

# **CHAPTER IV**

## **WORKS EXPENDITURE**

# **AUDIT REVIEW**

#### **4.1 Integrated Audit of Public Works Department (Public Works Department)**

##### *Highlights\**

*The department flouted the accepted budgetary norms and paid very little care in controlling expenditure. The unnecessary expenditure and locking up of funds in capital works undertaken on behalf of other departments were an indication of inadequate planning. Maintenance works undertaken by the department also did not reveal any planned approach and lack of basic vital data render it impossible to assess the adequacy of the works taken up. The huge workforce contributed to higher establishment cost and the shoddy maintenance of stores and works accounts leave scope for unidentified losses. The overall functioning did not indicate the caution required in spending funds economically.*

*The significant points noticed are given below:*

**- Funds were provided for non-existent flood relief works and utilised to meet the expenditure on on-going Capital and Plan works.**

*(Paragraph 4.1.5.1 (ii))*

**- The department had no specific criteria for classification of expenditure under Capital and Revenue and Plan and Non-plan.**

*(Paragraph 4.1.5.2)*

**- There were large gaps between approved cost and detailed estimate leaving scope for utilising the savings for works not contemplated in the original sanction.**

*(Paragraph 4.1.6.1 (i))*

**- Non-provision of lifts for patients in hospital building led to non-utilisation of first and second floors for more than two years.**

*(Paragraph 4.1.6.1 (iii))*

**- Avoidable delay was noticed in the construction of hostels for Scheduled Caste boys and inpatient ward facility in Primary Health Centre.**

*(Paragraph 4.1.6.1 (v) and (vi))*

**- Maintenance expenditure was incurred without detailed measurements.**

*(Paragraph 4.1.6.2 (iv))*

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Abbreviations used in this review are listed in the Glossary at Appendix 26 (Page 144)

**- High establishment cost was mainly due to incorrect regularisation of daily rated labourers and irregular recruitment of temporary casual labourers.**

*(Paragraph 4.1.7 (iii))*

**- Accounting records of stores and works were not maintained as per manual provisions.**

*(Paragraph 4.1.8 (i) and (ii))*

#### ***4.1.1 Introduction***

The Public Works Department (PWD) headed by two Ministers of Cabinet rank, and by the Chief Secretary to the Government at Secretariat level is responsible for construction, operation and maintenance of Government buildings and other infrastructure facilities. During 1998-2001, PWD implemented 104 schemes including building programmes for discharging these responsibilities.

#### ***4.1.2 Organisational set up***

The department is headed by a Chief Engineer (CE) assisted by a Surveyor of Works, one Architect, one Executive Engineer (Designs) and Assistant Engineer (Quality Control) and Senior Accounts Officer (SAO) in formulation of schemes, designing and accounting. The works are executed by three Circles each headed by a Superintending Engineer (SE) and 12 Divisions headed by Executive Engineers (EE).

#### ***4.1.3 Audit coverage***

The performance of the department for the period from 1998-2001 was reviewed in the office of the CE, three Circles and nine Divisions during March 2001 to July 2001. The review covers the Financial management, Programme management of Buildings component, Manpower management and Material management of the department.

#### ***4.1.4 Impact Assessment of Building programmes***

Public Works Department, a premier service department of the Government incurred nearly Rs 74 crore during 1998-2001 for construction and maintenance of residential and non-residential buildings of Government. The performance of the department with regard to planning and execution of construction and maintenance of buildings assessed with reference to timely completion, economy and quality revealed the following inadequacies.

(i) Though the department has a plan to house all Government offices in own building for the purpose of reducing heavy expenditure on rent and

safety for the Government properties, it had no details regarding offices housed in rented buildings.

(ii) The schemes were selected at random from the priority list of works approved by High Level Committee and budget provisions were made on *ad-hoc* basis. The preliminary estimate were prepared and administrative sanctions were obtained later resulting in savings and diversion.

(iii) The rates in the existing Schedule of rates for many items are much higher than the market rates and are to be revised downwards.

(iv) Taking up items of work not contemplated in the sanctioned estimate, substitution of item of work, deviation from agreement quantities at the time of execution indicated that the preparation of original plan and design was made without adequate forethought and caution.

(v) Though the delay in execution was mainly due to slow progress of work, additional works and change in design also contributed to the delay in execution.

(vi) There was inadequate staff in quality control wing resulting in inadequate check of quality in execution. Electrical works were not checked for quality.

(vii) Maintenance works which could be measured were carried out as job works and consequently payment was made without reference to quantity and rate.

(viii) Non-maintenance of Buildings register, Inspection register, Register of works, Transfer Entry Order register, Register of Advance payments, Liability register render it impossible to assess the adequacy or otherwise of the supervision and control by the Divisional officers.

The Government stated (November 2001) that they have taken note of these remarks.

#### ***4.1.5 Financial management***

The funds provided by the Legislature under Revenue and Capital under Grant 16 and 32 and expenditure incurred thereagainst during 1998-2001 are as under:

(Rupees in crore)

Year	Grant 16				Grant 32			
	Revenue		Capital		Revenue		Capital	
	Provi-sion	Expen-diture	Provi-sion	Expen-diture	Provi-sion	Expen-diture	Provi-sion	Expen-diture
1998-1999	35.99	35.35	21.39	21.36	6.77	6.76	11.89	11.08
1999-2000	39.64	38.88	26.86	26.83	9.79	9.77	18.67	18.66
2000-2001	50.99	50.33	31.66	31.54	11.28	11.28	16.39	16.39

Besides, the department received Rs 2.11 crore from the European Economic Commission for implementing 'Tank Rehabilitation Project' and spent Rs 1.46 crore during 1999-2001. The department also spent Rs 6.82 crore on National Highways works which was to be reimbursed by Government of India (GOI) and received Deposit of Rs 19.63 crore from various Government and quasi-Government agencies for executing deposit works and spent Rs 17.34 crore during 1998-2001.

The apparently balanced budget and expenditure has to be seen in the light of the following deficiencies in the system.

#### 4.1.5.1 Budgetary procedure

**Provision of funds without administrative approval**

(i) Central Public Works Account Code provides that provision of funds in the Budget Estimates (BE) should be confined only to those works which had received administrative approval. This was not followed by the department and the CE prepared the Budget without specifying the works to be taken up. Sanction for the works was obtained later based on availability of funds. Consequently, delay or non-sanction of the work resulted in large scale re-appropriation as detailed below:

Year	Grant 16		Amount re-appropriated (Rupees in crore)	Grant 32		Amount re-appropriated (Rupees in crore)
	Total units of appropriation	Number of units re-appropriated		Total units of appropriation	Number of units re-appropriated	
1998-1999	153	126	5.35	143	110	5.92
1999-2000	153	129	8.61	140	114	4.98
2000-2001	161	127	5.92	144	119	6.15

Test check revealed that out of Rs 4.98 crore withdrawn by way of re-appropriation during 1999-2000 under Grant 32, Rs 4.01 crore was withdrawn due to non-receipt and belated receipt of administrative approval during the year. It was also noticed that Rs 1.50 crore was provided during 1998-99 for construction of Assembly Building even before administrative approval was granted, resulting in surrender of funds.

Government stated (November 2001) that it would be very difficult to chalk out a firm plan of action before preparation of BE as the priorities relating to provision of service infrastructure to public keep on changing. The Government contention goes against the codal provision as *ad hoc* provision in the budget amounts to lump sum provision.

**Provision of funds for non-existent flood relief works and its diversion**

(ii) General Financial Rules (GFR) permit provision of funds under Supplementary Grants for undertaking works not contemplated in the original budget and which cannot be postponed to next year. In the following illustrative cases this provision of GFR had been contravened.

As against Rs 3.30 crore sought for by the CE in May 1999 for undertaking relief work on flood damage to roads and canals during November and December 1998, Finance Department provided Rs 4.80 crore under the major head '2245 (Non-plan)' in Grant 6 'Revenue and Food' under Supplementary Grant. PWD spent Rs 4.78 crore during 1999-2000. The details of heads under which funds were provided, expenditure booked and the works on which the expenditure was actually incurred by PWD are furnished in the Appendix 18. Scrutiny of records revealed the following irregularities:

(a) Finance Department provided funds under Grant 6 operated by Revenue Department, for expenditure to be incurred by PWD. Further, as against Rs 3.30 crore requested by the CE towards flood relief works under Roads (Rs 1.48 crore) and Irrigation (Rs 1.82 crore) in Pondicherry and Karaikal, Rs 4.80 crore were provided for Roads (Rs 4.30 crore), Buildings (Rs 0.42 crore) and Irrigation (Rs 0.08 crore) for Pondicherry and Yanam.

(b) The funds provided for flood relief works were diverted by PWD to various other works listed below.

- (i) Acquisition of land in Yanam (Rs 0.29 crore).
- (ii) Settlement of bills relating to ongoing Capital road works (Rs 0.68 crore)
- (iii) Offsetting the expenditure already incurred on these ongoing works (Rs 0.67 crore)
- (iv) Advance payment for supply of bitumen for these works (Rs 3.14 crore)

(c) Out of Rs 3.14 crore released as advance in March 2000, the bitumen for a value of Rs 1.81 crore was received only during January 2001 to June 2001 indicating that the payment was made to avoid lapse of funds.

(d) Due to this diversion, Capital expenditure of Rs 4.19 crore was treated as Revenue expenditure. Had PWD booked the expenditure under the respective Capital heads, the Capital expenditure under Grant 16 would

have been excess by Rs 4.16 crore requiring the ratification by Legislature. Besides, Plan expenditure of Rs 4.49 crore was treated as Non-plan expenditure.

Thus, provision of funds under Supplementary Grant for non-existent flood damage works under Revenue - Non-plan and its utilisation to offset expenditure incurred under Capital and Plan heads of account were in contravention of all accepted norms of financial propriety.

Government stated (November 2001) that the department took up the flood relief works on roads, bridges and irrigation under regular plan budget due to delay in receipt of funds from GOI and transferred such expenditure to flood works when funds were provided. The contention of the Government was not correct as the transfer of Rs 0.67 crore was effected from 13 on-going capital road works sanctioned in February 1999 and these works did not include the 71 roads reported as affected by floods. Test check of the records of Buildings and Roads (B&R) (South) Division revealed that all the 23 road works proposed under 'flood relief' were not executed.

#### 4.1.5.2 Classification

**No criteria for classification of expenditure under Revenue and Capital and Plan and Non-plan**

The department had no specific criteria for classification of expenditure under Capital and Revenue and Plan and Non-plan. The prescribed functional heads of account were also not operated for booking expenditure. Illustrative cases are given below:

(i) The Government had not fixed any monetary limit for classification of expenditure under Revenue. Test check revealed that PWD has constructed school buildings, class rooms, Community and Public Health Centres, Fishing boats landing Jetty, etc., under Grant 32 at a cost of Rs 3.65 crore during 1999-2000 and classified the expenditure as Revenue.

(ii) Maintenance expenditure of Rs 13.15 lakh on Government buildings and wages of Rs 29.48 crore paid to temporary casual labourers employed on maintenance works which were to be classified under Revenue head '2059-Non-plan' were classified under Capital head '4059-Plan' during 1998-2001.

(iii) The cost of land acquired for formation of East Coast Road upto IV reach was classified under Capital head '5054-Plan' while the cost of land for V reach (Rs 1.74 crore) was booked under Revenue head '3054-Non-Plan'.

(iv) In accordance with rules for classification, the expenditure on establishment under PWD exclusively incurred for capital works relating to non-residential buildings were to be booked under '4059' and transferred *pro rata* to respective functional Capital heads. This procedure was not followed.



Government stated (November 2001) that specific guidelines would be issued in this regard.

#### 4.1.5.3 *Rush of expenditure*

#### **Drawal of funds to avoid lapse of grant**

GFR prohibits drawal of funds to avoid lapse of grant. It was, however, seen that in 6 divisions, out of Rs 100.14 crore incurred during the years 1998-2001, Rs 15.82 crore (16 *per cent*) was spent during the last 5 days of March. Government contended (November 2001) that the expenditure incurred in March was against works bills. The reply is incorrect as test check revealed that the EE, B&R North Division, drew Rs 66.60 lakh in March 2000 (Rs 54.92 lakh) and March 2001 (Rs 11.68 lakh) and deposited the amount with Pondicherry Adi-draavidar Development Corporation Limited (PADCO) towards works to be executed by PWD. As of June 2001, only Rs 34.65 lakh was spent by drawing funds from PADCO and the balance of Rs 31.95 lakh was retained by PADCO in fixed deposits earning an interest of Rs 2.05 lakh. Similarly, the EE, Public Health (PH) Division, Pondicherry booked Rs 4.58 lakh towards cost of pipes in March 2001 even though the material was actually received in April 2001.

#### 4.1.5.4 *Cash management*

(i) Test check of the cash records in 3 Divisions<sup>13</sup> revealed that the drawing and disbursing officers in the divisions had not verified and certified the cash balance at the end of each month and surprise check of cash to be conducted half yearly, was not carried out. The acknowledgement from imprest holders regarding the imprest held by them were not obtained either at the change of incumbent or at the end of the financial year.

Government accepted the facts and stated that instructions were issued in September 2001 in this regard.

#### **Temporary advance adjusted belatedly**

(ii) According to manual provisions, temporary advance released to various field offices for meeting petty expenditure for which the bills have already been passed were to be adjusted as soon as budget provisions are made in respective works and there should not be any balance as on 31 March. In PH and Irrigation divisions of Pondicherry, temporary advance of Rs 55.71 lakh were adjusted after 7 to 29 months mainly for want of budget provision in the respective works. In B&R (South) Division, temporary advance of Rs 84.11 lakh sanctioned between April 1992 and March 1998 were adjusted only during September and November 1998 and March 1999. Government accepted the audit observations and stated that adjustments were made during 1997-1999 as a one time measure and the payments were made on maintenance works not susceptible of measurement. However, it was seen that the works under which the

<sup>13</sup> Irrigation, B&R (Central) and Public Health division, Pondicherry

adjustments were made had no relation to the works for which actual payments were made.

#### 4.1.5.5 *Suspense transactions*

The balances under various suspense accounts relating to PWD were as under:

**(Rupees in crore)**

Serial number	Suspense Accounts	Amount	As on	Reasons
1.	Pay and Accounts Office Suspense Account	1.73	March 2000	Due from Ministry of Surface Transport. The amount was not settled for want of audit certificate, stamped vouchers, budget allocation, etc.
2.	Cash Settlement Suspense Account	0.21	March 2000	Payment not made for want of Budget Provision.
3.	Material Purchase Settlement Suspense Account	2.97	March 2001	Payment not made for want of Budget Provision.
4.	8782 - I – Remittances	0.04	March 2001	Remittances not classified to final head.
5.	8782 - II – Cheques	11.17	March 2001	Cheques issued but not encashed.

The non-clearance of the balances resulted in distortion of receipts and expenditure in Government accounts. Government stated that the balances have been reduced substantially by October 2001 except under item 3 which stood at Rs 2.77 crore.

#### 4.1.5.6 *Revenue receipts*

During 1998-2001, revenue of Rs 11.34 crore was realised mainly from water charges, road cutting charges and licence fees. As of March 2001, Rs 0.73 crore was pending collection from various local bodies and public towards water charges. Government stated that the department has stepped up efforts to collect the arrears of water charges.

The allotment of quarters to Government Servants were made by the Housing Department and B&R (Central) Division was responsible for maintenance and accounting of licence fee. It was seen that the details of licence fee recovered in the pay bills of the Government servants of various departments were not received by the division. Consequently, the licence fee credited to Government Account was not reconciled with actual collection. Government accepted the audit observation and assured that reconciliation would be made periodically in future. Test check revealed that 27 quarters were occupied by retired Government servants or dependents of the deceased Government servants for a period ranging from 20 to 133 months without paying any licence fee. Of this, 14 quarters were vacated between May 2000 and February 2001. Total licence fee due worked out to

Rs 6.35 lakh as of March 2001. Government accepted the failure and assured to recover the arrears from pension relief.

#### 4.1.6 Programme management

PWD constructs and maintains buildings for their use and for other Government departments by operating funds provided under Grant 32. The works were executed by 8 PWD divisions. There were 6 works under progress as of March 1998 and 164 works (relating to Public Works, Health, Education and Housing Departments) were taken up during 1998-2001. Of this, 126 works were completed and 44 works were under progress as of March 2001. Of the 126 works completed, there was delay of 4 to 18 months in respect of 50 works and 8 works under progress were also delayed upto 21 months.

Test check of execution of 50 works revealed the following:

##### 4.1.6.1 Construction

**Administrative sanctions were obtained for more amount than required and the savings were utilised for works not included in the original sanction**

(i) PWD had not arrived at the plinth area rate for construction of building for the purpose of preparation of preliminary estimate based on the schedule of rates for Pondicherry and Karaikal. Instead, it adopted the plinth area rates prescribed by Central Public Works Department (CPWD) and obtained administrative approval for works. It was seen that the cost of the work as per detailed estimates based on Pondicherry and Karaikal schedule of rates was much less than the amount of administrative sanction resulting in savings. The accounts of the completed works were not closed with a view to utilise the savings for executing additional items not originally proposed. As against the approved cost of Rs 43.06 crore in respect of 50 works the cost as per detailed estimate was only Rs 31 crore. The details in respect of four illustrative cases are as under:

(Rupees in lakh)

Serial number	Name of the work	Cost		Expenditure		Date of completion	Savings as of March 2001
		As per Administrative sanction	As per detailed estimates	Total	On items not contemplated in original estimates		
1.	Construction of building for Directorate of Accounts and Treasuries, Pondicherry	184.55	104.22	141.17	18.49	June 1998	43.38
2.	Construction of I and II floor over the commercial tax office building, Pondicherry	106.50	57.13	80.44	5.90	June 2000	26.06
3.	Construction of multi-storeyed annexe building (Phase II and III) in Government General Hospital, Pondicherry	255.15	165.83	165.42	1.34	September 2000	89.73
4.	Construction of building for various offices at Villianur	89.05	56.80	67.20	1.76	October 2000	21.85

It could be seen therefrom that the EEs executed works which were not included in the original sanction utilising the savings and there was still huge savings available even after completion of these works. Such prolonged delays coupled with overprovision of funds is fraught with the danger of misappropriation and fraud.

Government stated that instructions have been issued to prepare preliminary estimates realistically.

**Quality of electrical works not ensured**

(ii) Internal electrification to new buildings and electrical repair works in Pondicherry region were executed by one Assistant Engineer (AE) and four Junior Engineers (JE) deputed from Electricity Department. All the electrical estimates prepared by the AE were scrutinised and sanctioned by Civil Engineers. Even the check measurements were done by Civil Engineers and there was no quality control for these items. During 1998-2001, 116 estimates, valuing Rs 2.54 crore, were executed without technical supervision of Electrical Engineers.

Government stated that it would create an Electrical Division in PWD.

**Poor designing of hospital building led to non-utilisation of facilities for over two years**

(iii) Government General Hospital (GH), Pondicherry was functioning in a five-storeyed building and two other smaller buildings. Based on the proposals of Health Department, PWD prepared design for construction of an additional building with three floors consisting of 3 blocks (A, B and C) inter-connected. The approved design provided for two lifts for patients in 'B' block. However, as construction of the additional building involved demolition of existing wards, the Director of Medical Services in consultation with PWD decided to take up the works in a phased manner. Accordingly, PWD prepared an estimate for construction of 'A' block which was approved by Government in March 1996. The work was taken up in March 1997 and completed in December 1998 at a cost of Rs 66.31 lakh. The remaining two blocks were taken up in September 1998 and completed in September 2000 at a cost of Rs 1.65 crore and handed over in February 2001.

It was seen that though 'A' block was handed over to Health Department in January 1999, yet the I and II floor of the building could not be utilised for want of lift facility in the block. The failure of the PWD to modify the design consequent to the decision to take up the work in a phased manner, resulted in non-utilisation of two floors of 'A' Block for over two years.

Government stated that the provision of lift in 'A' block was not feasible technically and the construction of 'A' block was taken up at the request of Health Department to ensure uninterrupted service to the patients. It was, however, seen that this objective was not achieved due to lack of co-ordination between the two departments.

**Unnecessary construction of office building at a cost of Rs 58 lakh**

(iv) With a view to housing offices of various departments including Electricity Department which were functioning in private buildings in Karaikal, PWD took up the construction of Civil Station which included provision for Conference Hall, Training hall and Computer Centre to serve as a common facility for all departments. The work was taken up in May 1998 and as of March 2001, Rs 2.60 crore was incurred. Eventhough all the offices of the Electricity Department could be accommodated in Civil Station, the SE, Circle I prepared an estimate for construction of a separate building for Electricity Department and sent it to the CE stating that the Chief Secretary agreed to the proposal in January 1998. Government sanctioned the work in March 1999 for Rs 58 lakh. The work was taken up in April 2000 and Rs 14 lakh was incurred as of May 2001.

It was seen that the Civil Station had a total carpet area of 2242 square metre (sq.m) and the eligible area for all the 16 offices except Electricity Department was only 1823 sq.m. Thus, there was an excess of 419 sq.m of carpet area available for Electricity Department. In spite of this, the CE recommended the construction of separate building for Electricity Department resulting in unnecessary liability of Rs 58 lakh.

The Government justified the construction of separate building for Electricity Department stating that there would be a balance of 234 sq.m of space in Civil Station after allotment to all Departments including 175 sq.m for Electricity Department, which would be allotted to Revenue Department and Commercial Taxes Department, not included in the original proposal. The reply was not tenable as the requirement of Commercial Taxes Department was already included in the proposal and the Revenue Department had a separate own building. As the available space of 419 sq.m would be enough for accommodating the offices of Electricity Department, a separate building which included provisions for common facilities, non-existent SE Office, etc., was superfluous.

**Avoidable delay in construction of hostels for Scheduled Caste boys**

(v) GOI released Rs 30 lakh for construction of Scheduled Caste (SC) boys hostel at Abishekapakkam, Pondicherry in September 1994 to Adi-draavidar Welfare Department (ADW). Government accorded administrative sanction for Rs 30 lakh and authorised (March 1995) the Director of ADW to draw and deposit the amount with PWD endorsing a copy of the authorisation to the CE. The amount was remitted in '8443-Civil Deposits' in June 1995. The EE, B&R (North) demolished the old building in December 1995 but the architect furnished the design only in January 1997. The PWD prepared detailed estimate for Rs 60.57 lakh (August 1998), commenced the work in October 1998 and completed it in December 2000 at a cost of Rs 69.16 lakh. It was seen that though the construction work was to be taken up by PWD by providing funds in Grant 32, the work was taken up as Deposit work and there was delay in preparing the design. The PWD instead of preparing a detailed estimate and commencing the work soon after the deposit was made, sought for revised administrative sanction based on a preliminary estimate in March 1997.

Further, the excess expenditure of Rs 39.16 lakh was booked under the head for special repairs. The avoidable delay resulted in non-provision of hostel facilities to SC students for over 5 years.

Government attributed administrative reasons for the delay in finalisation of plan but did not give the reasons for spending the fund meant for special repairs for this work.

**Avoidable delay in provision of facility in Primary Health Centre**

(vi) Consequent on the upgradation of Sub-health Centre at Vizhidhiyur, Karaikal as Primary Health Centre (PHC), Government sanctioned Rs 24 lakh (December 1991) for providing in-patient ward facility. The detailed estimate for Rs 31.49 lakh was approved by SE and the work was entrusted to a contractor for Rs 33.40 lakh in December 1992 to be completed in 12 months. In spite of abnormal delay in execution by the contractor, the contract was foreclosed only in October 1997 after incurring an expenditure of Rs 21.70 lakh. SE (September 1997), obtained revised administrative sanction for Rs 43.23 lakh from Government in July 1998 and completed the balance work in October 2000 at a cost of Rs 18.22 lakh. The failure of the SE to seek the revised administrative approval immediately after the work was awarded and to foreclose the contract in time resulted in the time and cost overrun besides the non-provision of facility to the PHC. Government accepted the failure.

**4.1.6.2 Maintenance**

**Periodical maintenance not ensured**

(i) PWD, as the custodian of all Government buildings, is to maintain a register of buildings with details of extent of land, plinth area of buildings, expenditure on construction, expenditure on special repairs and maintenance. It was, however, seen that none of the divisions maintained the register. The register of immovable property, maintained in the sub-divisions/sections was also not updated. Consequently, audit could not verify whether the divisions carried out periodical maintenance of all the buildings as required in the manual. Besides, the plinth area adopted in the maintenance estimates was also not verifiable.

(ii) Register of Inspection of buildings is required to be maintained at the section level, wherein the details of inspection and defects noticed annually were to be recorded by the sectional/sub-divisional officers. The buildings with serious defects were to be inspected by EEs and SEs. This register was not maintained in any of the sections. Government stated that a circular had been issued in this regard.

(iii) Though manual provides for fixing norms for carrying out special repairs, no norms was fixed by CE. Test check revealed that EE, B&R North provided for distemper, cement and synthetic paints and tiles in 6 hostel buildings as special repairs though these buildings were earlier provided with colour wash only. Government stated that superior finishing was adopted due to non-maintenance of hostels annually and to minimise maintenance cost in the long run.

**Payment without measurement**

(iv) According to the manual provisions, payments for supplies and works are to be made according to measurement recorded in measurement books except for work done by daily labour. Test check revealed that the EE, Special Buildings Division I spent Rs 77.28 lakh on maintenance of Government buildings during 2000-2001 of which Rs 62.85 lakh was spent on works entrusted as job work. These job works included white washing, colour washing, finishing walls with cement paint, brickwork, plastering and flooring which could be measured and also supply of chemical emulsions for post construction anti-termite treatment which was not provided in the estimates. The entrustment of job work rendered the verification of work done impossible and payment on fraudulent claims could not be ruled out. Govt stated that the payment was released based on the certificate of field officers and the Divisional Officers conducted random inspections to ensure that there was no false claim.

**4.1.7 Manpower**

The sanctioned strength and men-in-position in the department were as follows:

Category	Sanctioned Strength	Men-in-position as on		
		March 1999	March 2000	March 2001
Group 'A'	19	19	18	18
Group 'B'	93	91	89	86
Group 'C'	1617	1567	1539	1521
Group 'D'	783	735	730	722
Temporary Casual labourers	Nil	2351	2397	2397

The post of CE was vacant for one year and filled up on 14 March 2001. The vacancy in Group 'C' cadre was mainly related to the post of Work Inspectors (37), mechanics (15), overseer (9) and drivers (6) and in Group 'D' the vacancy was mainly in the posts of peons (24) and mazdoors (8). These vacancies, however, had not affected the working of the department. The department had not reviewed and identified the surplus posts for abolition.

(i) Against the sanctioned strength of 198 posts of JEs, the department recruited 305 JEs and placed the services of 107 JEs with societies, autonomous bodies and local bodies on deputation basis. It was seen that 20 of them were repatriated due to creation of posts in the loanee department forcing the PWD to create 20 posts of JE as a temporary measure to accommodate the repatriated JEs.

(ii) It was seen that there were no norms for sanctioning the posts of Work Inspectors and Overseers in the department. When justifying the creation of posts, the department informed the Planning and Research Department that these cadres were created to accommodate the work-charged establishment at the time of regularisation and to provide promotional avenues to them.

High establishment cost

(iii) The expenditure under establishment and works during 1998-2001 were as follows:

**(Rupees in crore)**

Year	Works expenditure	Establishment expenditure	Percentage of establishment expenditure to works expenditure
1998-1999	52.26	26.96	52
1999-2000	78.99	22.93	29
2000-2001	90.18	30.04	33
<b>Total</b>	<b>221.43</b>	<b>79.93</b>	<b>36</b>

According to codal provisions, the department had to levy departmental charges for works exceeding rupees one lakh at 6 to 10.75 *per cent* of works expenditure towards establishment. Compared to these rates, the percentage of establishment expenses to work expenditure was very high. This was mainly due to regularisation of daily rated labourers as temporary casual labourers in April 1995 based on the GOI orders issued in September 1993. In this connection, the following observations are made:

Incorrect regularisation of daily rated labourers

(a) Though GOI stipulated that only those casual labourers who were engaged through employment exchanges should be regularised and conferred temporary status, the Government, regularised all the eligible casual labourers (2387) in PWD though none of them were employed through employment exchanges. It was seen that the establishment expenditure on temporary casual labourers in 8 divisions alone worked out to Rs 29.46 crore for 1998-2001. Government accepted the failure and



stated that the casual labourers were regularised to give protection to them as they were engaged continuously for over a decade.

**Irregular recruitment of temporary casual labourers**

(b) In December 1998, the Government issued instructions that the vacancies in the daily wage employees shall not be filled up. Though the temporary casual labourers were paid on daily rates, the department recruited 46 temporary casual labourers in 1999-2000. This resulted in avoidable expenditure of Rs 20.20 lakh per annum (approximately). Government stated that the department filled up the vacancies to attend to maintenance work. This was, however, done without the sanction of Government.

(iv) According to GOI orders (July 1994), the facility of paid weekly-off is admissible after 6 days of continuous work and this facility would not be admissible to casual employees working for 5 days in a week. As Government observed 5 day-week and the attendance of the temporary casual employees should be taken daily before assigning them work, these employees could not have been engaged on Saturdays. However, test check revealed that the temporary casual labourers were stated to have been employed on Saturdays and allowed weekly paid holidays on Sundays. The payment of wages for these days works out to Rs 3.63 crore per annum (approximately).

**Outturn of temporary casual labourers not assessable**

(v) CE, in July 1997, issued instruction that the service of the temporary casual labourers should be utilised for maintenance works that may be taken up departmentally, and no estimate shall be prepared for departmental works. The CE also furnished an illustrative list of works that could be undertaken departmentally. Test check revealed that all the maintenance works were undertaken by engaging contractors. The EEs of the divisions stated that these employees also were engaged only on various maintenance works but there were no recorded measurements for these works. Thus, the outturn of the huge work force could not be assessed. Government stated that the works executed by these employees were not susceptible of measurement. However, the fact remains that there was no record to indicate that the works executed by them were certified by competent authorities.

**4.1.8 Material management**

The four stores, one in each region, purchased mainly steel, cement, bitumen and electrical items by utilising funds provided under suspense head 'Stock'. Besides, bitumen, pipes etc., are also purchased directly by utilising scheme funds.

**Poor accounting of stock in Government Accounts**

(i) The utilisation of funds under 'Stock', pending bills of Director General of Supplies and Disposals (DGS&D) and value of closing stock as per Government Accounts for the period 1998-2001 are as under:

(Rupees in lakh)

Year	Funds provision	Expenditure	Pending DGS&D bills	Stock		
				Receipts	Issues	Closing Balance
1998-99	200.00	166.00	121.97	166.00	328.75	(-) 262.41
1999-2000	172.35	172.20	298.29	172.20	169.21	(-) 259.42
2000-2001	227.00	159.23	125.65	159.23	118.90	(-) 219.09

Though the closing stock displays minus balance in the monetary value in the Accounts, yet there was closing stock in the Stock Register. The Stores in-charge did not maintain Priced Stores Ledger and reconcile the value of closing stock with the value as per Accounts. The minus balance in Accounts could be due to

(a) taking the receipts of stores for which payment has not been made in stores alone while recording issues both in Stores and Accounts. The pendency of the DGS & D bills indicates the amount of receipts yet to be recorded in Accounts.

(b) inflation of issue rates by storage charges etc. According to the prescribed accounting procedure, cost of materials received and taken into stock should be debited to 'Stock' and credited to another suspense account called 'Material Purchase Settlement Suspense (MPSS) Account' which will be cleared while making payment. The department did not maintain the register of MPSS Account. In the absence of Priced Stores Ledger and the poor maintenance of MPSS Account, audit could not ascertain the reasons for minus balance in Accounts. The department, during the discussion of the Audit Report for 1990-91, in July 1994, assured the Committee on Public Accounts that they would clear the minus balance. This has not been done so far.

(ii) The maintenance of Stock Register and the registers connected with execution of works were reviewed in Pondicherry and Karaikal regions and the results revealed the following:

(a) The EE, B&R (Central) Division, who is in-charge of the Central Stores in Pondicherry did not maintain the transfer entry order register which would reveal the issue of materials to works and adjustment of its cost in accounts.

(b) In Pondicherry, the materials received and issued from the stores, were not adjusted in the Accounts immediately for want of funds. In some cases, such transactions were not adjusted even after 6 months and in some

cases while adjusting they were treated as direct purchase. This practice vitiates the stores procedure prescribed in the manuals.

**Materials issued to works were kept in Central Stores**

(c) It was seen that materials shown as issued to works in the Stock Register, were not included in the Material at Site (MAS) Account of the work concerned. The materials were actually accounted in another register called 'Sub-divisional Stock Register' in the stores itself, from which they were issued to works as and when required. There was stock valuing Rs 29.99 lakh in the Sub-divisional Stock Register maintained in the Central Stores, Pondicherry.

**Maintenance of unauthorised stores**

(d) Though there is a Central Stores in Pondicherry, the three B&R divisions in Pondicherry assessed the materials required for various works, purchased them and adjusted the cost to the respective works. However, instead of taking the materials to the MAS Account of the respective works, they were kept in a separate stores account and issues were made as and when required. Such procedure amounts to the creation of an unauthorised stores. It was also noticed that the Divisions did not also maintain the MAS Account properly to verify the quantity and 'Register of works with material account' to verify the value of materials issued to works. This procedure renders detection of misuse of materials impossible.

(e) It was seen that materials were drawn from stores in excess of requirement and the excess was transferred to other works subsequently. It was seen in 5 cases that cement, steel and bitumen valuing Rs 14.27 lakh were drawn in excess and transferred subsequently.

(f) According to the manual provisions, the divisions were to maintain a contractors' ledger wherein the details of materials issued to contractors are noted to effect recovery of the cost of material in the bill. No such register was maintained by any of the divisions.

Government accepted the failure and assured to take remedial action.

(iii) Physical verification of stores conducted in the Central Stores and in the divisions revealed that though 1036 bags of cement was found short in Central Stores, Karaikal in December 1998, the Stores Superintendent stated in February 1999 that the shortage was due to lapse in posting of stores ledger. This indicated poor maintenance of stores record or temporary misappropriation of stores. Besides, 'Furniture and Fittings' valuing Rs 20.79 lakh supplied to Ministers' residences and officers quarters were not physically verified. The annual certificate of balance indicating the balance of materials available with contractors and at site was not furnished to Director of Accounts and Treasuries.

(iv) The recovery of materials valuing Rs 8.04 lakh issued to local bodies prior to 1997-98 was pending.

**4.1.9 Monitoring**

The divisions had not maintained the registers and records as per manual provisions, and this rendered the monitoring ineffective. The CE who was in overall charge of the department also did not follow the provisions of GFR in the preparation of Budget.