

CHAPTER IV

Audit of Transactions

4.1 Fraudulent Drawal / Misappropriation/losses

Mahila Evam Bal Vikas Department

4.1.1 Embezzlement of Government money

Failure to observe the codal provisions facilitated embezzlement of Government money to the tune of Rs. 21.70 lakh.

The Treasury Rules provide that all money transactions should be entered in the cash book as soon as they occur and get attested by the officer incharge of the cash book in token of check. Officer in charge of the cash book is also required to verify the totals of the cash book or get it done by some responsible officer other than writer of the cash book and initial it as correct. As per instructions issued by Government in April 1963 every drawing officer is required to conduct a fortnightly verification of drawals made from the treasury with reference to the treasury voucher slips and is also required to record a certificate to that effect in the cash book. With a view to preventing fraudulent drawals from treasury, Government had issued further orders (December 2000) that a list of all cheques drawn during the month should be sent by the Treasury Officer to the Drawing Officer by the 10th of the following month and the Drawing Officer after recording the certificate of verification therein is required to return the list to the Treasury offices by the 20th of the same month.

Test-check (March 2004) of the records of the Project Officer, Integrated Child Development Scheme (POICDS), Bina, District Sagar (hereinafter referred to as Drawing Officer) pertaining for the period January 1998 to February 2004 revealed that Fortnightly verification of drawals with reference to treasury voucher slips was not done and certificate to that effect was not recorded in the cash book. Totals in the cash book were not checked by any other responsible officer. Entries in the cash book were not attested during January 1998 to October 2000. The system of submitting the monthly list of cheques by Treasury Officer to the drawing officer and verification thereof by the latter was not in vogue. Embezzlement of Government money to the tune of Rs.21.70 lakh had occurred as follows:

- A sum of Rs.24 lakh was shown as receipt in the cash book during October 1998 to June 2003 in respect of 104 bills whereas as per treasury records an amount of Rs.43.96 lakh was drawn against these bills. Thus an amount of Rs.19.96 lakh (Rs.43.96 lakh - Rs.24.00 lakh) was drawn from the treasury and embezzled.

- A cheque dated 23 January 2003 of Rs.1,45,576 drawn from treasury shown as receipt in the cash book on 25 January 2003. A sum of Rs.1,12,839 was shown as paid on that date (page 187 of the cash book) whereas the actual total of all payments on that date was Rs.62,839 only. Thus by inflating the total on the payment side, a sum of Rs.50,000 was embezzled.
- Similarly Rs.1,46,823 drawn from Treasury on a cheque dated 16 October 2002 were shown as receipt in the cash book on 19 October 2002. Out of this Rs.1,16,023 were shown as paid on that date but the correct total of all payments on that date worked out to Rs.66,023 only. In this case also embezzlement of Rs.50,000 was made possible by inflating the total on payment side of the cash book.
- Rs.0.71 lakh were drawn in February 1998 (Rs.0.01 lakh – Bill No. 8 to 11) and December, 2002 (Rs.0.70 lakh – Bill no. 89 to 93) on account of arrears of DA and Pay but the same were not found recorded in the cash book.
- On 31 March 2003, the total of payments of page no. 2 of the cash book was Rs.1,31,817 but Rs.1,34,817 was carried over to next page reducing the cash balance to that extent;

On this being pointed out by audit, the Collector, Sagar constituted (March 2004) a committee to investigate into the matter. The committee submitted (June 2004) its report confirming the above defalcation of Government money but no action to initiate any departmental actions or to report the matter to the Police etc. has been taken (January 2005).

Thus, non-adherence to the codal provisions and non-observance of the Government instructions facilitated embezzlement of Rs.21.70 lakh.

The matter was referred to the Government in May 2004; reply had not been received (July, 2004).

Narmada Valley Development Department

4.1.2 Fictitious and doubtful payment

There was fictitious and doubtful payment of Rs.15.78 crore on the works pertaining to rehabilitation and resettlement of the Sardar Sarovar Project affected families and in works pertaining to Rani Awanti Bai Lodhi Sagar Project due to ineffective financial control on the work of survey, site clearance, maintenance of canal and purchase of stationery etc.

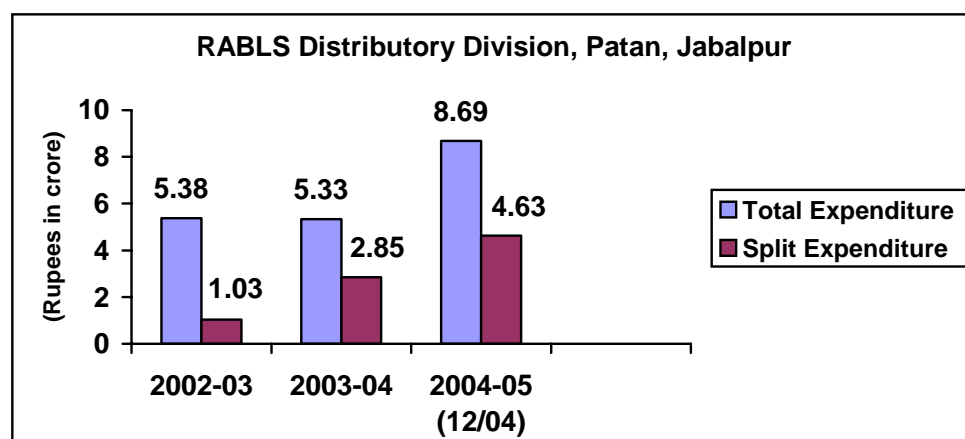
During the audit of vouchers of Executive Engineer (EE), Narmada Development Division No.22, Barwani, received in the office of the Accountant General, financial irregularities indicating fictitious and doubtful

payment of Rs.5.63 crore were noticed. On this being pointed out, the Government instituted (October 2004) an inquiry into the case and simultaneously requested (December 2004) for a special audit of all Narmada Valley Development authority (NVDA) field formations. Following this, a further test check of the vouchers received from 36 divisions of NVDA pertaining to the period from April 2002 to December 2004 was carried out. As per codal provisions, vouchers for expenditure exceeding rupees one thousand are received in the office of the Accountant General.

Audit observed that in addition to ND division No.22 Barwani, two other ND divisions viz. Rani Awanti Bai Lodhi Sagar (RABLS) Distributory Division, Patan (Jabalpur) and P.W.D, NVDA Sardar Sarovar Project (SSP) Rehabilitation Division, Barwani had incurred expenditure of large magnitude by splitting vouchers of avoid sanction of the higher authorities. Most of the bills were prepared on simple letterheads having no references to work orders or registration numbers of the contractors. The acceptance and payment of such bills were utterly irregular. These bills were not even machine numbered and in ND division No. 22 Barwani, these were not even countersigned by the EE. The specific irregularities noticed in these three divisions are discussed below:

RABLS Distributory Division, Patan

- For any work to be taken up, administrative approval and technical sanction are basic pre-requisites. In the distributory Division, Patan, two major agreements with contract values of Rs.9.64 crore and Rs.7.87 crore were running with NABARD assistance. However, only Rs.6.71 crore were actually spent on these works and Rs.8.51 crore were utilised on maintenance of canal, survey work, stationery etc though charged to these works.



Expenditure on maintenance of canals from funds allotted under NABARD assistance was not admissible as per its guidelines. Department has also not provided any budget for this purpose. The Divisional officer, however, flouting all the financial rules and setting aside instructions, guidelines and prescribed manual provisions, spent a huge amount on unapproved maintenance works; some of these were not required and some works did not

even exist. Payments aggregating to Rs.8.51 crore* were made through thousands of vouchers below Rs.5000 each to avoid sanction of higher authorities. Piece work agreements below Rs.50,000 were also resorted to for executing the works departmentally.

- C.E., RABLS project, Jabalpur issued Letter of Credit (LOC) of Rs.16.86 crore^{\$} to EE, Patan without reviewing and correlating the actual expenditure reported by the division with the physical progress of work during April 2002 to December 2004. This facilitated the EE to spend funds at his discretion even on works that were not sanctioned. Despite exercise of checks such as site/office inspections, monitoring of NABARD reimbursement claims, review of monthly expenditure, preparation of budget estimates etc. by the CE and the SE, the irregularities continued over a long period of time. In fact, as per statements made by the Department, the CE was aware of the misappropriation of funds at the time of review of expenditure statement of August 2004 but no effective action was taken to remedy the situation. Thus, there was a failure in effective control and monitoring on the part of higher authorities.
- Works costing Rs.4.66 crore were got executed on verbal orders of EE through unregistered contractors which included construction of drains costing Rs.1.71 crore by splitting vouchers below Rs.5000 each.
- Maintenance works costing Rs.1.94 crore were executed on 387 piece work agreements without any budget in total disregard of codal provisions. Of these, 69 works valuing Rs.32.96 lakh were executed even without entering into any agreement. The entries in the dispatch register for issue of work orders were manipulated by inserting several work orders with sub numbers indicating tampering of official records. Even the references of such piecework agreements were not recorded on the vouchers as required.
- An excess payment of Rs.39.60 lakh was noticed due to execution of work on piecework agreement at the Unified Schedule of Rates (USR) instead of at 6 per cent below as provided in USR. The excess payment was accepted by EE.

			<i>Rupees in lakh</i>
<i>Sl. No.</i>	<i>Name of works</i>	<i>No. of bills/ Vouchers</i>	<i>Amount paid</i>
1	Leveling of top surface of banks of new canals	2727	115.89
2	Stationery, photocopy, computer typing, Ammonia printing/tracing	3918	192.00
3	Construction of drains	3800	170.95
4	Jungle clearance and survey work	1444	74.14
5	Moorum spreading on service roads and diversions	582	115.97
6	Other items of maintenance	2150	182.53
	<i>Total:</i>		851.48 say Rs.8.51 crore

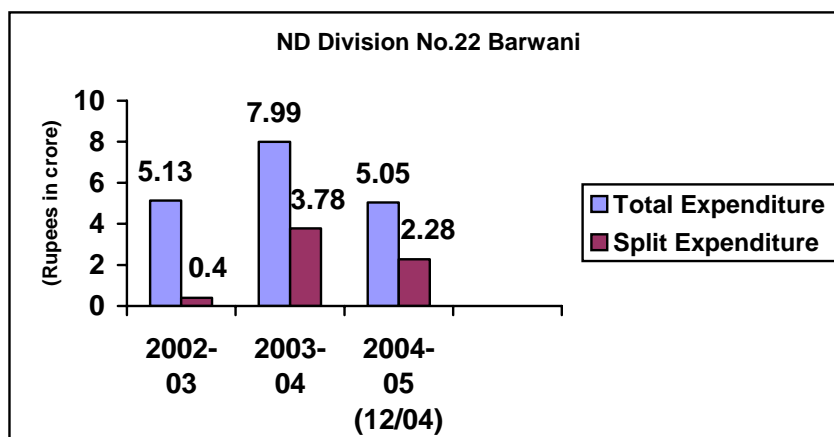
					<i>Rupees in crore</i>
	<i>2002-03</i>	<i>2003-04</i>	<i>2004-06 (upto 12/2004)</i>	<i>Total</i>	
RABLS Distributory Division, Patan	3.70	4.71	8.45	16.86	

- Measurement book was not maintained properly. In a number of cases, description of work, location of site with reach, dimensions and measurements were not recorded. Entries were not made in chronological order. Measurements against work orders worth Rs.4.66 crore were recorded and checked by SDO and EE on the same date as that of the bills. In a number of cases the item of levelling of top surface on banks valuing Rs.1.16 crore was measured in sq.m without any reference to levels. These measurements were recorded and checked after 10 to 15 days from the date of the bill, which is practically not possible. Thus the authenticity of the recorded measurements was open to question. Certificate by Sub-Engineer to the effect 'measurement taken and bill recorded' was found recorded on pages of MB 1053 even though no entry of measurement existed. The division was renamed as per notification issued on 1 June 2004; however in some cases the seal with the new name was used to attest entries pertaining to period prior to renaming of the division. Thus the *modus operandi* adopted for measurements and maintenance of MBs indicated that the measurement books were fabricated only to justify the payments for the works.
- The divisional Officer also incurred (April 2002 to December 2004) an abnormally high expenditure of Rs.1.92 crore on office stationery (Rs.33 lakh), ammonia printing and tracing (55 lakh), photocopying and typing (Rs.1.04 crore). The entire stationery was shown as procured from the local market disregarding MP Stores Purchase rules. The stationery register (receipt and issue) was not made available to audit for verification. Supply orders covering Rs.13 lakh, though shown in the supply order register as issued to suppliers were not found despatched as per the despatch register. Thus, it appears that supply orders were prepared as an afterthought to justify procurement and incurring of expenditure of such high magnitude.
- As the work orders were split, the deduction of income tax, commercial tax and royalty which would have been applicable otherwise could not be levied. Consequently, revenue to the extent of Rs.34.67 lakh (Income tax-Rs.10.44 lakh, Commercial tax-Rs.9.32 lakh and Royalty-14.91 lakh) had to be foregone.

ND Division No. 22, Barwani

The payments for the works were split up into thousands of vouchers by keeping the amount below Rs.5000 in each case. Aggregate expenditure

through split vouchers of less than Rs.5000 each aggregated to Rs.6.46 ^Ψcrore* in the division between April 2002 and December 2004.



Further, these works were got executed through a few selected contractors by the Sub Divisional Officers (SDO). The works were executed without inviting tenders, without sanction of estimates and without entering into any agreement. No record was kept of the progress of works though progress reports for other sanctioned works were being sent to higher authorities regularly. As against technical sanctions of Rs.12.60 lakh and Rs.7.52 lakh accorded (April-May 2003) for survey and grievance redressal works, Rs.2.92 crore and Rs.67.33 lakh respectively were spent unauthorisedly; the revised technical sanctions had not been obtained so far. Other cases of irregularity noticed in this division were as discussed below:

- The payments of Rs.2.32 crore against 4649 vouchers for the work of filling of earth or moorum with watering and compaction of 1,96,610 cum as a combined item at the high rate of Rs.118 per cum was irregular. Being different items, their clubbing and payment on single rate without any rate analysis was not justified. The execution of such item in huge quantity without specifying the exact location or site was also highly irregular and the expenditure appeared to be fictitious.

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Sl. No.	Name of works	No. of sites	No. of contractors	No. of bills/ Vouchers	Amount paid (Rupees in lakh)
1	Survey works through contractors	25	10	4747	291.54
2	Supply of labourers for survey works	25	10	1064	55.13
3	Filling of earth or moorum	25	25	4649	231.91
4	Hiring of vehicles and labourers	25	15	1784	67.33
	Total				645.91
	Petty payments*	-	-		76.23

* Vouchers relating to petty payments (less than rupees, one thousand) are not sent to Accountant General along with the monthly accounts of the Division.

- Abnormally high expenditure (Rs.76 lakh) was incurred during the period April 2002 to December 2004 on petty payments on account of photocopying, PUL, typing etc. for which vouchers (less than Rs.1000 each) are not required to be sent to the Accountant General.
- An expenditure of Rs.67.33 lakh was incurred for providing vehicles and labours for complaint cases for survey and leveling and rechecking of house property survey, without the sanction of competent authority. It included Rs.21.11 lakh only on hiring of private vehicles and Rs.2.45 lakh towards contractors' commission. Interestingly, logbooks in respect of hired vehicles were not maintained; even the registration numbers of such vehicles were not on record. The payment of such a huge amount for hiring of private vehicles without any record and the sanction of the competent authority was not only irregular but doubtful.
- As the works order were split, the deduction of income tax, commercial tax and royalty which would have been applicable otherwise could not be levied. Consequently revenue to the extent of Rs.48.59 lakh (Royalty charges Rs.29.48 lakh, Commercial Tax Rs.4.64 lakh and Income Tax Rs.14.47 lakh) had to be foregone.
- According to the Unified Schedule of Rates (USR) 1998 no separate payment was admissible for ordinary jungle clearance while executing the items of work like (a) chain and compass survey, (b) chain and theodolite survey, (c) fly leveling for fixing temporary bench marks, and (d) leveling and double leveling for transfer of bench marks. However, a separate payment of Rs.17.51 lakh was made for ordinary jungle clearance in contravention of the USR provisions, which amounted to excess payment to contractors. Besides, an amount of Rs.20.68 lakh was also paid on account of construction of temporary approach roads without the sanction of proper authority.
- CE (PWD), N.V.D.A, Bhopal issued LOC Rs.18.90* crore to E.E.N.D. Division, Barwani without mentioning the names of various works to be taken up as required under Finance Department order dated 13 December 1984. This facilitated the division to spend the funds on works which were either not approved or for which funds were not allotted.

**P.W.D., N.V.D.A. Sardar Sarovar Project Rehabilitation Division,
Barwani**

- The Sardar Sarovar Project Rehabilitation Division, Barwani also adopted the similar procedure of splitting of payments into thousands of vouchers below Rs.5000 each and thus incurred unauthorised expenditure to the tune of Rs.63 lakh. Similarly by executing Piece Work Agreements of

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	<i>Rupees in crore</i>			
	<i>2002-03</i>	<i>2003-04</i>	<i>2004-05 (upto 12/2004)</i>	<i>Total</i>
<i>ND Division No.22, Barwani</i>	<i>5.60</i>	<i>8.10</i>	<i>5.20</i>	<i>18.90</i>

individual value below Rs.50000 an expenditure to the tune of Rs.18.08 lakh was incurred unauthorisedly by splitting of expenditure.

On the financial irregularities pertaining to ND Division No.22, Barwani being pointed out in audit, the Government admitted (December 2004) to large-scale financial irregularities in the division. Officials found involved were placed under suspension. In respect of RABLS Distributory Division, Patan, the CE accepted (March 2005) the facts and held the EE responsible for the lapses. He further stated that LOC was issued to the division as per demand of EE and recommendation of SE; the control over the expenditure was done on the basis of total expenditure shown in statement under the works. Justification furnished by the CE is not acceptable as the CE was aware of the misutilisation of funds and did not take any remedial action.

4.2 Infuctous/ wasteful expenditure and overpayment

Water Resources Department

4.2.1 Excess payment on account of escalation and short recovery of hard rock

Excess payment of Rs.5.50 crore due to incorrect calculation of escalation besides short recovery of Rs.11.39 lakh on account of hard rock issued to the contractor.

The work of construction of Madikheda masonry dam (Sindh Project Phase-II) was awarded (November 1993) at a cost of Rs.122.82 crore for completion within 60 months including rainy season. The contractor could complete only 2 per cent work within the stipulated period due to non clearance of forest land which was finally cleared in February 2000. The time extension of 7 years was granted (May 2001) by the Chief Engineer. The work was in progress and payment of Rs.139.45 crore (including escalation of Rs.53.95 crore) was made upto August 2004.

(a) Scrutiny of records revealed excess payment of Rs.5.50 crore on account of escalation due to adoption of incorrect base indices. In terms of the contract the base indices on the date of opening of price bids was to be taken for computation of escalation. However, upto September 2003, the division had taken September 1993, the date of opening of price bids, as the relevant base index but in October 2003, the base month for computation of escalation was changed to May 1993, the date of opening of tender.

On this being pointed out, the E-in-C stated (December 2003) that the date of revised offer was 22 May 1993, the date on which the contractor offered his first negotiated offer and this was adopted for payment of escalation.

Reply is not tenable as the date of 22 May 1993 was the date of first negotiated offer. In terms of contractual provision the base indices for the month of price bids was to be considered for computation of escalation. The

department had sought revised offer and accordingly the contractor offered the rebate of 3.46 per cent in September 1993 which was further reduced with additional rebate by 4 per cent in October 1993. Thus the final bids were offered by the contractor in October 1993 which should have been considered for base indices for the purpose of computation of escalation.

(b) As per provision of the Unified Schedule of Rates (USR), “For accounting of the excavated hard rock (inclusive of 40% voids) giving due consideration to unavoidable wastage, the quantity of utilizable rock to be recorded in books shall be 1.30 times (inclusive of 16% voids) of the quantity paid in excavation (solid rock cut). No further reduction for wastage is permissible”.

Contrary to the above provisions, the department had accounted for 65378.213 cum hard rock as against 84991.61 cum (65378.213 X 1.30) resulting in short recovery of Rs.11.39 lakh (19613.39 cum @ Rs.58.10).

On this being pointed out, the EE replied (December 2002) that the contractor was not bound by the provisions of USR as the contract does not speak of such provision. The reply was not tenable as the mode of measurement stipulated in the USR is applicable on all contracts.

The matter was reported to Government (August 2003). Reply was awaited as of January 2005.

Public Works Department

4.2.2 Payment for work not actually executed

Payment for trench excavation at the rate of Rs.86 per cum resulted in excess payment of Rs.37.89 lakh.

Strengthening and widening of 87.06 km roads of Raisen District (probable amount of contract Rs.32.14 crore) under Central Road Fund (CRF) was awarded (2001-02) to three different contractors at 4.01 per cent to 7.20 per cent below the schedule of rates (SOR) issued in June 2000 by the Engineer-in-Chief, MP, PWD. Rupees 26.64 crore were paid to these contractors upto May 2004 through running bills.

According to the estimates and scope of work, the contractors had to excavate 1,62,164 cum of earth in trenches for widening of the road crust at the rate of Rs.86 per cum and also construct earthen embankment 157520 cum for widening of the formation width.

As per the rate analysis for item of SOR- “excavation of widening in trench” the item included two works- (i) Excavation of trench for widening (@ Rs.43 per cum) and (ii) construction of the embankment (@ Rs.43 per cum). Therefore the rate of Rs.86 per cum was payable when both the works were executed.

Scrutiny of the running bills revealed that the contractors had executed the quantity of excavation in trench for widening of road crust to the extent of 98160.26 cum but no embankment with equal quantities of earth work was

constructed. The contractors were paid at the full rates of Rs.86 per cum instead of Rs.43 per cum for excavation only resulting in payment of Rs.37.89 lakh for work not done.

Further, the embankment constructed was of 38,898.03 cum only and was paid separately as per another item of work included in the agreement.

On this being pointed out in audit, the Chief Engineer informed (November 2004) that an amount of Rs.33.94 lakh out of Rs.37.89 lakh has been recovered. While recovery was made at the instance of audit, no action against defaulting officers was taken.

The matter was reported to Government in April 2003. Reply was awaited as of January 2005.

4.2.3 Excess payment due to use of hume pipes of leaner specification in construction of culverts

Non-adjustment of rates on account of use of RCC hume pipes IS-458-1988 in place of IS-458-1971 resulted in an excess payment of Rs.55.56 lakh to contractors.

Percentage rate tenders for construction of hume pipe culverts and vented causeways were invited by five Public Works Divisions (Divisions) based on Bridge Schedule Of Rates (SOR) issued by Chief Engineer, Public Work Department (Central Zone), Jabalpur effective from 1 October 1990 and Bridge SOR issued by the Engineer-In-Chief, Madhya Pradesh PWD effective from 15 February 2001. Both the SORs provided for use of NP3 RCC hume pipes of IS-458 -1971 standard. This IS code was replaced by IS-458-1988. At present hume pipes of IS-458-1971 are not being manufactured.

It was noticed that Madhya Pradesh Rural Road Development Authority (MPRRDA) had also adopted the same SOR for construction of culverts and vented causeways. On the basis of rate analysis of both types of hume pipes, MPRRDA observed that NP-3 IS-458-1988 were lighter in comparison to NP-3 pipes- IS-458-1971 and decided (May 2002) that contractors may be allowed to use hume pipes as per IS 458-1988 in place of NP-3 IS-458-1971 with the following deductions from the full rate of SORs:-

Sl. No.	SOR reference	Deduction in Rupees per running metre for	
		1000 mm dia pipe	1200 mm dia pipe
I	Agreement drawn on bridge SOR of 1990	350.00	528.00
II	Agreement drawn on bridge SOR of 2001	452.00	722.00

Scrutiny in audit revealed that the works of construction of RCC hume pipe culverts and vented causeways were entrusted to various contractors by the divisions during 2000 to 2003 based on the above referred SORs. The works were got executed with NP3 hume pipes of IS 458-1988 but no deductions

were made on account of use of hume pipes of leaner specification which had resulted in an excess payment of Rs.55.56 lakh^{\$} to contractors.

On this being pointed out in audit, the Executive Engineers (EEs) stated (May –August 2004) that neither were the SORs amended nor agreements entered into with the contractors provided for any deduction in rates and also no order was issued by the department for such reduction.

The replies were not tenable as the fact remains that the pipes of specifications mentioned in the contracts were not utilized, even after issue (March 2003) of amendment by the Engineer-in-Chief, Tender documents were also not amended accordingly.

The matter was reported to Government in September 2004, reply was awaited as of January 2005.

Narmada Valley Development Department

4.2.4 Overpayment due to incorrect measurements and extra cost due to non-verification of the resources of the contractor

Inflated measurement relating to various items of works including dry and wet excavation resulted in overpayment of Rs.4.08 crore to the contractor; besides that, award of work without ascertaining the contractor's resources also resulted in extra cost of Rs.22.17 crore.

Item rate tenders along with prequalification bids for earth work, cement concrete lining and masonry structures of Bargi Right Bank Main Canal from RD (-) 43 m to 50 Km were invited in 12 groups (5 in December 2001 and 7 in March 2002) by the Chief Engineer (CE), Upper Narmada Zone, Narmada Valley Development Department (NVDD), Jabalpur. The works were taken up with NABARD loan and under the Accelerated Irrigation Benefit Programme (AIBP) of Government of India.

The bids of qualified tenderers were opened and the lowest offers of tenderer 'A' in ten groups at an aggregate tendered cost of Rs.123.07 crore (overall 22.33 to 39.49 percent below) against the estimated cost of Rs.185 crore were accepted by the NVDA between February 2002 and May 2002. The work orders were issued during March to July 2002 to complete the works in 12 months (5 groups) and 24 months (5 groups).

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S. No	Name of Division	No. of works	Excess payment
1	P.W.D Division, Dewas	18	Rs.21,87,818
2	P.W.D. Division Hoshangabad	05	Rs.2,72,688
3	P.W.D. Division, Neemuch	05	Rs. 8,85,241
4	P.W.D. Division No. 1, Ujjain	02	Rs. 2,39,803
5	P.W.D. Division No. 2, Ujjain	07	Rs. 19,70,930
	Total	37	Rs.55,56,480 Say 55.56 lakh

Audit scrutiny (May-June 2004) revealed that during prequalification, the list of Plants and Equipment (P&E) required for each group of work was specified only in 4 groups. It was further seen that the contractor 'A' had produced the same list of P&E in all the groups. Obviously the contractor did not have sufficient P&E for execution of work of all the groups simultaneously from the beginning, which caused tardy progress of works. Consequently, the Executive Engineer (EE) terminated (November 2003 - February 2004) all the contracts. The contractor could execute the works of Rs. 51.74 crore (42.04 per cent) till termination of contracts.

Following irregularities were noticed in audit: -

Overpayment

Inflated measurements of various items of works including dry and wet excavation in all types of rocks other than hard rock were recorded and payments on Running Account Bills (RAB) were made accordingly. It was further noticed that the initially recorded measurements of these items were reduced substantially in the final bills pending with the division. These five final bills for all the five group were recorded for minus payment of Rs.4.08 crore resulting in over payment to the contractor as under:

Sl. No.	Agreement No./ Year	Reach	Amount of incomplete final bills	Reference to bills
			(Rs. in lakh)	
1	1/DL/2001-02	Km(-)0.043 to 5.50	(-) 111.80	8 th & final bill
2	2/DL/2001-02	Km 5.50 to 7.50	(-) 165.56	8 th & final bill
3	1/DL/2002-03	Km 7.50 to 9	(-) 06.57	7 th & final bill
4	3/DL/2001-02	Km 9 to 12	(-) 93.87	13 th & final bill
5	3/DL/2002-03	Km 36.50 to 42	(-) 30.36	7 th & final bill
		Total	(-) Rs.408.16 lakh Say 4.08 crore	

Extra cost

It was further noticed that out of the tenders for all remaining works floated (February to June 2004), tenders for five groups were accepted and awarded (April 2004 to August 2004) to other contractors at higher rates.

Thus, injudicious and simultaneous award of works of 10 groups to a single contractor without ascertaining the availability of actual required P&E with him separately for each group of work led to termination of contract which

resulted in extra cost of Rs.22.17* crore in 5 groups besides shifting the targeted period of completion of the project.

EE stated (June 2004 & October 2004) that the over payment will be recovered by adjusting the Earnest Money. Deposit (EMD) Security Deposit (SD) and Performance Security (PS) available with the department. As regards termination of contracts he admitted the fact of shortage of P&E with the contractor which adversely affected the progress of the works. He further stated that extra cost would be recovered after completion of the works by adjusting the amount available with the department.

Reply is not tenable as the available amount of EMD, SD and PS amounting to Rs.4.58 crore would not be sufficient to adjust the overpayment including extra cost.

The matter was reported to Government in August 2004 and November 2004; reply was awaited as of January 2005.

Forest Department

4.2.5 Excess/avoidable expenditure due to incorrect application/ fixation of job rates

Excess/ avoidable expenditure of Rs.55.27 lakh due to incorrect application/ fixation of job rates in DFO (G) Shivpuri, Field Director Pench Tiger Reserve and CF Seoni in respect of felling of Khair trees & construction of boulders check dam.

As per departmental instructions (April 1981) the job rates for various items of forestry works susceptible of measurement were required to be fixed by the Conservator of Forests (CF) in respect of their circle, after detailed and proper work study.

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(Rupees in lakh)

Sl. No.	Agreement No/ Year	Amount of incomplete final bill	Reach	Cost of balance work	Cost to complete the balance work	Extra cost
01.	1 DL/01-02	(-) 111.80	Km (-) 0.043 to 5.50	632.31	1236.86	604.55
02.	2 DL/01-02	(-) 165.56	Km 5.50 to 7.50	510.82	935.43	424.61
03.	1 DL/02-03	(-) 6.57	Km 7.50 to 9.00	489.05	870.49	381.44
04.	3 DL/01-02	(-) 93.87	Km 9.00 to 12.00	493.74	799.04	305.30
05.	3 DL/02-03	(-) 30.36	Km 36.50 to 42.00	750.96	1252.00	501.04
	Total	(-) 408.16 Say Rs.4.08 crore				2216.94 Say Rs.22.17 crore

- Accordingly, the CF Shivpuri Circle, Shivpuri fixed (January 1999) the job rates as 0.141 manday per tree for felling of *khair* trees having girth class 38-60 cm. The effective rate for the years 1999-2000, 2000-2001 and 2001-2002 worked out to Rs.8.57, Rs.8.79 and Rs.9.57 per tree respectively.

Similarly, in Seoni Circle the CF on the recommendation of the Committee constituted for the purpose fixed (November 2003) the job rate as one manday per cum for construction of boulder check dam, the effective rate working out to Rs.70.80 per cum for the year 2003-04.

Test-check of records of Divisional Forest Officer (DFO) (General), Shivpuri (November 2003) and information collected from Field Director, Pench Tiger Reserve, Seoni (April 2004) revealed that excess expenditure to the tune of Rs.25.79 lakh was incurred on felling of 96,137 *khair* trees and work of 5521.408 cum for construction of check dam due to incorrect application of job rates as detailed below:

(Rupees in lakh)

Sl. No.	Name of Division	Item of work	Period of execution	Quantity of work	Sanctioned Rate (Rs.)	Admissible expenditure	Actual expenditure	Excess expenditure
I.	Shivpuri	Felling of Khair trees	1999-00	4357	8.57 per tree	0.37	1.38	1.01
			2000-01	49774	8.79 per tree	4.37	14.65	10.28
			2001-02	42006	9.57 per tree	4.02	14.62	10.60
II	Field Director Pench Tiger Reserve	Construction of boulders check dam	January 2004 to February 2004	5521.408 Cum.	70.80 per Cum.	3.91	7.81	3.90
	Total-2					12.67	38.46	25.79

DFO (G) Shivpuri stated (November 2003) that the expenditure was within the norms fixed by the Chief Conservator of Forests (Production) (CCF) (P) in February 1997, under 'State Trading in *Khair*'. The reply was not acceptable as the norms fixed by the CCF (P) were the maximum permissible inclusive of the expenditure on maintenance of depot, construction of extraction path etc. The work should have been executed as per the job rates fixed by the CF.

The Field Director, Pench Tiger Reserve, Seoni stated that a reference has been made to CF Seoni (December 2003) to revise the rate for the area of Pench Tiger Reserve in view of the geographical condition of the Park. The reply was not acceptable as the job rates have been fixed by the CF on the recommendation of the Committee constituted for review of the existing job rate.

The CF Seoni Circle, Seoni fixed (1998-99) a job rate of two mandays per cum for construction of boulder check dam which was effective up to 2002-03. The prevalent job rates in adjoining circles for the same job ranged between 0.58 manday and one manday. In 2003 the CF constituted a Committee of Divisional Forest Officers (DFOs) of the circle to examine the existing job rates of various forestry works. In November 2003, the rate of construction of boulder check dam was reduced to one manday per cum by CF on the basis of recommendation of the said committee. Thereafter the work

was executed at the reduced rates. Thus it was evident that the job rate for the construction of boulder check dam was fixed (1998-99) on the higher side. The Department has not furnish details of the basis for fixation of job rates in 1998-99 in spite of repeated reminders.

Test-check of records of the Field Director, Pench Tiger Reserve, Seoni (December 2003) and further information collected (April 2004) from the office of the Field Director, Pench Tiger Reserve, Seoni and DFO (Territorial), North and South Seoni revealed that an expenditure of Rs.58.96 lakh was incurred on construction of 45706.687 cum of boulder check dam during 1999-2000 to 2003-04 (April 2004). Thus, this expenditure involved avoidable expenditure of Rs.29.48 lakh.

This resulted an excess expenditure of Rs.29.48 lakh. Had the job rate been fixed correctly in 1998-99 itself this excess expenditure could have been avoided.

On this being pointed out the Field Director, Pench Tiger Reserve stated (December 2003) that the payment for construction of boulder check dam was made as per the job rate sanctioned by the CF Seoni, Circle, Seoni. He further stated that a reference has also been made to CF Seoni (December 2003) to revise the rate for the area of Pench Tiger Reserve according to its geographical conditions. The decision of CF Seoni is still awaited (August 2004). The CF Seoni was also requested (May and August 2004) to send the decision alongwith work study report to Audit but these have not been received (August 2004). It was, however, noticed that in Forest Division North & South Seoni after revision of the job rate the work was got executed at the reduced rate i.e. one manday per cum.

The matter was reported to the Government and the Principal Chief Conservator of Forests (May 2004); their reply had not been received (August 2004).

Public Health and Family Welfare Department and Bhopal Gas Tragedy Relief and Rehabilitation Department

4.2.6 Pay and allowances to idle kitchen staff

Pay and allowances to the tune of Rs.1.19 crore were paid to kitchen staff while no cooked diet had been provided to the indoor patients.

To provide cooked diet to the indoor patients in the hospital, kitchen-staff viz-cook and mess servants were posted in the hospitals.

Test-check of the records of 7 health care units under the Public Health and Family Welfare and the Bhopal Gas Tragedy Relief and Rehabilitation Department revealed (January to April 2004) that while no cooked diet had been prepared and provided to the indoor patients, pay and allowances to the

tune of Rs.1.19 crore were paid to the kitchen staff. These staff continued to draw pay & allowances as detailed below:

Sl. No.	Name of the Unit/ Department	Number of the idle kitchen staff		Period involved	Amount paid (Rs. in lakh)	Remarks/ Reply of the department
1.	Public Health and Family Welfare Department	Post	Number			
(i)	Civil Surgeon-cum-Hospital Superintendent, Sagar	Cook Mess servant	2 4	1997 to 03/04	24.37	Milk was distributed and work of class IV were assigned to the staff. Matter was referred to the Director.
(ii)	Chief Medical and Health Officer, Khargone	Cook Mess servant	3 3	04/01 to 03/04	8.03	Work of class IV were assigned to the kitchen staff.
(iii)	Civil Surgeon-cum-Hospital Superintendent, Indore	Cook Mess servant	3 4	12/01 to 07/04	10.04	Matter would be referred to the higher authorities.
(iv)	Chief Medical and Health Officer, Raisen	Cook Mess servant	3 8	4/01 to 10/03	31.67	Work of class IV were assigned to the kitchen staff.
(v)	Chief Medical and Health Officer, Sidhi	Cook	8	02/95 to 06/95 07/99 to 07/04	19.74	Due to receipt of least budget the mess was not operated. Work of class IV were assigned to the kitchen staff.
(vi)	Civil Surgeon Cum Hospital Superintendent, Balaghat	Mess servant	2	02/02 to 08/04	02.82	The work of Aya was assigned to the kitchen staff.
2.	Bhopal Gas Tragedy Relief and Rehabilitation Department					
	Chief Medical and Health Officer (Gas Relief), Bhopal	Cook Mess servant	3 3	01/95 to 12/03	22.08	Food was not possible with in the existing rates prescribed. Distribution of milk/ bread and class IV work was assigned. Matter of adjustment and decision of the staff was under consideration of the Government.
	Total	Cook Mess Servant	22 24		118.75 or Rs.1.19 crore	

Underutilisation of the services of the staff and diversion of the staff for unspecified work for which necessary staff were already in position was irregular. No change was also made by the Government in the existing prescribed hospital procedure regarding supply of cooked food.

The matter was referred to the Government in July 2004; reply had not been received.

4.3 Avoidable/ Excess/ Unfruitful Expenditure

Water Resources Department

4.3.1 Unfruitful expenditure due to improper planning

Execution of Kalmoda Irrigation tank without approval from Forest Department and Government of India rendered expenditure of Rs. 75.10 lakh unfruitful.

Construction of Kalmoda tank designed to irrigate 182 hectares of land was administratively approved (November 1997) at a total cost of Rs.62.10 lakh by Government of Madhya Pradesh, (GOMP) Water Resources Department with assistance from National Bank for Agriculture and Rural Development (NABARD). The scheme was approved (January 1998) at revised cost of Rs. 87.52 lakh by NABARD under Rural Infrastructure Development Fund (RIDF) Phase – III and was to be completed by March 2000. Physical progress of Head Work and Canal was 30 percent and 100 percent respectively after incurring of an expenditure of Rs. 75.10 lakh as of June 2004.

The Forest (Conservation) Act 1980, stipulated that prior approval of Government of India (GOI) should be obtained for use of any forest land for all works started after 25th October 1980. NABARD guidelines also provided that land acquisition formalities should be completed and the conditions laid down by GOI, Ministry of Environment and Forest, should be fulfilled for obtaining the loan.

Audit scrutiny revealed that the Department, in contravention of above provision/guidelines, started the construction work (October 1998) without ascertaining the involvement of forest land and before initiating the action for obtaining the approval from GOI. Consequently, the Forest Department objected (February 1999) and asked to stop the execution of work forthwith. The case for clearance of forest land was mooted to GOMP in May 1999 which was under process with the State Government as of December 2004.

Thus, failure in identifying the forest land during the course of survey resulted in unfruitful expenditure of Rs. 75.10 lakh.

Further, the cost of the scheme was revised (November 2000) from Rs. 62.10 lakh to Rs. 139.08 lakh. The time over run led to cost-over run by Rs. 76.98 lakh.

On this being pointed the Chief Engineer (CE) stated (September 2004) that as there was no demarcation of Forest department at site, the department was unaware about the fact of involvement of forest land right from the appraisal to the approval of the project by NABARD to start of the construction work. However, the department became aware of the fact regarding involvement of forest land in November 1998, when the contractor was informally asked by Forest Department officials to stop work.

The matter was reported to Government in June 2004. The reply was awaited as of January 2005.

Public Works Department

4.3.2 Extra expenditure on item of work executed contrary to the specification

Execution of tack coat using paving bitumen instead of bituminous emulsion was contrary to the specifications leading to extra cost of Rs.2.25 crore.

Ministry of Road Transport and Highways (MORT&H) specification, while dispensing with use of paving bitumen in tack coat since 1995, provides that bituminous emulsion @ 2.5 Kg per 10 Sq m and 4 Kg per 10 Sq m should be used on black topped (BT) and granular road surface respectively. Despite this, the schedule of rates (SOR) issued (June 2000) by Engineer in Chief retained both the item tack coat using paving bitumen @ 5 Kg to 10 Kg per 10 Sq mts as well as bitumen emulsion was continued.

Scrutiny of 69 percentage rate contracts including contracts for works under Mandi Board Funds, awarded during 2000-01 to 2003-04 for BT renewal, strengthening and upgradation of road in 8 Divisions¹ disclosed that works of tack coat using paving bitumen instead of bitumen emulsion were executed and contractors were paid @ Rs.7.50 to Rs.14.80 per Sq m as against Rs.4.30 to Rs.7 per Sq m payable for emulsion.

Item of tack coat using paving bitumen was not only costlier but also was contrary to the MORT&H specifications, which had resulted in extra expenditure of Rs.2.25 crore.

¹

Sl. No.	Name of Division	No. of Agreements	Extra cost including tender percentage (Rs. In lakh)
1	PWD(B/R) Division Tikamgarh,	1	1.58
2	PWD(B/R) Division No.1 Mandla	16	42.41
3	PWD(B/R) Division Hoshangabad,	8	29.18
4	PWD(B/R) Division Betul,	7	25.81
5	PWD(B/R) Division Sehore,	4	21.69
6	PWD(B/R) Division No.2 Guna,	7	9.37
7	PWD(B/R) Division Dewas,	11	42.79
8	PWD(B/R) Division Shajapur,	15	51.68
	Total	69	224.51

On this being pointed out, most of the Executive Engineers stated that the tack coat was executed by paving bitumen as per SOR, estimate and agreement. However, the provisions in the agreements were not conforming to the prescribed specifications.

The matter was reported to Government in March and June 2004; reply was awaited (January 2005).

4.3.3 Extra cost due to execution of two wearing courses one over the other

Execution of single coat surface dressing prior to laying of Open Graded Premix Carpet with Seal Coat was superfluous and resulted in extra cost of Rs.47.62 lakh.

Ministry of Road Transport & Highways (MORT&H) specifications allow different types of wearing courses viz surface dressing (single or double coat), 20 mm Open Graded Premix carpet (OGPC) Semi Dense Bituminous Concrete (SDBC) etc. Any one kind of wearing course technically suitable could be chosen and laid on the previously prepared base to complete the final surfacing of a road.

Scrutiny in audit revealed that under three agreements for the work of upgradation of the roads, two types of wearing course viz single coat surface dressing and 20 mm OGPC with Seal Coat were laid one over the other. Provision and execution of Single Coat surface dressing prior to laying of OGPC with Seal Coat in these cases was superfluous which resulted in an extra avoidable cost of Rs.47.62 lakh*.

On this being pointed out, the Chief Engineer (CE) stated (December 2004) in reply that the work was executed in accordance with the sanctioned estimates and the provisions of contract. It was further stated that Single Coat surface dressing was just for protection of Water Bound Macadam (WBM) surface before laying of OGPC.

* Executive Engineer PWD (B/R) Division No.1, Guna

Agreement No. Tender %	Name of work	Extra cost due to execution of superfluous wearing course		
		Area (in Sqm)	Rate Rs./Sqm	Amount (in lakh)
15/2002-03 3.71 % below	Upgradation of Raghavgarh Ramnagar Sagar Peelghat road (13 Km)	35858.25	23.50	8.11 (7 th and final)
37/2002-03 8.98 % above	Upgradation of MN Road 20.40 Km.	53748.25	-do-	13.77 (9 th RA Bill)
70/2001-02 1.71 % below	Upgradation of 4 different roads	111421.12	-do-	25.74 (18 th and final)
Total				47.62

The reply is not tenable as the newly laid WBM surface itself formed the base and surface dressing was not required because WBM and OGPC were executed simultaneously.

The matter was reported to Government in July 2004; reply was awaited as of January 2005.

Narmada Valley Development Department

4.3.4 Extra cost due to inadequate survey and investigation

Inadequate Survey and Investigation led to variation in quantities and extra cost of Rs.49.41 lakh.

Specifications for Irrigation Projects provide that to arrive at properly detailed estimate, sub surface exploration is to be done by digging pits every 150 metres to a depth equal to full supply depth of canal. The Engineer-in-Chief, (E-In-C) Water Resources Department also issued instructions (September 1988) that adequate investigations for the sub soil strata down to the designed grade should be carried out either by excavation of open trial pits or if necessary by exploratory holes at appropriate intervals (100 metre in case of canal) to form the basis of working out the quantities of soil/rocks etc.

The estimate for earth work of Indira Sagar Project (ISP) Canal from Km 24.729 to 29.419 was sanctioned (May 1999) by the Chief Engineer (CE) for Rs.6.58 crore at Unified Current Schedule of Rates (UCSR 1998). The estimate was revised (November 2000) before calling the tenders for Rs.7.21 crore at the same UCSR. Necessary survey and investigation of the sub-soil strata had not been carried out before calling for tenders. The earth work of ISP Main Canal from Km 27.285 to 29.419 including 7 Nos. structures was awarded (March 2001) to contractor A to be completed within 24 months at the tendered cost of Rs.3.85 crore evaluated as 22.92 percent below UCSR 1998. The work was in progress; the contractor had executed the work for value of Rs.3.47 crore paid in January 2004 including escalation of Rs.9.17 lakh.

Audit scrutiny revealed that the estimated and agreed quantities of excavation in all types of soil, moorum and disintegrated / soft rock decreased during execution by 51.62 per cent (177625.40 cu.m to 85930.133 cu.m) and 54.63 per cent (241631.86 cu.m to 109594.398 cu.m) respectively. The quantities of hard rock increased by 320.03 per cent (56242.92 cu.m to 236240.172 cu.m) over agreed quantities. The variations in quantities themselves showed that adequate survey and investigations were not conducted.

Evaluation of tenders in audit revealed that had the quantities been correctly estimated, the cost of the entire work on the basis of executed quantities and balance of tendered quantities to be executed as quoted by the third lowest tenderer 'C' would have been Rs.421.08 lakh against the accepted rate of contractor 'A' for Rs.470.49 lakh. The extra cost of Rs.49.41 lakh (**Appendix-XLIII**) would have been avoided.

When pointed out in Audit (September 2003) the Government in reply stated (October 2004) that the strata in the region are variable and exact classification of strata could only be done after the excavation. Reply is not tenable as the wide variation in the quantities was the result of improper and inadequate survey.

The matter was reported to Government in June 2004; reply was awaited as of January 2005.

Housing and Environment Department

4.3.5 Unfruitful expenditure on development of plots

Expenditure on development of plots without assessing market demand resulted in blocking of funds to the tune of Rs.1.44 crore.

The Madhya Pradesh Grih Nirman Mandal (Mandal) develops plots, constructs houses and shops under various schemes and transfers them to the respective Estate Officers of the Mandal who maintain the properties till these are sold out. Before undertaking the development works, the local demand needs to be assessed properly and registration of 50 per cent of the plots for sale should be ensured, as envisaged in the guidelines issued on the subject.

Test-check of the records of the M.P. Housing Board divisions, Guna (February 2002), Sagar (September 2003), Rewa (January 2004), Bhopal division No 5 (June 2004), and Chhatarpur (June 2004), revealed that the Housing Board had purchased Government land measuring 21.955 hectares during 1980-81 to 1996-97 in rural areas to develop the land and carve out different sizes of plots for sale to the public. A total of 1108 plots of different sizes and categories were developed at the cost of Rs. 1.59 crore. Out of 1108 plots developed, only 167 plots could be sold as of December 2004 and the remaining 941 (85%) are still lying unsold (December 2004) as these are located at isolated places and are very far off from the main city.

Owing to the decision to undertake development works without assessing local demand and ensuring registration of 50 per cent of plots for sale, fund amounting to Rs.1.44 crore remained blocked as shown in the table below. Due to non-receipt of any application for registration, the ongoing development works of open drains, sump well, etc. were stopped (March 1999) in Guna Division.

(Rupees in lakh)

Name of Division	Guna	Sagar	Chhatarpur	Rewa	Bhopal	Total
Location of sites	Village Munipur, Tehsil Rajgarh Biaora, Distt. Rajgarh	Village Dhauhak-heda. Tehsil Hata Distt Damoh	(i) Village Sankatmochan Distt.Chhatarpur (ii) Village Kunwarpura Distt. Tikamgarh	(i) Village Ghurehata (ii) Village Amawa Tehsil Hanumana	(i) Village Mulsipur, Tehsil, Seronj, District Vidisha	
Area of Government land purchased during 1980-81 to 1991-92 (In hectares)	4.047	2.224	9.956	3.515	2.213	21.955
No. of plots developed	281	199	230	241	157	1108
Expenditure incurred on development work (Rs. in lakh)	21.34	44.35	44.46	25.82	22.58	158.55
No. of plots sold	110	Nil	03	52	02	167
No. of plots lying unsold	171	199	227	189	155	941
Cost of development work for unsold plots (Rs. in lakh) (on proportionate basis)	12.99	44.35	43.88	20.25	22.29	143.76 (Rs.1.44 crore)

The Commissioner, Madhya Pradesh Housing Board, in his reply (November 2003) attributed the lack of public demand to the site being located far away from the city and the non availability of source of water, etc.

Thus, injudicious decision and improper planning on the part of Madhya Pradesh Housing Board, resulted in blockage of funds to the extent of Rs.1.44 crore.

The matter was referred to Government in September 2004; reply had not been received (January 2005).

4.4 Regulatory Issues and Other Points

Revenue Department

4.4.1 Retention of Central assistance in the Public Account and non-contribution of State share for Centrally sponsored scheme

Centrally sponsored scheme for strengthening of revenue administration and updating of land records was not executed as envisaged, resulting in non-utilisation of Central assistance of Rs.5.01 crore.

The Government of India accorded (August 2001) administrative approval for Rs.7.44* crore for strengthening of Revenue Administration and updating of Land Records on 50 per cent matching contribution basis by the State Government under a Centrally sponsored scheme. Administrative approval for additional assistance for Rs.3* crore had also been accorded by GOI in February 2000 to strengthen revenue and survey training institute with latest computer technology system and audio visual aids. Expenditure on approved items was to be incurred during 2001-02. The State Government was to provide matching contribution of Rs.5.22 crore from its own budgetary resources. The State share was also required to be released along with the central share for implementation of the scheme.

Test check (August 2003) of the records of the Commissioner, Land Records and Settlement, MP and further information furnished in December 2004 by the Commissioner revealed that GOI contributed its share of Rs.5.22 crore (Rs.3.72 crore and Rs.1.50 crore) in August 2001 and February 2002 respectively. Of this Rs.3.22 crore were drawn by the State Government during 2001-02 and Rs.3.02 crore were deposited in 2002 in Civil Deposits. The balance of Central assistance of Rs.1.99 crore though credited to the State Government account by GOI in 2001-02 had not been drawn from the treasury and utilised as of November 2004. It was also noticed that expenditure of Rs.20.12 lakh was incurred out of the Central funds (Rs.5.22 crore) and

♣

		Rs. in lakh
1.	Construction of Patwari Training School building at Sagar, Morena and Sehore	120.72
2.	Renovation of State level training institute at Gwalior	39.81
3.	Modernisation of Departmental Training institute with modern equipments	31.04
4.	Payment of balance amount of aerial photography	83.08
5.	Strengthening of Departmental Library	19.00
6.	Purchase of 45 theodolite machines with distomat (Rs. 10 lakh per machine)	750.00
		1043.65

Rs.20.12 lakh from State funds on construction of Patwari Training School building during 2001-02. The balance of the matching share of Rs.5.02 crore however had not been released by the State Government.

The Commissioner replied in August 2003 and December 2004 that the matching share of State Government could not be contributed/drawn for want of approval by the Expenditure Finance Committee, Project Screening Committee and Council of Ministers. The approval was, however, granted in June 2003.

The reply was not tenable because the scheme was to be implemented in 2001-02 as envisaged. Further the State Government had not provided matching share equal to the Central Funds. Thus due to non contribution of matching share by State Government and improper planning the scheme for strengthening of revenue administration and updating of land records was not executed except incurring an expenditure of Rs.40.24 lakh on Patwari Training School, inspite of availability of Central assistance of Rs.5.22 crore.

The Government while admitting (December 2004) the facts stated that the balance of the matching State share of Rs.5.02 crore was not drawn as of November/December 2004 due to the ban on drawal of funds.

General

4.4.2 Failure of senior officials to enforce accountability and protect the interests of Government

Accountant General* arranges to conduct periodical inspection of the Government departments to test check, inter alia, the transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. When important irregularities etc. detected during inspection are not settled on the spot, Inspection Reports (IRs) are issued by the Accountant General to ensure rectificatory action in compliance of the prescribed rules and procedures and accountability for the deficiencies, lapses, etc. The Heads of Offices and next higher authorities are required to comply with the observations contained in the IRs and rectify the defects and omissions promptly and report their compliance to the Accountant General. The Accountant General also brings serious irregularities to the notice of the Heads of the Departments. A half-yearly report of pending IRs is sent to the Principal Secretary/Secretary of the Department to facilitate monitoring of the audit observations in the pending IRs.

Inspection Reports issued upto December 2003 pertaining to 521 divisions/offices of Forest, Water Resources, Public Works, Public Health Engineering and other Works[§] Departments disclosed that 13346 paragraphs

* Accountant General (Audit II), Madhya Pradesh.

§ Other Works Departments include Narmada Valley Development, Housing and Environment and Bhopal Gas Rahat (Relief and Rehabilitation) Departments.

relating to 3506 IRs remained outstanding since 1991-92 to the end of June 2004. Department wise position of the outstanding IRs and paragraphs were as follows:

Sl. No.	Department	Number of Inspection Reports	Number of Paragraph	Number of Auditee Units	Amount (Rupees in crore)
1.	Forest	758	2412	60	533.83
2	Water Resources	1120	3804	170	2386.47
3	Public Works	858	4200	139	2249.02
4.	Public Health Engineering	463	1999	82	1412.71
5	Narmada Valley Development				
	(i) Irrigation	201	561	57	464.82
	(ii) Building /roads	48	106	07	97.85
6	Housing and Environment (Capital Project Construction units)	47	211	05	96.78
7	Bhopal Gas Rahat (Works units)	11	53	01	16.86
	Total	3506	13346	521	7258.34

Out of these, 2088 IRs containing 7602 paragraphs had not been settled for more than 10 years. Even the initial replies, which were required to be received from the Heads of the Offices within six weeks from the date of issue were not received in respect of 404 divisions and offices for 404 IRs and 2007 paragraphs issued between January 2003 and December 2003.

A review of the IRs which were pending owing to non-receipt of replies revealed that the Heads of the Offices (whose records were inspected by the Accountant General) and the Heads of the Departments did not send any reply to a large number of IRs / paragraphs indicating their failure to initiate action in regard to the defects, omissions and irregularities pointed out in the IRs. The Principal Secretaries/ Secretaries of the Departments, who were informed of the position through half yearly reports, also did not ensure that the concerned offices of the Department took prompt and timely action.

Absence of any action against the defaulting officers facilitated the continuance of serious financial irregularities and loss to the Government, though these were pointed out in Audit. It is recommended that Government have a re-look into the procedure for fixing responsibility on the officials who failed to send replies to IRs/paragraphs as per the prescribed time schedule. Action made to be initiated to recover losses, outstanding advances, over payments, etc. in a time bound manner and revamp the system to ensure proper response to the audit observations.