 lakh with changed design was sanctioned (May 2003) which was revised (December 2004) to Rs 31.32 lakh. The work was restarted (May 2003) and completed (February 2004) by spending Rs 31.18 lakh.

Test-check of records (June 2005) of the Executive Engineer, Water Services Division, Jagadhari, revealed that work on the earlier scheme was taken up without prior clearance of CWC and the work continued for three months despite objections raised by Government of UP. The Department did not obtain clearance of CWC on the plea that it was a minor work.

The Engineer-in-Chief, Public Works Department (Irrigation Branch), Haryana stated (January 2006) that work on earlier scheme could not be completed due to intervention of Government of UP and the partly constructed extension of Mandewala Bund was washed away during rainy seasons of 2002 and 2003.

Thus, due to construction of work, which had inter-state implications, without prior clearance of CWC, expenditure of Rs 19.17 lakh, was rendered wasteful as the partly Constructed extension of Mandewala Bund was washed away.

The matter was demi-officially referred to the Financial Commissioner and Principal Secretary, Public Works Department (Irrigation Branch) in March 2006; reply had not been received (July 2006).

## **Home Department**

### **4.2.2 Wasteful expenditure on creation of Haryana State Industrial Security Force**

**Recruitment of personnel in Haryana State Industrial Security Force without an assessment of demand resulted in wasteful expenditure of Rs 12.63 crore incurred on their pay and allowances.**

The State Government created the Haryana State Industrial Security Force (HSISF) through the HSISF Act 2003 (Act) to cope with the demand for protection and security of treasuries, institutions and autonomous bodies and ease the pressure on the Haryana police force which was required for maintaining law and order.

The Director General of Police (DGP) proposed (August 2003) creation of HSISF and requested to State Government to sanction 4,149 posts of different categories based on requirement received from all districts. The State Government accorded sanctions (February and March 2004) for raising of five battalions of HSISF with the conditions that the expenditure incurred on

personnel of HSISF would be recovered by way of user charges from the indenting agencies and the Department would chalk out a plan for proper deployment of force so that there may not be any financial burden on the State exchequer.

Test-check of records (April-December 2005) of Director General of Police, Haryana (DGP), Director, Haryana Police Academy, Madhuban and eight offices<sup>3</sup> of Superintendents of Police revealed that selections for recruitment of 60 Sub-Inspectors of HSISF were made (December 2004) by Haryana Staff Selection Commission and 2,960 Constables and 187 Class IV personnel by Selection Boards consisting of Superintendents/Deputy Superintendents of Police authorised by the then DGP. A sum of Rs 12.63 crore was spent towards pay and allowances of these officers/officials from December 2004 to July 2005, but force was never deployed for the purpose for which it was established.

As there was no demand or requisition for deployment of HSISF from any State/Central or Private undertakings nor there was any possibility of any such demand arising in future because of the prohibitive cost of deployment of HSISF vis-à-vis availability of services of private security agencies, the Government repealed the Act in June 2005 and disbanded the HSISF Battalions. Consequently, services of all Sub-Inspectors, Constables and Class IV personnel recruited against HSISF were dispensed with in July 2005.

Audit scrutiny revealed that the Department did not conduct any demand survey of the actual requirement for HSISF personnel. Prior to recruitment the department should have conducted the demand survey and agreements should have been executed with Public Sector Undertakings regarding their deployment, as was being done in the case of Central Industrial Security Force by Government of India.

Thus, decision of the Department to recruit personnel in the HSISF without assessing the demand was injudicious and resulted in wasteful expenditure of Rs 12.63 crore incurred on pay and allowances of the personnel recruited during the training period as the HSISF was disbanded immediately after completing the training course. Moreover, the work pressure on Haryana police force was not eased as the Act enacted for the purpose repealed.

The Financial Commissioner and Principal Secretary, Government of Haryana, Home Department stated (June 2006) that a commission has been constituted to inquire into the irregular creation of HSISF and their findings will be intimated on receipt. Further, progress was awaited (July 2006).

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<sup>3</sup> Superintendents of Police: Bhiwani, Faridabad, Hisar, Kaithal, Karnal, Panchkula and Sirsa and Superintendent of Police (Commando), Haryana, Karnal.

**Town and Country Planning Department  
(Haryana Urban Development Authority)**

**4.2.3 Extra expenditure**

**Central Excise Duty exemption, available on purchase of pipes for use in Water Works, was not availed, which resulted in an extra expenditure of Rs 40.57 lakh.**

Government of India (GOI) Notification No. 06/02-CE dated 01 March 2002 amended by Notification No. 6/2003-CE dated 01 March 2003 exempted all items of machinery and their components required for setting up of water treatment plants intended to make water fit for human or animal consumption, alongwith pipes needed for delivery of water from its source to the plant and from there to the storage facility, from the whole of the Central Excise Duty (CED) subject to the condition that a certificate issued by the concerned Collector/Deputy Commissioner/District Magistrate to the effect that such goods are needed for the intended use, is produced to the concerned Central Excise official.

Test-check of records (November 2005) of the Chief Administrator, Haryana Urban Development Authority, Panchkula (HUDA) revealed that Ductile Iron (DI) Pipes valuing Rs 3.11 crore, including CED, freight and inspection charges were purchased (January-May 2004) for use in the water works, from M/s Electrosteel Castings limited, Kolkata against supply orders placed between November and December 2003 by the Director, Supplies and Disposals, Haryana (DS&D).

Though, the pipes purchased were used for the purpose specified in the exemption notification and thus qualified for exemption, HUDA did not avail of the benefit. The required certificates for availing CED exemption were not submitted to the supplier for claiming CED exemption on the material before taking up the delivery at factory, because the relevant instructions based on GOI notification were circulated belatedly by the Engineer-in-Chief (EIC), HUDA in July 2004 after the receipt of material. Consequently, CED amounting to Rs 40.57 lakh had to be paid by HUDA (August 2004 to December 2004), which could have been avoided.

The Chief Administrator, HUDA who was not aware of GOI notification about the exemption stated (April 2006) that all the aspects were examined by DS&D and High Powered Purchase Committee before placing the supply order to the firm. Reply is not acceptable because such standing instructions of exemption of CED should have been in the notice of HUDA and DS&D before placing the supply order of DI pipes to the supplier firm. Had HUDA and DS&D taken the notice of GOI notification before placing purchase orders, payment of CED amounting to Rs 40.57 lakh could have been saved.

The matter was demi-officially referred to the Financial Commissioner and Principal Secretary, Town and Country Planning Department in April 2006; reply had not been received (June 2006).

### Women and Child Development Department

#### 4.2.4 Injudicious expenditure incurred on *panjiri*

**Preparation and serving of *Panjiri*, not suitable for children in the age group of 6 to 12 months, as per the guidelines, rendered the expenditure of Rs 1.57 crore injudicious.**

Guide Book for *Anganwadi* workers issued by Ministry of Human Resource Development, Government of India provides that complementary food for children in the age group between 6 and 12 months should be well cooked and served in mashed form mixed with some oil or ghee and sugar or jaggery. Manual on Integrated Child Development Services (Manual) envisages that the recipe for infants and young toddlers should be powdered and made pulpy by addition of milk, tea or water.

Test-check of records (between December 2005 and March 2006) of six Child Development and Project Officers (CDPOs)<sup>4</sup> revealed that in contravention of the provisions of Guide Book and Manual, *Panjiri* (food containing wheat and gram flour mixed with sugar and groundnut oil) valuing Rs 1.57 crore was shown as served in solid and dry form to 44,156 children falling under the age group of 6 to 12 months in 708 *Anganwadi* Centre during 2000-06 (upto February 2006) whereas the food should have been served to children in mashed form because it was not digestible in solid form.

On being pointed out in Audit all the six CDPOs stated (December 2005 and March 2006) that the material served to children was selected by Directorate Office. Five CDPOs<sup>5</sup> confirmed the facts and stated that *Panjiri* was not easily consumable by the children between the age group of 6 and 12 months.

Thus, injudicious expenditure of Rs 1.57 crore was incurred on the preparation and serving of *Panjiri*, not suitable for children in the age group of 6 to 12 months as per laid down guidelines.

The Commissioner and Secretary to Government Haryana, Women and Child Development Department stated (May 2006) that the manufactured *Panjiri* was distributed to the mothers in solid form with the instructions that the *panjiri* be given in semi solid form to infants in the age group of 6 to 18 months after mixing it with boiled water or milk. Reply was not acceptable, as *panjiri* contains big particles, gets easily stuck on the upper palate of the mouth of a child and cannot easily be digested by a child. The contention of audit was confirmed by Director Health Services, Union Territory, Chandigarh.

<sup>4</sup> CDPOs: Kaithal, Nagina, Narnaul, Pinjore, Rewari and Sohna.

<sup>5</sup> CDPOs: Kaithal, Nagina, Narnaul, Pinjore and Rewari.

**Health Department  
(Pandit Bhagwat Dayal Sharma Post Graduate Institute of  
Medical Sciences, Rohtak)**

**4.2.5 Unfruitful expenditure on purchase of equipment**

**Failure of the PGIMS, in getting the equipment in working order within the warranty period, rendered the expenditure of Rs 21.79 lakh unfruitful.**

Government sanctioned (March 2002) Rs 21.18 lakh for the purchase of “Mobile C-Arm Image Intensifier TV System” for use in surgical ward of Pandit Bhagwat Dayal Sharma Post Graduate Institute of Medical Sciences, Rohtak (PGIMS). The Director, Supplies and Disposals, Haryana placed (March 2002) a supply order with an Italian firm (firm) for purchase of the said equipment at a cost of Rs 21.18 lakh (Euro 44673.90). The equipment whose warranty period was two years was required to be installed only after the inspection by a committee. The firm supplied the equipment (October 2002) and installed it in November 2002 after inspection by a Committee, which certified that machine was as per specifications and working satisfactorily. The payment of Rs 21.70 lakh was made (October 2002: Rs 17.37 lakh and January 2003: Rs 4.33 lakh) to the firm.

Test-check of records (March 2006) of Director, PGIMS revealed that the equipment went out of order in April 2004. As the equipment was within warranty period, the firm was asked (April 2004) to rectify the equipment but even after lapse of two years, the firm failed to make the equipment operational (April 2006). Audit observed that no correspondence was made by PGIMS after October 2004 to get the equipment repaired.

On being pointed out in Audit (March 2006), the Head of Surgery Department stated that the Department approached the firm several times for removal of defects and repair of the equipment. The firm sent (April 2004) an engineer for its repairs but instead of repairing the equipment at site, the engineer took two parts of the equipment to get them repaired at his main office.

Thus, failure of the PGIMS, in getting the equipment in working order within the warranty period, rendered the expenditure of Rs 21.79 lakh (including Rs 0.09 lakh LOC opening charges) unfruitful.

The matter was demi-officially referred to the Financial Commissioner and Principal Secretary to Government Haryana, Health Department in April 2006; reply had not been received (July 2006).



**Education Department  
(Maharshi Dayanand University, Rohtak)**

**4.2.6 Unfruitful expenditure on guest house**

**Due to injudicious decision, expenditure of Rs 45.39 lakh incurred by MDU on construction of VIP guest house was rendered unfruitful.**

Keeping in view the immediate requirement, the Vice-Chancellor (VC), Maharshi Dayanand University, Rohtak (MDU) accorded administrative approval (June 1996) for construction of a VIP guest house in MDU at an estimated cost of Rs 45.39 lakh for which Haryana Government released grants for execution of the work. The construction of the VIP guest house was completed in February 2000 by spending Rs 45.39 lakh.

Test-check of records (November 2005) of MDU revealed that the VIP guest house was lying unutilised since its completion, as another guest house (University faculty house) already existed in the University campus. The VC of MDU who had no residence within university campus was residing in the campus of Post Graduate Institute of Medical Sciences, Rohtak (PGIMS), though the Health Department wanted MDU to hand over the building. Consequently, a need was felt for the construction of VC's residence. Just after four months of the completion of VIP guest house, a technical committee considered (June 2000) the conversion of VIP guest house into VC's residence, but found it unsuitable on technical grounds.

Another committee constituted (March 2001) by the VC, to consider the utilisation of the VIP guest house, was of the view that guest house had been lying vacant since its completion as there was no demand of accommodation and thus, recommended that the guest house may be converted into VC's residence with suitable alterations and modifications, administrative approval for Rs 29.76 lakh for which was accorded by the VC (June 2003). The work was allotted to a contractor in July 2003. The work was partially executed at a cost of Rs 38 lakh upto April 2004. The estimated cost was revised to Rs 39.22 lakh (March 2004) and further revision to Rs 60.65 lakh was proposed (April 2004) due to enhancement of work. Enhancement upto Rs 50 lakh was approved in April 2006. The work was held up in April 2004 and was still lying incomplete. The VC was still residing in PGIMS's building.

Thus, the VIP guest house constructed in February 2000 by spending Rs 45.39 lakh was abinitio ill conceived in view of lack of demand and could not be utilised since its inception. Thus, injudicious decision to construct VIP guest house when university faculty house (another guest house) already existed with sufficient capacity and subsequent decision to convert it into VC residence, which had not even been made functional (July 2006), resulted in unfruitful expenditure of Rs 45.39 lakh.

The matter was demi-officially referred to the Financial Commissioner and Principal Secretary to Government Haryana, Education Department in April 2006; but reply had not been received (July 2006).

**Forest Department**

**4.2.7 Nugatory expenditure**

**Non-adherence to provisions of the Industrial Disputes Act, 1947 resulted in payment of idle wages of Rs 24.31 lakh.**

Section 25-F of Industrial Disputes Act, 1947 (Act) *inter alia*, lays down that a workman who has been in continuous service for one year can be retrenched, after giving one month's notice in writing, indicating reasons for retrenchment or in lieu thereof payment of one month's wages. Section 25-B of the Act *ibid* provides that a workman shall be deemed to be in continuous service for one year, if the workman has actually worked for not less than 240 days during a period of 12 calendar months.

Test-check of records (May 2002-March 2006) of five<sup>6</sup> Divisional Forest Officers, revealed that the services of 32 daily-wage workers were terminated by the Department between March 1992 and January 1999 without following the laid down procedure for retrenchment and without assigning any reason even when they had worked for more than 240 days in 12 calendar months. Against these termination orders, daily-wage workers filed cases before the concerned Industrial Tribunal-cum-Labour Courts (ITLCs) with the request for reinstatement with continuity of services and full back wages. The ITLCs announced the award between March 1995 and March 2005 in favour of the workers on the ground that their services were not terminated in accordance with Section 25-F of the Act. The ITLCs ordered the Department to reinduct the workers in service with continuity of service alongwith back wages. Accordingly, State Government accorded sanction (September 1999 to December 2005) of Rs 24.31 lakh<sup>7</sup> for the payment of back wages for the period March 1992 to May 2003 to the daily-wage workers subject to the condition that whole amount would be recovered from those defaulting officers/officials who terminated their services without taking recourse to Section 25-F of the Act. An amount of Rs 24.31 lakh was paid to the workers during May 1999-January 2006, but neither the defaulters were identified nor the recovery was effected from the concerned officers/officials by the Department (April 2006).

Thus, failure of the Department to adhere to the relevant provisions of the Industrial Disputes Act before terminating the services of daily-wage workers and to (May 2006) effect recovery from the defaulters resulted in an avoidable payment of idle wages of Rs 24.31 lakh.

Conservator of Forest, Rohtak, had appointed (January 2006) an enquiry officer to verify the veracity of the cases in respect of Sonipat division before effecting the recovery from the defaulters. The enquiry officer had submitted (May 2006) the enquiry report to the Conservator of Forest, Rohtak. Further progress was awaited (July 2006). Divisional Forest Officers, Kaithal and Mahindergarh stated (February-March 2006) that action was being taken

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<sup>6</sup> Bhiwani, Kaithal, Mahindergarh, Panipat and Sonipat.

<sup>7</sup> Bhiwani: Rs 4.22 lakh; Kaithal: Rs 0.49 lakh; Mahindergarh: Rs 12.98 lakh; Panipat: Rs 1.95 lakh and Sonipat: Rs 4.67 lakh.

against the defaulters. Reply from Divisional Forest Officers, Bhiwani and Panipat had not been received (July 2006).

The matter was referred to the Financial Commissioner and Principal Secretary to Government Haryana, Forest Department in April 2006; reply had not been received (July 2006).

### Police Department

#### 4.2.8 Unfruitful expenditure on Mobile Forensic Science Units

**Rupees 1.80 crore spent on the purchase of 20 vans and laboratory equipment were rendered unfruitful, as Mobile Forensic Science Units were not operational for want of staff and other required equipment.**

While conveying the recommendations of XI<sup>th</sup> Finance Commission, the Ministry of Home Affairs, Government of India advised (September 2000) the Director, State Forensic Science Laboratory (FSL), Madhuban, Haryana to make full use of central funds for creating Mobile Forensic Science Units (MFSUs) for scientific and effective investigation of criminal cases at district level. Accordingly, central assistance of Rs 1.80 crore was provided for establishing 15 MFSUs at each district headquarter. It was also desired to make arrangements for manpower recruitment to man MFSUs to be established in the State. For establishment of each MFSU, one tempo traveller, 6 staff members<sup>8</sup> and 13 equipment<sup>9</sup> were required.

As there were 19 districts in the State at that time, the Director, FSL, Madhuban sent (May 2001) the requirement for setting up of 20 MFSUs (one each for 19 districts and one for Government Railway Police, Headquarters) to the Director General of Police, Haryana, Panchkula.

Test-check of records (October 2005) of the Director, FSL revealed that the Department procured 20 tempo travellers (eight in May 2003 and 12 in December 2004) for all the 20 MFSUs at a cost of Rs 1.03 crore and also purchased equipment worth Rs 76.59 lakh (Rs 31.95 lakh during 2002-03 and Rs 44.64 lakh during 2003-04). But, against the requirement of six staff members for each MFSU, only eight Senior Scientific Officers, four Senior Scientific Assistants and four Scientific Assistants (Photography) were put to job in 16 MFSUs and no staff was posted in remaining four MFSUs<sup>10</sup>, while no equipment was provided in seven MFSUs<sup>11</sup> and only 2-11 equipments were provided (against 13 projected) in 12 MFSUs as required. Thus, neither sufficient staff was posted nor the required equipment were provided in four

<sup>8</sup> Senior Scientific Officer, Senior Scientific Assistant, Scientific Assistant (Photography), Finger Print Expert (ASI), Laboratory attendant and Constable Driver.

<sup>9</sup> Ballistic Spot Kit, Blood Detection Kit, Semen Detection Kit, RSP Tool Kit, Investigation Kit, Search light, U V Light, Microscope, Generator Set, Detection Kit, Narcotic Explosive Fire Arm, Camera and Video Camera.

<sup>10</sup> Faridabad, Kaithal, Karnal and Rewari.

<sup>11</sup> Bhiwani, Faridabad, Jind, Kaithal, Karnal, Madhuban and Rewari.

MFSUs; no equipment was provided in three other MFSUs. Though, MFSU, Rohtak was provided with the required 13 equipment, but only one staff member (a Senior Scientific Officer) was provided against requirement of six.

The SPs, Faridabad, Kaithal, Karnal and Panchkula admitted (August 2005-February 2006) the facts and stated that the vans remained unused or were used for other purposes because of non-availability of staff to operate MFSUs.

Thus, Rs 1.80 crore spent on the purchase of 20 vans and laboratory equipment was rendered unfruitful, as MFSUs were not operational in any district because of non-recruitment of staff and non-procurement of all the required equipment.

The matter was demi-officially referred to the Financial Commissioner and Principal Secretary to Government Haryana, Home Department in March 2006, reply had not been received (June 2006).

### **Transport Department**

#### **4.2.9      *Loss due to non-receipt of lease money***

**The State exchequer suffered a loss of Rs 31.44 lakh by way of lease money due to non-leasing out of the shops.**

As per policy guidelines issued by Transport Commissioner (TC), the concerned General Managers (GMs) were empowered to auction shops at Haryana Roadways bus-stands with the assistance of depot level committees consisting of Works Manager, Transport Manager, Accounts Officer and a representative of the District Administration. The auction money of each shop was required to be higher than that of the last year's auction. In case, certain shops could not be auctioned at a higher rate after repeated attempts and the committee was satisfied to accept the bid (lower than the last year), in public interest, the committee may temporarily accept the bid subject to approval of the Government.

Test-check of records (March 2006) revealed that the Ambala depot had earmarked 19 shops/sites at Ambala Cantonment bus-stand to lease out for various Commercial activities. The GM conducted repeated open auctions in March 2004 to lease out shops for a period of two years (April 2004 to March 2006). The highest bids received in respect of fruit shop and restaurant-cum-tea shop was Rs 0.51 lakh and Rs 0.80 lakh per month respectively, the successful bidders deposited the advance rent for one month. As these bids were lower than those of previous year, (Rs 0.76 lakh and Rs 1.39 lakh per month), the GM referred (March/April 2004) the bids to TC for approval. The TC referred (May 2004) the matter to Financial Commissioner and Principal Secretary, Transport Department. As the matter remained under correspondence among the GM, TC and Government, the shops could not be leased out and remained vacant for two years. The advance rent received from the bidders was refunded by the GM in March 2005. The sites were, however, leased out afresh in April 2006.

Thus, due to slackness on the part of Government in according approval for accepting lower bids, the department suffered a loss of Rs 31.44 lakh<sup>12</sup> on account of lease money from April 2004 to March 2006. The Transport Commissioner, while confirming the facts (June 2006) stated that the shops remained vacant as the approval of the Government could not be obtained.

The matter was demi officially referred to the Financial Commissioner and Principal Secretary to Government Haryana, Transport Department in May 2006; reply had not been received (July 2006).

**Planning Department  
(Chief Planning and Development Officer)  
and  
Irrigation Department**

**4.2.10 Unfruitful expenditure on incomplete Irrigation projects**

**The Planning and Irrigation Departments could not install sprinkler sets after the closure of Haryana State Minor Irrigation Tubewells Corporation, which resulted in an unfruitful expenditure of Rs 73.52 lakh.**

The Additional Deputy Commissioner-cum-Chief Planning and Development Officer, Panchkula (ADC-Cum-CPDO) sanctioned (April 1999 and April 2000) drilling of five tubewells to provide irrigation water to five villages<sup>13</sup> in Panchkula district at an estimated cost of Rs 55.62 lakh (revised to Rs 58.03 lakh) under 'Member of Parliament Local Area Development (MPLAD) Scheme'. The work for drilling of tubewells was allotted to Haryana State Minor Irrigation Tubewells Corporation (HSMITC).

Test-check of records (April 2003) of ADC-Cum-CPDO and information collected subsequently in January 2006 revealed that the work of drilling and development of tubewells was completed in May 2001 after incurring an expenditure of Rs 58.03 lakh. As the water yield of these tubewells was low and not found adequate for laying underground pipeline for bringing water to the fields for irrigation purposes, department decided to install sprinkler sets on these tubewells. The ADC-Cum-CPDO released Rs 18.80 lakh during 2001-02 to HSMITC for installation of sprinkler sets. State Government, however, decided subsequently to close the HSMITC with effect

<sup>12</sup>

Description of shops	Period of vacation of shops (April 2004 to March 2006) (Month)	Bid received but not accepted (Rupees in lakh)	Amount
Restaurant-cum-tea shop	24	0.80	19.20
Fruit shop	24	0.51	12.24
<b>Total</b>			<b>31.44</b>

<sup>13</sup>

Bakshiwala, Jallah, Kheranwali, Naggal Rootal and Tirlok Pur.

from 30 June 2002 but an expenditure of Rs 15.49 lakh<sup>14</sup> had already been incurred by that time on incomplete works and the balance amount of Rs 3.31 lakh was lying unspent with HSMITC. The ADC-Cum-CPDO intimated (June 2003/January 2006) that the HSMITC neither installed sprinkler sets, nor handed over charge of incomplete works to any other department. He further added that the sprinkler sets would be installed as and when State Government issues directions for completion of pending incomplete works by another department. Though the matter remained under correspondence between CPDO, HSMITC and Irrigation Department upto September 2004 but no final decision in this regard was taken by the Government. Resultantly, these tubewells could not be commissioned (January 2006). The Deputy Commissioner, Panchkula while confirming the facts, stated (June 2006) that matter was pursued with HSMITC but they could not decide as to which department will execute the pending incomplete works. Reply was not acceptable as the matter was not pursued with higher authorities/Government after September 2004.

Thus, failure of Planning and Irrigation Departments to get the sprinkler sets installed through another agency after the closure of HSMITC and non-pursuance with higher authorities after September 2004 resulted in unfruitful expenditure of Rs 73.52 lakh (drilling and development of tubewells: Rs 58.03 lakh plus sprinkler sets: Rs 15.49 lakh). Besides, purpose of providing irrigation water to the intended area and to the desired level was also defeated.

The matter was demi-officially referred to the Financial Commissioners and Principal Secretaries, Government of Haryana, Planning and Irrigation Departments in May 2006; reply had not been received (June 2006).

**Public Works Department  
(Public Health Branch)**

**4.2.11 Unfruitful expenditure on Augmentation Water Supply Scheme**

**Due to non-availability of raw water from Irrigation Department for 'Augmentation Water Supply Scheme', expenditure of Rs 60.23 lakh incurred on the scheme proved unfruitful.**

Haryana State Sanitary Board (HSSB) administratively approved (December 1999) a Canal based 'Augmentation Water Supply Scheme, Village Baroda Mor Group of two Number villages' for Rs 45.35 lakh with the objective to increase water supply from 36 litres per capita per day (lpcd) to 55 lpcd, for which an outlet of 2.36 cusecs water was required to be got sanctioned from Irrigation Department. The work was started in November 2000 and completed in March 2005 after spending Rs 60.23 lakh. Before completion of the scheme, another two estimates for Rs 10 lakh and

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<sup>14</sup> Four pump sets and pump houses: Rs 6.80 lakh; cost of Mono block pumps: Rs 5.08 lakh; cost of sprinkler sets: Rs 2.24 lakh and purchase of material: Rs 1.37 lakh.

Rs 7 lakh for tubewell based schemes were prepared in June and July 2004 respectively to improve the water supply in these villages, as the sufficient quantity of canal water was not available, but HSSB approved (August 2004) one consolidated scheme for Rs 15 lakh. The work was started in March 2005 and two tubewells were installed in March 2006 after incurring an expenditure of Rs 5.30 lakh pending liability of final bill.

Test-check of records (May 2005) of the Executive Engineer, Public Works Department, Public Health Division, Gohana (EE) revealed that the department failed to supply 55 lpcd of water as canal based scheme was taken up without ensuring availability of raw water from Irrigation Department. The EE stated (May 2006) that the required outlet of 2.36 cusecs water for supply of 55 lpcd had not been sanctioned by Irrigation Department. Reply was not acceptable because the EE never applied for sanction of outlet of 2.36 cusecs water. The Executive Engineer, Gohana Water Services Division, Gohana intimated (May 2006) that if 2.36 cusecs water for Water Supply Scheme, Baroda Mor is made available, it will affect the supplies on outlet situated at tail end. This indicates that sufficient raw water was not available to meet the demand of 2.36 cusecs water. Even after installation of tubewells, status of the water supply was raised to only 40 lpcd from 36 lpcd.

Thus, the expenditure of Rs 60.23 lakh incurred on 'Augmentation Water Supply Scheme' proved largely unfruitful because the scheme was ill conceived as availability of required quantity of raw water was not ensured from Irrigation Department.

The matter was demi-officially referred to the Financial Commissioner and Secretary to Government Haryana, Public Works Department, Public Health Branch in July 2006; but reply had not been received (July 2006).

### **4.3 Violation of contractual obligations/undue favour to contractors/avoidable expenditure**

#### **Town and Country Planning Department (Haryana Urban Development Authority)**

##### **4.3.1 Non-recovery of award money**

#### **Non-pursuance for execution of awards and observance of guidelines for enlistment of contractors led to non-recovery of Rs 19.16 lakh by HUDA.**

Guidelines for enlistment of contractors circulated from time to time by Chief Administrator, Haryana Urban Development Authority (HUDA) stipulates that the agency/contractor, desirous of enlistment is required to show its financial soundness by submitting a certificate of immovable property with its market value duly attested by the collector or first class magistrate. The agency is also required to intimate the change, if any, in permanent address and get the enlistment renewed after one/two years after paying the requisite fee.

Test-check of records (January 2006) of the Executive Engineer, HUDA Division, Panipat (EE) revealed that three awards amounting to Rs 19.16 lakh<sup>15</sup> were pronounced in favour of HUDA between June 1999 and December 2001 by the Arbitrators appointed for settlement of disputes between the agencies and HUDA. The EE filed cases in the court of Additional Civil Judge, Panipat for execution of the awards in October 1999, April 2000 and January 2002. The court proceeded for attachment of the property of the contractors and desired (May 2000-September 2002) the EE to supply the list of movable and immovable properties of the respective agencies. As these contractors were enlisted in other circles, the wanting details were not on record. So, the EE requested all Superintending Engineers of HUDA (March 2001-November 2002) to supply the list of movable/immovable property of the contractors concerned which was awaited. Resultantly, the Court's orders were not complied with and wanting details were not submitted to court. Because of lack of pursuance by HUDA, the execution of the awards was still pending in the court (January 2006) for the period ranging from 49 to 76 months. Had the EE followed the prescribed guidelines for enlistment and renewal of contractors and pursued the case vigorously, this situation could have been avoided.

Thus, due to non-observance of guidelines for enlistment of contractors and languid pursuance of the case, recovery of award amounting to Rs 19.16 lakh could not be made by HUDA.

The matter was demi-officially referred to the Financial Commissioner and Principal Secretary, Town and Country Planning Department in April 2006; reply had not been received (July 2006).

**Public Works Department  
(Buildings and Roads Branch)**

**4.3.2 Loss of interest due to heavy unspent balance for purchase of bitumen**

**Placing huge amount at the disposal of Indian Oil Corporation Limited Refinery resulted in loss of interest of Rs 30.72 lakh.**

Financial Rules provide that money should not be drawn unless required for immediate disbursement. It is not permissible to draw advances for the execution of works, the completion of which is likely to take a considerable time. The Executive Engineer, Provincial Division, Public Works

<sup>15</sup>

Sr. No.	Name of the contractor	Date of announcement of award	Amount (Rs in lakh)
1.	Sh. Dharam Parkash	24 September 1999	12.15
2.	Sh. H. S. Suhag	29 June 1999	6.30
3.	Sh. Dharam Pal	27 December 2001	0.71
		<b>Total</b>	<b>19.16</b>



Department, Buildings and Roads Branch (PWD-B&R), Panipat (EE) was the nodal officer for procurement of bitumen from Indian Oil Corporation Limited Refinery (IOCL) for all the Provincial Divisions of PWD (B&R).

Test-check of records (December 2005) of the EE revealed that the Engineer-in-Chief (EIC) used to place lumpsum amounts at the disposal of the EE for the purchase of bitumen of all the Divisions. The EE, in turn, would deposit the amount in consumer account maintained by IOCL without verifying the available unspent balance and without co-relating with immediate actual requirement of bitumen. It was observed that a sum of Rs 5.10 lakh was lying with IOCL as advance payment on 28 February 2003. Further, Rs 16.49 crore were deposited with IOCL against which bitumen valuing Rs 16.39 crore was received from April 2003 to March 2006. Heavy balances ranging between Rs 14.68 lakh and Rs 6.04 crore remained with IOCL during the period from April 2003 to March 2006. Thus, placing huge amount at the disposal of IOCL without actual requirement of bitumen resulted in loss of interest of Rs 30.72 lakh as detailed in *Appendix XXVI* (calculated on the basis of borrowing rates after excluding one month delivery period for supply of bitumen).

The EE stated (February and May 2006) that the funds were released by EIC on lumpsum basis by considering the probable demand of bitumen for all the divisions in near future which were deposited with IOCL. The EIC, Haryana PWD (B&R), Chandigarh stated (June 2006) that advance payments were made for the requirement of two/three months. The reply was not acceptable as there was no agreement with IOCL for making advance payment for two/three months. Payments were made in advance for the period ranging between 7 and 12 months and unspent balance remained with IOCL ranging between Rs 14.68 lakh and Rs 6.04 crore during the period April 2003 to March 2006. This shows that funds were released to IOCL without assessing the realistic requirement of bitumen. The Department should have reviewed the balances already lying with IOCL before releasing the further amounts.

The matter was demi-officially referred to the Financial Commissioner and Principal Secretary, Government of Haryana, Public Works Department (Buildings and Roads Branch) in June 2006; reply had not been received (July 2006).

### **Transport Department**

#### **4.3.3 Avoidable expenditure due to non-adjustment of insurance premium**

**Insurance of buses likely to be condemned during the year and non-adjustment of the premium against new buses resulted in avoidable expenditure of Rs 26.16 lakh.**

Transport Department was getting its buses insured with National Insurance Company Limited (Company). As per policy of the company, the premium paid in respect of those insured buses which were condemned during the same

year could be adjusted against the premium for the insurance of new buses at a nominal fee of Rs 50. Buses likely to be condemned during the year could also be insured only for a part of the year.

Test-check of records (March 2006) of General Manager, Ambala Depot and information collected subsequently (May 2006) from eight depots<sup>16</sup> revealed that the depots while getting the buses insured with the company, did not keep in view the likely condemnation of buses during the year and got them insured for full year. During the period December 2003 to June 2006, 128 buses which remained off the road for two/three quarters during the year after condemnation were got insured by paying premium of Rs 26.23 lakh for the full year, but the premium pertaining to the period after condemnation was not got adjusted against other buses.

Thus, getting insurance of buses for full year, which were likely to be condemned during the year and getting non-adjustment of the premium of condemned buses with new buses from company resulted in avoidable expenditure of Rs 26.16 lakh<sup>17</sup>.

The matter was demi officially referred to the Financial Commissioner and Principal Secretary to Government Haryana, Transport Department in June 2006; reply had not been received (July 2006).

**Town and Country planning Department  
(Haryana Urban Development Authority)**

**4.3.4 Loss of interest due to delay in adjustment of cost of land**

**By non-adjusting the cost of land against annual maintenance charges, Haryana Urban Development Authority suffered a loss of Rs 33 lakh due to non-charging of interest on principal amount.**

Haryana Urban Development Authority (HUDA) allotted (September 1997) 2.55 acre land to Irrigation Department, Haryana at Panchkula at a cost of Rs 2.12 crore for construction of 'Sinchai Bhawan'. As per terms and conditions of the allotment, the payment was to be made within 30 days from the date of allotment failing which interest at the rate of 18 *per cent* per annum was leviable. Irrigation Department deposited Rs 71.97 lakh in November 1997.

The balance amount of Rs 1.40 crore, as per the decision taken in a meeting under the Chairmanship of Chief Administrator (CA), HUDA, was to be adjusted against the raw water charges and annual maintenance charges payable by HUDA to Irrigation Department. Chief Engineer, HUDA confirmed in the meeting that Rs 1.50 crore were payable to Irrigation

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<sup>16</sup> Bhiwani, Fatehabad, Gurgaon, Hisar, Karnal, Panipat, Rewari and Sirsa.

<sup>17</sup> Rupees 26.16 lakh after adjusting Rs 50 per bus on account of fee for adjustment. Ambala: Rs 3.20 lakh; Bhiwani: Rs 2.64 lakh; Fatehabad: Rs 4.38 lakh; Gurgaon: Rs 0.54 lakh; Hisar: Rs 7.37 lakh; Karnal: Rs 3.35 lakh; Panipat: Rs 1.79 lakh; Rewari: Rs 1.54 lakh and Sirsa: Rs 1.35 lakh.

Department upto 31 March 1998 by HUDA on account of annual maintenance/raw water charges.

Test-check of records (January 2004) of Executive Engineer, HUDA Division No. III, Gurgaon (EE) and information collected subsequently (March 2006) revealed that the fact that only Rs 1.08 crore were actually payable to Irrigation Department upto 31 March 1998 on account of annual maintenance charges for the period 1995-98 and no amount was payable on account of raw water charges. Instead of adjusting this amount against the remaining cost of land, EE not only released the amount of Rs 1.08 crore to Irrigation Department, but further paid Rs 1.76 crore on account of annual maintenance charges during 1998-2001. The principal amount of Rs 1.40 crore was adjusted by the EE (Rs 99.37 lakh in April 2003 and Rs 40.57 lakh in September 2003). However, no interest was charged by HUDA for delayed adjustment of the cost of land.

By non-adjusting the cost of land against annual maintenance charges as decided in the meeting held on 23 March 1998, HUDA suffered a loss of Rs 33 lakh due to non-charging of interest on principal amount as per terms and conditions of allotment for the period from September 1997 to March 2001<sup>18</sup>.

The matter was demi-officially referred to Financial Commissioner and Principal Secretary, Town and Country Planning Department in January 2006; reply had not been received (July 2006).

#### **4.4 Idle investments/idle establishment/blocking of funds**

##### **Town and Country Planning Department (Haryana Urban Development Authority) and Urban Development Department**

#### **4.4.1 Blockage of funds and loss of interest**

##### **Non-finalisation of specifications of 'Hydraulic Platform' and 'Turn Table Ladder' for more than two years resulted in blockage of funds of Rs 8.09 crore and loss of interest of Rs 2.17 crore to HUDA.**

In the meeting held on 03 June 2002 under the Chairmanship of Financial Commissioner and Principal Secretary, Town and Country Planning and Urban Development Department, it was decided that for providing fire fighting equipment for high risk buildings in the Urban Estate Gurgaon, Director, Urban Development Department (Director) would procure the fire

<sup>18</sup> Adjustment made in April and September 2003, but interest has been worked out upto March 2001, because from April 2001 amount payable by HUDA to Irrigation Department exceeded the principal amount recoverable from Irrigation Department.

fighting equipment through Director General, Supplies and Disposals (DGS&D) Government of India, New Delhi for which the funds would be provided by Haryana Urban Development Authority (HUDA). Accordingly, the Director sent (September 2002) an indent for the purchase of 'Hydraulic Platform' and 'Turn Table Ladder' to DGS&D alongwith a demand draft for Rs 8.09 crore issued by HUDA.

Test-check of records (September 2003/December 2005) of Chief Administrator, HUDA and information collected from Director revealed that the process of procurement of above fire fighting equipment was held up till August 2003 due to delay in finalisation of technical particulars and specifications of the equipment. As the validity of bank draft had lapsed, the DGS&D returned (July 2003) the draft to Director for revalidation and asked for legible indent and delivery period for supply of equipment. The draft was got revalidated and sent to DGS&D (August 2003) alongwith revised indent and specifications. The DGS&D floated the tenders in August 2003. The matter remained under correspondence between DGS&D and the Director and specifications finalised in October 2004 and were sent by DGS&D to the Director for concurrence. Instead of giving consent, the Director again suggested (February 2005) major changes in the specifications viz. Hydraulic Platform (requirement of CAT and RACK arrangement and requirement of integrated hydraulic tank as part of mainframe) and Turn Table Ladder (by hand and foot arrangement in cage for leveling of cage in emergency), which were termed by DGS&D as restrictive in nature and was biased towards the design of one particular vendor. DGS&D therefore expressed its inability (February 2005) to arrange procurement and asked the Director to make direct procurement. Thereafter, HUDA requested (July 2005) refund of Rs 8.09 crore alongwith interest. The amount of Rs 8.09 crore was refunded (November 2005) to Director by DGS&D intimating that there was no provision for payment of interest under the DGS&D procedure. The fire fighting equipment had not been purchased as of April 2006 and funds were lying with the Urban Development Department.

Thus, non-finalisation of specifications of 'Hydraulic Platform' and 'Turn Table Ladder' in the first instance and change of specifications by the Director and HUDA (February 2005) even after floating the tenders (August 2003) by DGS&D resulted in blockage of funds of Rs 8.09 crore and loss of Rs 2.17 crore<sup>19</sup> on account of interest to HUDA. Besides, Urban Estate, Gurgaon could not be provided with fire fighting equipment even after lapse of more than three years.

The matter was demi-officially referred to the Financial Commissioner and Principal Secretary, Town and Country Planning Department and Urban Development Department in April 2006; reply had not been received (July 2006).

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<sup>19</sup> Rs 8.09 crore x 7.5/100 x 43 months = Rs 2.17 crore.

## Transport Department

### 4.4.2 Blockage of funds

**Injudicious decision of drawal of funds without immediate requirement resulted in loss of interest of Rs 23.26 lakh besides blockage of Rs 97.98 lakh.**

As per Punjab Financial Rules, as applicable to Haryana, no money should be withdrawn from the treasury unless it is required for immediate disbursement. It is not permissible to draw advances from the treasury for execution of works, the completion of which is likely to take a considerable time.

The Government allotted Rs 1.50 crore in March 2002 to Transport Department as additional central assistance for computerisation of Haryana Roadways Depots. The Department released these funds to HARTRON, being a nodal agency for computerisation in the State, (March 2002) without entering into any agreement as to cost, time or scope of work. The Government further sanctioned Rs 1.50 crore (Rs 0.50 crore: March 2003 and Rs 1 crore: March 2005) which were also released immediately to HARTRON without any demand from them. The computerisation was to be taken up in a phased manner. After computerisation of Chandigarh Depot on a pilot basis, two Depots were to be computerised each month so as to complete the entire process within one year.

Test-check of records (October 2005) of Transport Commissioner revealed that Transport Department deposited Rupees three crore with HARTRON between March 2002 and March 2005, but HARTRON spent only Rs 2.02 crore<sup>20</sup> (hardware: Rs 1.54 crore; software: Rs 23.09 lakh and manpower: Rs 24.54 lakh) upto February 2006 and balance amount of Rs 97.98 lakh was lying unutilised with HARTRON. Computerisation of Haryana Roadways Depots scheduled to be completed in 2002-03 was not completed so far (March 2006) inspite of lapse of three years.

The Transport Commissioner stated (March 2006) that the amounts were deposited with HARTRON with the approval of the Government against the said project with the understanding that actual amount will be spent with the approval of the Transport Commissioner and the interest accrued to HARTRON on this deposit will be credited to the account of Transport Department. But no interest was credited to the Transport Department (March 2006).

<sup>20</sup>

Year	Amount released (Rupees in lakh)	Expenditure
2001-02	150	43.17
2002-03	50	12.49
2003-04	-	23.60
2004-05	100	115.19
2005-06		7.57
<b>Total</b>	<b>300</b>	<b>202.02</b>

Thus, due to injudicious decision of drawal of funds in advance without immediate requirement resulted in blockage of funds of Rs 97.98 lakh. This also entailed loss of interest of Rs 23.26 lakh, calculated at borrowing rates (March 2006). Besides, the Department was deprived of optimum use of investment of Rs 2.02 crore due to slow process of computerisation as the modules developed and stabhzed by HARTRON had yet to be approved by the department (July 2006). Further, the HARTRON declined to pay the interest on the amount remained with it on the plea that said work was a deposit work and HARTRON was not liable to pay interest.

The matter was demi-officially referred to the Financial Commissioner and Principal Secretary to Government Haryana, Transport Department in April 2006; reply had not been received (July 2006).

#### **4.5 Regulatory issues and others**

##### **Public Works Department (Irrigation Branch)**

##### **4.5.1 *Lack of response to audit findings and observations resulting in erosion of accountability***

After periodical inspection of the Government Departments, Accountant General (Audit) (AG) issues the Inspection Reports (IRs) to the heads of offices inspected, with a copy to the next higher authorities. The executive authorities are to rectify promptly the defects and omissions pointed out and report compliance to the AG within six weeks. A half-yearly report of IRs pending for more than six months is sent to the concerned Administrative Secretary of the Department to facilitate monitoring of the Audit observations in the pending IRs.

A review of IRs issued upto March 2006 to 89 divisions, 25 Superintending Engineer's offices (SE's) and Engineer-in-Chief (EIC) of the Public Works Department (PWD), Irrigation Branch, disclosed that 742 paragraphs of 267 IRs (as per *Appendix XXVII*) remained outstanding at the end of June 2006. Of these, 24 IRs containing 46 paragraphs were more than five years old. Divisional Officers/SE's of 57 divisions, 16 Circles and EIC, failed to submit even the initial replies to 352 paras of 74 IRs issued during April 2005 to March 2006.

The Administrative Secretary of the Department who was informed of the position through half-yearly reports, failed to ensure prompt and timely action by the Departmental officers. Even serious irregularities such as loss due to theft, misappropriation and embezzlement amounting to Rupees nine lakh, recoverable amounts of Rs 11.53 crore from officers and contractors due to shortage of material, excess payments and other reasons in respect of PWD Irrigation Branch as categorised in *Appendix XXVIII* remained unsettled as of June 2006.

The matter was demi-officially referred to the Financial Commissioner and Principal Secretary, Public Works Department (Irrigation Branch) in May 2006; reply had not been received (July 2006).

## **Finance Department**

### **4.5.2 Follow-up on Audit Reports**

According to the instructions issued (October 1995) by the Finance Department and reiterated in March 1997 and July 2001, the Administrative Departments were to initiate, suo moto positive and concrete action on all Audit Paragraphs and Reviews featuring in the Comptroller and Auditor General's Audit Reports (ARs) regardless of whether the cases are taken up for examination by the Public Accounts Committee or not. They were also to furnish detailed notes, duly vetted by audit indicating the remedial action taken or proposed to be taken by them within three months of the presentation of the ARs to the Legislature.

A review of the position regarding receipt of Action taken Notes (ATNs) on the paragraphs included in the ARs upto the period ending 31 March 2005 revealed that the ARs for the period 2001-05 were presented to State Legislature in March 2002, March 2003, February 2004, March 2005 and March 2006 respectively. Of the 178 paragraphs and reviews of 31 Administrative Departments included in ARs 2001-05, 21 Administrative Departments had not submitted the ATNs on 75 paragraphs and reviews as per details given in the *Appendix XXIX*. Six Administrative Departments, out of those who have submitted the ATNs have not taken any action to recover the amount of Rs 207.99 crore in respect of 10 paragraphs and reviews as per details given in the *Appendix XXX*.

