

CHAPTER-IV

AUDIT OF TRANSACTIONS

Audit of transactions of the Departments of Government, their field formations as well as of the autonomous bodies brought out several instances of lapses in management of resources and failures in the observance of the norms of regularity, propriety and economy. These have been presented in the succeeding paragraphs under broad objective heads:

- Extra avoidable expenditure
- Ungainful expenditure/ Idle investment/Blockade of funds
- Recoverable amounts
- Embezzlement of Government money
- Irregular/ excess expenditure/ payments

4.1. Extra avoidable expenditure

IRRIGATION AND POWER DEPARTMENT

4.1.1. Avoidable payment of land compensation

Failure of the department to preserve the affidavits of land owners which could have proved that the land was given free of cost by the land owners resulted in avoidable payment of Rs 1.03 crore

On the demand of land owners/farmers of the area for construction of new lined Abul Khurana distributary for irrigation facilities to their land, the Department initiated taking possession of the land measuring 35.32 acre in four villages (Abul Khurana: 29.82 acre; Dhoula: 1.22 acre; Lal Bhai: 0.57 acre and Tharajwala: 3.71 acre) in September 1978. The land was given free of cost by the owners and affidavits to that effect were also given by them to the department. The distributary was completed and was functioning since 1984-85.

A test check (January 2002) of records of the Executive Engineer, Canal Lining Division No. II, Bathinda (XEN) and information collected later (February 2004) revealed that the land owners subsequently demanded compensation for the land. The department accordingly started (July 1988) land acquisition proceedings as affidavits filed by the owners were not available with the department. Notification and declaration under Section 4 and 6 of the Land Acquisition Act for acquiring 35.32 acre of land were issued in December 1997 and the awards were announced for Rs 95.64 lakh by Land Acquisition Officers, (LAO) Malout (Rs 80.51 lakh : 29.82 acre; June 2000) and Gidderbaha (Rs 15.13 lakh : 5.50 acre; November 2000). As the compensation to landowners was not paid, some affected landowners of Abul

Khurana village filed (December 2000) a writ petition in Punjab and Haryana High Court for issuance of directions to make payment as per award of June 2000. This was disposed off (May 2001) by the Hon'ble Court on the request of Counsel of petitioners that the petition had been rendered infructuous as cheques for payments of land had been handed over to the counsel of petitioners. The Executive Engineer deposited Rs 1.03 crore for payment of compensation of land with the LAOs (Malout: Rs 80.52 lakh and Gidderbaha: Rs 22.75 lakh including Rs 7.58 lakh as interest) between May 2001 and October 2002. However, neither any action to get the ownership of land transferred in favour of Government nor any action against the erring officials was initiated.

Thus, failure of the department to preserve the affidavits of land owners which could have proved that the land was given free of cost by them and get ownership of land transferred in favour of Government on the basis of these affidavits resulted in avoidable payment of Rs 1.03 crore.

The matter was referred to Government in March 2004; reply is awaited (August 2004).

4.1.2. Avoidable expenditure on payment of land compensation and excess payment of interest

Failure of the Department to take correct date of taking possession of land and payment of compensation at higher rates led to excess/extra avoidable payment of Rs 79.54 lakh

To facilitate the acquisition of land by Government for public purpose, a preliminary notification is issued under Section 4 of the Land Acquisition Act, 1894 (Act) which empowers the acquiring department to enter upon the land. A declaration is issued under Section 6 of the Act to the effect that land is needed for public purpose. Section 11-A of the Act provides that the Collector shall make an award within a period of two years from the date of publication of declaration and if no award is made within the prescribed period, the entire proceedings would lapse. Further, the market value of land is determined on the date of publication of notification and where the compensation for the acquired land is not paid before taking the possession of land, the amount is awarded with interest from the date of possession.

Executive Engineer, Maili Construction Division, Mohali (Division) took possession of land measuring 213.10 acres of Siswan village required for the Reservoir Area of Siswan Dam in August 1999. The notification and declaration under Sections 4 and 6 were issued in November 1997. The acquisition proceedings, however, lapsed in November 1999 as award for payment of compensation was not made within the stipulated period of two years due to non-receipt of funds from the Government. Fresh notification and declaration under Sections 4 and 6 of the Act were issued in August 2001. The Land Acquisition Collector, Kharar (LAC) announced (April 2003) the award for Rs 4.68 crore. This included interest of Rs 1.72 crore for the period from November 1997 to April 2003, although interest was payable only from the date of taking possession i.e. August 1999.

Failure of the LAC to take the correct date of taking possession of land for computing the admissibility of interest resulted in excess payment of interest of Rs 45.79 lakh for the period from November 1997 to July 1999.

It was also noticed that due to lapsing of the earlier acquisition proceedings, compensation was paid at the higher rates of land prevailing during November 2001 instead of at lower rates prevalent in November 1997. This resulted in avoidable excess payment Rs 33.75 lakh (Cost of land : Rs 18.52 lakh, Solatium : Rs 5.55 lakh and interest: Rs 9.68 lakh).

The matter was referred to Government in November 2003 and April 2004; reply is awaited (August 2004).

HOUSING AND URBAN DEVELOPMENT DEPARTMENT

4.1.3. Extra avoidable expenditure on adoption of costlier items of work

Extra avoidable expenditure of Rs 37.54 lakh was incurred on providing stone cladding work as the department failed to explore the option of cheaper items

Rules provide that work should be commenced only after technical approval of estimates and drawings by the competent authority.

Scrutiny of records of the Divisional Engineer, Construction Division-II (Project), Punjab Urban Planning and Development Authority (PUDA), Jalandhar revealed (October 2003) that the work "Construction of District Administrative Complex, Hoshiarpur," administratively approved (April 2001) for Rs 31.98 crore was allotted (May 2001) without obtaining technical sanction to estimates. The technical sanction of estimates was accorded on 25th July 2003 after 2 years of allotment of work. In the work, provision of 7663 sqm of red stone at the rate of Rs 530 per sqm (but actually paid at the rate of Rs 510 per sqm in bills) and 5110 sqm of Dholpur stone at the rate of Rs 600 per sqm (but paid at the rate of Rs 580 per sqm), for an item "Providing and laying stone cladding work for wall lining with 35-40 mm," was made. After the execution of 8946.5 sqm of work (red stone: 3371.85 sqm and Dholpur stone: 5574.65 sqm) at a cost of Rs 49.53 lakh, in order to reduce the cost of the work, the Department decided (March 2003) to replace both these items with "Providing and painting on exterior plastered walls in ready mixed alkaline resistant finished with mixed washable in natural colour shade". This would cost Rs 134 per sqm (Rs 48 per sqm for plastering plus Rs 86 per sqm for painting). Thus, in the absence of technical sanction of the detailed estimates, the Department failed to explore the option of cheaper items in place of costlier items of work.

Thus, commencement of work without exploring the option of cheaper substitute which could have been highlighted at the stage of technical sanction, led to extra avoidable expenditure of Rs 37.54 lakh.

The matter was referred to Government in March 2004; reply is awaited (August 2004).

4.1.4. Extra payment of front end fee due to improper assessment of loan requirement

Failure of PUDA to assess the actual requirement of loan to be raised from HUDCO resulted in extra payment of front end fee of Rs 20 lakh

The Punjab Urban Planning and Development Authority (PUDA) entered (January 2000) into an agreement with Housing and Urban Development Corporation Limited (HUDCO) for raising a loan of Rs 100 crore to be released in two instalments of Rs 80 crore and Rs 20 crore. This was for making payment to State Government of the value of nine sites transferred to PUDA under the Optimum utilisation of vacant Government land (OUVGL) scheme. Terms and conditions of the agreement, provided that PUDA shall pay one time front end fee @ 1.25 per cent of total amount of loan and the same shall be deducted from first instalment of loan. It was further provided that where legal documentation was not completed within the prescribed period, the front end fee shall be payable without any rebate but the fee equivalent to 0.25 per cent shall be transferred to the Research and Development (R&D) account of borrower. It was also provided that where the borrower draw only the first instalment and did not draw any other instalment or unduly delayed drawal of the second and subsequent loan instalments for any reason, the first instalment would be deemed to be the last instalment.

Scrutiny of records of the Chief Administrative Officer, PUDA, Mohali, revealed (November 2002) that while releasing (March 2000) the first instalment of loan of Rs 80 crore, HUDCO deducted front end fee amounting to Rs 1.25 crore (being 1.25 per cent of Rs 100 crore of total amount of loan) and transferred R&D charges amounting to Rs 25 lakh to the account of borrower being 0.25 per cent of Rs 100 crore. PUDA did not draw the second instalment of Rs 20 crore. Though loan application for release of balance amount (Rs 20 crore) was sent (March 2001) to HUDCO, the same was not pursued due to the reasons that (i) it was decided by the State Government that this amount was to be repaid by Government to PUDA for crediting to Punjab Infrastructure Fund and the same was not forthcoming (ii) rate of interest of HUDCO was very high (13.5 per cent per annum) whereas the rates of interest started falling (iii) had balance amount of Rs 20 crore also drawn, the liability for repayment of the same would have been of PUDA. The payment of Rs 80 crore alongwith interest thereon was made (February 2003) by PUDA by taking low interest bearing loan from bank. Thus, first instalment of Rs 80 crore was to be treated as last instalment and resultantly amount of loan stood reduced to Rs 80 crore. Had PUDA taken loan of Rs 80 crore, it would have paid front end fee on Rs 80 crore instead of on Rs 100 crore. Thus, improper assessment of loan by PUDA resulted in extra payment of front end fee of Rs 20 lakh to HUDCO after adjusting Rs 5 lakh of R&D charges transferred to borrower's account being 0.25 per cent of Rs 20 crore.

On being pointed out (November 2002), PUDA intimated (September 2004) that the matter regarding refund of extra fee deducted was being taken up with HUDCO and in case the amount was not refunded, legal action would be

considered against HUDCO. Further development was awaited (August 2004).

The matter was referred to Government in May 2004; reply is awaited (August 2004).

4.2. Ungainful expenditure/idle investment/blockade of funds

TRANSPORT DEPARTMENT

4.2.1. Ungainful expenditure on a bus stand

Non-release of funds resulted in abandonment of work of the Bus Stand and rendering the expenditure of Rs 2.41 crore as ungainful

Punjab Government decided to construct 12 Bus Stands through the Punjab State Bus Stand Management Company Ltd. (PUNBUS) by taking loan from bank. The work of construction of Bus Stand at Jagraon (included in above) was administratively approved (April 2000) by the Government for Rs 3.42 crore for which the funds were to be provided by the PUNBUS. After inviting tenders on 19th July 2000, the work was allotted (September 2000) by Punjab Urban Planning and Development Authority (PUDA) to a contractor for its completion within 12 months. Accordingly, a bankable Project Report was prepared for which Rs 50.42 crore were sanctioned by the Punjab National Bank. Of these, only Rs 29.22 crore were released, out of which funds amounting to Rs 1.10 crore were released to PUDA between October 2000 and May 2002 for the construction of bus stand at Jagraon.

Scrutiny of records of the office of the Divisional Engineer, Construction Division-I, PUDA, Ludhiana revealed (October 2003) that upto June 2002, an amount of Rs 2.41 crore was spent on the work which was completed to the extent of 71 *per cent*. The excess expenditure of Rs 1.31 crore was met by PUDA from their own sources. Further execution of work, however, was stopped due to non-release of funds by PUNBUS and the work was lying abandoned since June 2002. The matter of completion of the work with the financial help of Punjab Infrastructure Development Board (PIDB) was stated (May 2004) to be under consideration.

Thus, improper planning of the Department in arranging funds required for the completion of work resulted in abandoning the work mid-way, besides rendering the expenditure of Rs 2.41 crore unfruitful and depriving the beneficiaries of the intended benefits.

The matter was referred to Government in January 2004 and April 2004, reply is awaited (August 2004).

HOUSING AND URBAN DEVELOPMENT DEPARTMENT

4.2.2. Idle expenditure on land acquired for setting up urban estate

Imprudent decision of PUDA to acquire land without conducting any demand survey and subsequent dropping of the scheme without assigning any specific reasons led to idle expenditure of Rs 4.36 crore

Under Section 28 of the Punjab Regional and Town Planning and Development Act, 1995, the Punjab Urban Planning and Development Authority (PUDA) has the power to acquire land for setting up a residential urban estate in the State.

Audit scrutiny of records of the office of Estate Officer, PUDA, Jalandhar revealed (August 2003) that for setting up a residential urban estate at Sultanpur Lodhi, District Kapurthala, land measuring 529 kanals and 6 marlas valuing Rs 4.47 crore was acquired as per award announced in December 2001. An amount of Rs 4.36 crore was paid (December 2001) by PUDA and the possession of land was taken in December 2001 and December 2002. A demand survey conducted (January 2003) after making payment for the land disclosed very poor response from the public. Consequently, PUDA dropped the proposal of the residential urban estate at Sultanpur Lodhi in the monthly review meeting held on 18th February 2003 under the Chairmanship of Chief Administrator, PUDA and sought the advice of Advocate General for the denotification of acquired land. The Advocate General opined (February 2003) that acquired land could not be denotified. Thus, failure of PUDA to conduct demand survey before acquiring land had resulted in blockade of Rs 4.36 crore besides loss of interest amounting to Rs 96.82 lakh (calculated at borrowing rates).

When pointed out (August 2003), PUDA stated (April 2004) that a general demand survey conducted in January 2003 received a poor response from public and there was no other proposal to utilise the acquired land at present. It was further intimated (September 2004) that PUDA in its 23rd meeting held in September 2003 decided that in view of the possible loss to PUDA in de-acquiring the land, the proposal would be re-examined to get a complete cost-benefit analysis of the proposal done to ascertain whether the acquired land could be developed and sold to ensure that no loss occurs to PUDA. Further development is awaited (August 2004).

The matter was referred to Government in January 2004; reply is awaited (August 2004).

4.2.3. Ungainful expenditure on construction of LIG houses

Failure of PUDA to get demand survey conducted resulted in non-sale of flats and consequently ungainful expenditure of Rs 59.51 lakh

The Punjab Urban Planning and Development Authority (PUDA) is engaged in the construction of various types of residential houses for the public in the State of Punjab.

During audit it was noticed (March 2002) that Estate Officer, PUDA, Patiala, constructed 60 LIG Houses during 1997 in Urban Estate, Phase-II, Part-I, Patiala at a cost of Rs 62.64 lakh (excluding cost of land) under the 20-point programme. Out of these, six houses were reserved for Kargil victims and the remaining 54 houses were offered to the general public for allotment in November 1999 at Rs 1.60 lakh per unit fixed in June 1999 after a period of approximately two years of their completion. In response, only 12 applications were received, out of which seven applicants did not deposit the required amount and five applicants withdrew later on. As a result, no house could be sold. PUDA attributed (March 2004) poor response by the general public and non-sale of the units to the fact that (i) site was away from the main city, (ii) flat culture was not popular in Patiala city as land was easily available at lower rates in private colonies and (iii) people apply only to earn premium and not with intention to occupy. PUDA also stated (March 2004) that the scheme to sell these houses on 'first come first serve' basis was under consideration. However, three houses were transferred subsequently to District Administration under OUVGL (Optimum Utilisation of Vacant Government Land) scheme. Thus, construction of these houses without conducting any survey for demand by PUDA resulted in ungainful expenditure of Rs 59.51 lakh (Rs 62.64 lakh minus Rs 3.13 lakh).

The matter was referred to Government in December 2003; reply is awaited (August 2004).

4.2.4. Unproductive expenditure on a rehabilitation scheme

Failure of PUDA to assess the viability of rehabilitation scheme resulted in largely unproductive expenditure of Rs 1.57 crore

For setting up of residential Urban Estate, Phase-III, Part-II, Bathinda, 327.02 acres of land was acquired in 1978 and 1981. Approximately, 90 acres of acquired land, however, was unauthorisedly occupied by Jhuggi dwellers in 1983. Though Punjab Urban Planning and Development Authority (PUDA) was armed with the power of forcible eviction under section 46 (2) of Punjab Regional and Town Planning and Development Act, 1995 (Act), it could not get the land vacated. Subsequently, in July 2001, PUDA developed 1225 sites at a cost of Rs 1.57 crore under "Site and Service Scheme" for allotment to Jhuggi dwellers at a price of Rs 2,500 each in order to get the occupied land vacated, so that Urban Estate, Phase-III, Part-II could be developed.

Scrutiny of records of Divisional Engineer (Civil) and Estate Officer, PUDA, Bathinda revealed (May 2002) that out of 1225 sites developed, only 450 sites were allotted. The remaining 775 sites could not be allotted as the encroachers were not willing to shift to new sites. The land, therefore, continued to be under their unauthorised occupation. Thus, even after developing alternative sites for rehabilitation, the land could not be got vacated and the purpose of developing the sites was defeated. Expenditure of Rs 1.57 crore incurred on development of sites, therefore, was largely unproductive.

Government, while confirming (September 2003) that 450 sites had been allotted, intimated that land under their occupation was got vacated and the process of allotting other sites was under way and that development works on vacated land were in progress. The Estate Officer, Bathinda, however, stated (May 2004) that no development works had been started.

PLANNING DEPARTMENT

4.2.5. Irregular release of funds resulting in loss of interest

Due to failure of BDPOs in identifying beneficiaries within stipulated period of three months, Rs 1.47 crore released by the State Planning Board were kept outside Government account which resulted in loss of interest of Rs 16.03 lakh

As per rules, no money should be withdrawn from the treasury unless it is required for immediate disbursement.

A scheme of providing houses to economically weaker section including scheduled castes living below the poverty line who have no houses, was formulated by the State Government. This was for the beneficiaries who have their own plot but have no source to construct the houses and those who do not have a plot and are not in position to construct their own houses.

The first category of beneficiaries were to be given the grant to construct the houses and second were to be provided plot and a certain amount of grant for construction of their houses. The land for the plot was to be given free of cost and grant for construction was to be restricted to 20 *per cent* of the cost of construction. The remaining 80 *per cent* was to be contributed by the beneficiaries either by way of labour or in cash. The Deputy Commissioner (DC), after assessing the requirement of funds for purchase of land and quantum of grant to be provided to the beneficiaries, was to send requisition to the State Planning Board for release of funds. The benefit was to be provided to the concerned beneficiaries within three months of the release of funds. The selection of beneficiaries was to be made by a three member committee of Sarpanch, concerned Block Development and Panchayat Officer (BDPO) and concerned Member of Legislative Assembly.

Test check of the records (February 2003) of District Development and Panchayat Officer, Patiala (DDPO) and information collected subsequently (April 2004) revealed that Rs 1.47 crore were released (March 2001) by the

State Planning Board, Chandigarh to DC, Patiala. DC, Patiala further released these funds to DDPO, Patiala who withdrew the amount from treasury and passed on to the BDPOs, Rajpura (Rs 57.70 lakh) and Dera Bassi (Rs 88.90 lakh) for implementation of the scheme. The BDPOs failed to identify the beneficiaries within the stipulated period of three months and kept the amount in the current account of banks. The amount was deposited in the Government account in May 2002 as per instructions of State Government (March 2002) and subsequent orders of DC, Patiala in May 2002.

Thus, failure of the concerned BDPOs to identify the beneficiaries even in a year resulted in irregular drawal of money without any immediate requirement and non-utilisation thereof. The irregular retention of funds outside Government account resulted in loss of interest of Rs 16.03 lakh for the period from April 2001 to May 2002 (calculated at the borrowing rates of the Government) besides depriving the beneficiaries of the intended benefits of the scheme.

DDPO, Patiala admitted (April 2004) the facts.

The matter was referred to Government in January 2004; reply is awaited (August 2004).

EDUCATION DEPARTMENT

4.2.6. Denial of intended benefits due to non-utilisation of funds

Due to non release/ withdrawal of funds of Rs 12.06 crore released by Government of India, the scheme could not be implemented and further grant from GOI was also not received

Eleventh Finance Commission allocated Special Problem Grant of Rs 30 crore to the State of Punjab during the period 2000-2005 for the promotion of Girl's Education. The Education Department proposed to give a special thrust by creating and improving infrastructure in at least two girl's schools in each Assembly constituency. The scheme aimed at improving the existing infrastructure in the girl's schools by constructing new schools and also providing facilities such as girl's common room, toilet, drinking water facilities etc.

Scrutiny of records of Director of Public Instruction (School) (DPI) revealed (November 2003) that Government of India (GOI) released Rs 12.06 crore during the period 2000-2003 for the implementation of this scheme in the State of Punjab. Of this amount, State Government released Rs 9.05 crore (Rs 3.02 crore: June 2001 and Rs 6.03 crore: February 2002) under this scheme but this amount could not be drawn and utilised during 2001-02 due to non-passing of bills by the treasury office. No reasons for non-passing of bills by the Treasury Officers were furnished either by Finance Department or Treasury Officer.

Due to non-utilisation of Rs 12.06 crore which had been specifically released by GOI, the scheme for the promotion of Girl's Education remained

unimplemented. Moreover, the balance funds under the allocation of Rs 30 crore were also not released by the GOI.

DPI admitted (April 2004) the facts.

The matter was referred to Government in March 2004; reply is awaited (August 2004).

TOURISM AND CULTURAL AFFAIRS DEPARTMENT

4.2.7. Blockade of funds due to non-recovery of secured advance

Payment of secured advance of Rs 76.80 lakh in April – May 2001 to a firm on account of supply of DG sets when only 15 per cent work was completed coupled with non-installation/ commissioning due to non-acquisition of land for sub station resulted in blockade of funds

The work of construction of Khalsa Heritage Memorial Complex, Anandpur Sahib (KHMC) was allotted (March 2000) to a firm for Rs 92.68 crore to be completed within 30 months (September 2002). The work included *inter alia* setting up of 11 KV Sub Station and Diesel Generating (DG) Sets. As per agreement, the firm was entitled to secured advance of 75 *per cent* (later on increased to 80 *per cent*) of the assessed value of material brought at site during execution of work. The amount of advance was to be recovered from the next payment on use of material for the work.

Audit scrutiny (April 2004) of the accounts of Anandpur Sahib Foundation, Chandigarh (ASF) revealed that without acquiring land for 11 KV sub station at KHMC, secured advance of Rs 86.12 lakh (April 2001: Rs 64.59 lakh and May 2001 : Rs 21.53 lakh) against the admissible amount of Rs 76.80 lakh was paid to the firm on account of supply of two DG sets at site of work of Sub Station. The secured advance of Rs 9.32 lakh paid in excess, however, was recovered in the 14th running bill paid to the firm in July 2001. Though, DG sets were required for regular power supply to the complex on completion of 11 KV Sub Station at KHMC, the payment of secured advance prematurely in April 2001, when only 15 *per cent* work on KHMC was completed, was not justified. The secured advance has not been recovered so far due to non-installation of DG sets as the land for sub station has still not been acquired (August 2004). The project which was to be completed in July 2002 is likely to be delayed further due to many factors including irregular flow of funds. Thus, secured advance of Rs.76.80 lakh remained non-adjusted due to delay in acquisition of land as a result of which, the State Government lost Rs 24.64 lakh as interest (calculated at the borrowing rate of the State Government).

The matter was referred to Government in May 2004; reply is awaited (August 2004).

**PUBLIC WORKS DEPARTMENT
(BUILDINGS AND ROADS BRANCH)**

4.2.8. Idle investment on construction of Gymnasium Hall

Failure of the department to actively pursue the matter with Finance Department for release of funds resulted in idle investment of Rs 24.98 lakh besides depriving the beneficiaries of the intended benefits

For the construction of Gymnasium Hall at Bathinda, administrative approval was arranged (February 1994) by the City Council for Rs 20 lakh under whose jurisdiction the work was to be executed. Later, the work was transferred (September 1994) to Executive Engineer, Provincial Division No. 1 (B&R) Bathinda (XEN) by DC, Bathinda. Thereafter, the Secretary, Punjab State Sports Council accorded (April 1997) revised administrative approval for this work for Rs 37 lakh. Funds were deposited by the client department with the XEN between February 1995 and June 1998 for the execution of work who deposited these funds in the treasury. Tenders were invited in April 1997 and the work was allotted to a contractor in October 1997 for completion within nine months i.e. upto July 1998.

Scrutiny of records of the Division revealed (October 2003) that when the work was completed upto the structural portion i.e. except roofs, flooring, plastering etc., the contractor stopped the work and by then, expenditure of Rs 24.98 lakh had been incurred. The contractor refused to execute the balance work because of non-release of payments by the Treasury Officer (TO). The contract was rescinded (September 2001) and bill of the contractor was finalised in November 2001.

XEN stated (April 2004) that the matter was taken up (June 2002 and March 2003) with the TO, Superintending Engineer, (B&R), Bathinda for release of funds but no response was received from them. The reply is not acceptable as the matter should have been taken up with the Finance Department for the release of funds by the Department. There was no evidence whether the matter was taken up with Finance Department for release of funds. Failure of the Department to actively pursue the matter with Finance Department for release of funds deposited into treasury for this work resulted in idle investment of Rs 24.98 lakh for the last six years besides depriving the beneficiaries of the intended benefits.

The matter was referred to Government in December 2003; reply is awaited (August 2004)

REVENUE DEPARTMENT

4.2.9. *Unproductive expenditure and blockade of funds*

Failure of department to complete the work of Computerisation of Land Records despite availability of funds resulted not only in unproductive expenditure of Rs 52.34 lakh but also blockade of funds of Rs 1.35 crore

Government of India (GOI) decided (January 1995) to implement a 100 per cent centrally sponsored scheme of Computerisation of Land Records in Punjab by providing funds in two/three instalments for completing the work within a period of three years from the date of release of funds.

Scrutiny of records of Director Land Records, Punjab (Director) revealed (May 2004) that GOI released Rs 1.88 crore (ranging between Rs 6.5 lakh and Rs 15 lakh per district) during 1994-95 to 1997-98 for the implementation of the scheme in 16 districts of the State. The amount was kept in saving account/current account in banks by all the Deputy Commissioners (DCs). It was, however, observed that an expenditure of Rs 52.34 lakh¹ was incurred upto March 2004 only for development of infrastructure i.e. on purchase of Air-conditioners, electrical instruments, furniture etc. and no expenditure on procurement of hardware and software for the project had been incurred. Subsequently, the State Government decided (March 2004) to entrust the work of computerisation of land records to the Punjab Land Record Society (Society) and directed (March 2004) all the DCs to deposit the funds in banks in the name of Society. The Society had not started the work so far (July 2004) as the funds had not been deposited with it by all the DCs except Rs 11.90 lakh by DCs of Mansa and Nawanshahar in March 2004. The interest of Rs 1.75 lakh earned by DC, Nawanshahar was not transferred but retained by him.

Thus, failure of the department to complete the work of Computerisation of Land Records within a period of three years despite availability of funds resulted in unproductive expenditure of Rs 52.34 lakh incurred for development of infrastructure without purchase of required hardware and software. It also led to blockade of funds of Rs 1.35 crore for the last seven to nine years thereby defeating the very purpose of the scheme. The interest of Rs 20.11 lakh earned upto 31st March 2004 also remained unutilised.

State Government while admitting the facts stated (July 2004) that the software developed/prepared by the National Informatics Centre was neither user friendly nor tamper proof and that there were some technical and legal problems which stalled the work of data entry in the State within time frame/schedule of Government of India. The new user friendly software was

¹ Kapurthala: Rs 9.66 lakh, Bathinda: Rs 4.91 lakh, Jalandhar: Rs 2.67 lakh, Fatehgarh Sahib: Rs 4.33 lakh, Amritsar: Rs 6.30 lakh, Faridkot: Rs 2.09 lakh, Ludhiana: Rs 0.43 lakh, Hoshiarpur: Rs 0.59 lakh, Ferozepur: Rs 0.25 lakh, Mansa: Rs 0.20 lakh, Moga: Rs 3.76 lakh, Gurdaspur Rs 0.67 lakh, Mukatsar: Rs 3.40 lakh, Nawanshahar: Rs 2.20 lakh, Patiala: Rs 1.69 lakh, Sangrur: Rs 2.61 lakh and Director, Land Records, Punjab: Rs 6.58 lakh.

being developed and the contract of data entry of revenue records has been entrusted to an agency.

PUBLIC WORKS DEPARTMENT

(PUBLIC HEALTH BRANCH)

4.2.10. Idle expenditure due to non-release of funds

Failure of District Planning and Development Board to release funds in phased manner deprived the rural masses of facility of potable drinking water besides resulting in idle expenditure of Rs 29.38 lakh

With a view to provide potable water to the inhabitants of villages of Ludhiana, Nawanshahar and Hoshiarpur Districts, administrative approval was accorded (between October 1996 to January 2000) for execution of eight Rural Water Supply (RWS) schemes at an estimated cost of Rs 2.94 crore. The works were to be completed between 1998 to March 2002.

On receipt of funds amounting to Rs 24.70 lakh during 1998-99 and 1999-2000, the Executive Engineers, P.H. (RWS), Divisions, Nawanshahar, Talwara & No. I, Ludhiana, installed eight tubewells, one on each RWS Scheme between July 1998 and December 2000 at a cost of Rs 29.38 lakh. Thereafter, no funds were received to complete the remaining components of the schemes viz. pump chambers, staff quarters, distribution, installation of machinery, Over Head Service Reservoir (OHSR), development of water works and installation of chlorination plant etc. due to financial constraints of the State Government. The extra expenditure of Rs 5.49 lakh incurred on installation of the seven tubewells (out of eight) by two XENs (Nawanshahar: 4 and No. I Ludhiana: 3), however, was met from the funds available under Minimum Need Programme (MNP) Scheme.

When this was pointed out (February 2002 to January 2003), the Executive Engineers stated (April 2002 to March 2003) that though the funds were being demanded, no funds were received due to financial constraints of the State Government. The reply was not tenable as the Divisional Officers undertook the work without ensuring the availability of funds. Thus, action of the divisions to take up the works without ensuring availability of funds resulted in idle investment of Rs 29.38 lakh incurred against eight tubewells besides depriving the facility of potable drinking water to inhabitants for the last so many years.

The matter was referred to Government in October 2003 and March 2004; reply is awaited(August 2004).

HOME AFFAIRS AND JUSTICE DEPARTMENT

4.2.11. Blockade of funds due to non-acquisition of land

Rupees two crore placed at the disposal of Punjab Police Housing Corporation (PPHC) in October 2001 in respect of work for which land is yet to be acquired, resulted in blockade of funds

Government of India released its share of Rs 35.75 crore under the scheme 'Modernisation of Police Force in the State' during 2000-01. As the amount could not be utilised during 2000-01, it was got revalidated (August 2001).

Scrutiny of records (July 2003) of Senior Superintendent of Police, Fatehgarh Sahib and information collected subsequently from Director General of Police, Punjab (DGP) revealed that out of Rs 35.75 crore, Rs 16.03 crore were drawn by DGP in September 2001 and the funds were placed (October 2001) at the disposal of Punjab Police Housing Corporation (PPHC), the executing agency for the execution of 11² works including 'Construction of Police Lines at Mansa and Fatehgarh Sahib' (Rs two crore). This work could not be started due to non-acquisition of land and funds were lying unutilised with PPHC. While no proposal was initiated for acquiring land for Police Line, Fatehgarh Sahib, the proposals for acquisition of land for the Police Line, Mansa sent to State Government in February 1996, November 1997, February 2000 and April 2001 were not accepted by the State Government. The latest proposal sent in September 2003 was still under the consideration of the State Government (May 2004).

Thus, unnecessary drawal of funds amounting to Rs two crore in October 2001 and placing the amount at the disposal of PPHC in respect of the works for which land was yet to be acquired, resulted in blockade of funds of Rs two crore.

Government admitted (August 2004) the facts.

² (1) Construction of 250 houses for NGOs in various police stations (2) Construction of 11 P.S. buildings (3) Construction of Police LineS Mansa and Fatehgarh Sahib (4) Construction of Lal Patara building at PPA Phillaur (5) Construction of North Western Gumband at PPA Phillaur (6) Renovation of building of PAP, Jalandhar (7) Renovation of building at PPA. Phillaur (8) Renovation of building of Ladda Kothi, Sangrur (9) Renovation of building of 5th I.R.B., Amritsar (10) Construction of barracks at 82nd BN P.A.P., Chandigarh (11) PPA, Phillaur.

IRRIGATION AND POWER DEPARTMENT AND PERSONNEL DEPARTMENT

4.2.12. Wasteful expenditure on account of pay and allowances of surplus staff

Non-adjustment of surplus employees (March 2001) on the completion of Ranjit Sagar Dam had resulted in wasteful expenditure of Rs 91.11 crore upto February 2004 on their pay and allowances

Consequent upon the completion of Ranjit Sagar Dam (RSD) in March 2001, out of total 11501 employees (Regular: 11326 and Work charge: 175), 6001 employees (Regular: 5826 and Work charge: 175) belonging to 83 categories were declared surplus. The surplus employees were required to be adjusted in various departments of the State Government against existing vacancies. Further, with a view to identify the redundant staff, to shift them to surplus pool and to re-deploy them as per requirement, a Committee was constituted in March 2003 with Commissioner, Surplus Pool (Commissioner), being Member Secretary, for re-structuring of Government Departments. However, Rules thereof were stated (September 2004) to have not been framed so far (August 2004). Due to delay in redeployment of surplus staff, the department had to incur an idle expenditure of Rs 91.11 crore from April 2001 to February 2004 on surplus staff of RSD Project.

When this was referred to Government in September 2002 and May 2003, the Principal Secretary (Irrigation) informed (August 2004) that after getting the information from all offices of Irrigation Department, including RSD Project, the matter to adjust the surplus staff had already been taken up with the Commissioner, as such the department will have to pay the salary to the surplus staff till their adjustment in other departments by the Commissioner. The reply was not acceptable as due to delay in redeployment of surplus staff, the State Government had to incur idle expenditure which would continue to be paid to the surplus staff causing extra burden on State Exchequer. Further, the department could not even frame the Rules for the adjustment of surplus staff.

4.3. Recoverable amounts

HOUSING AND URBAN DEVELOPMENT DEPARTMENT

4.3.1. Non-realisation of planning charges

Failure of the State Government to determine the planning charges to be recovered from Punjab Urban Planning and Development Authority resulted in non-realisation of Rs 86.95 crore

As per provisions contained in Section 60 of Punjab Regional and Town Planning and Development Act, 1995, Punjab Town and Country Planning Board (Board) may determine, in the prescribed manner, the amount which a

local authority, State Government or any other authority functioning in the Planning Area shall pay to the designated Planning Agency as contribution towards the expenses incurred by it in the discharge of its functions under the Act and the amount shall be accordingly paid.

Test check of records of District Town Planner, S.A.S. Nagar revealed (June 2003) that the State Government had designated (March 2001) Town and Country Planning Department, Punjab as Planning Agency in respect of Local Planning Area, SAS Nagar. Although an area of 869.54 lakh sqms in S.A.S. Nagar was planned by District Town Planner, S.A.S. Nagar, between 1995 and 2003, no planning charges were determined and recovered from Punjab Urban Planning and Development Authority (PUDA), an agency designated for development of residential sectors and commercial sites at S.A.S. Nagar.

Had the department determined the planning charges of Rs 10 per sqm (the rate being charged by Director, Town and Country Planning, Haryana from Haryana Urban Development Authority) recoverable from PUDA, State Government would have realised Rs 86.95 crore for planning the area by District Town Planner, SAS Nagar.

While admitting the facts, Government stated (September 2004) that Rules for the recovery of planning charges from PUDA were being framed and recovery would be made thereafter. Further developments were awaited (August 2004).

PUBLIC WORKS DEPARTMENT (BUILDINGS AND ROADS BRANCH)

4.3.2. Short levy of departmental charges

Levy of departmental charges at the rate of 12 per cent instead of at correct rate of 27.5 per cent resulted in short levy of charges of Rs 52.04 lakh

According to financial rules, departmental charges are leviable @ 27.5 per cent on deposit works carried out on behalf of local body or other party concerned. Remission of these charges is not admissible except with the consent of Finance Department.

Audit scrutiny of records of Executive Engineer, Provincial Division, Ludhiana (XEN) revealed (October 2003) that work of Construction of lawyers' chambers at Judicial Complex, Ludhiana was administratively approved (October 2000) at an estimated cost of Rs eight crore subject to the condition that expenditure borne on this project would be shared by the Bar Association and State Government on 50:50 basis. Provision of departmental charges @ 12 per cent was made in the estimate instead of at the rate of 27.5 per cent applicable to the works of private bodies. This resulted in short-levy

of departmental charges of Rs 52.04 lakh³ (on the value of work done upto April 2004).

On this being pointed out (October 2003), XEN stated (April 2004) that as the work was being executed under the head "4059-Capital Outlay on Justice", departmental charges @ 12 per cent had rightly been levied and case for remission of even these charges had been sent (March 2004) to the State Government, final outcome of which was still awaited. Reply was not acceptable because financial rules provide for the levy of departmental charges @ 27.5 per cent on deposit works of private bodies and not @ 12 per cent.

The matter was referred to Government in November 2003; reply is awaited (August 2004).

4.4. Embezzlement of Government money

IRRIGATION AND POWER DEPARTMENT

4.4.1. Fraudulent withdrawal from treasury

Non-adherence of financial rules by the Drawing and Disbursing Officer and Treasury Officer facilitated fraudulent draws and embezzlement of Government money amounting to Rs 29.07 lakh

Financial Rules provide various checks to be exercised in regard to drawal of amounts from treasury and maintenance of cash book and other registers to be followed by Head of Office/ DDO.

Test check of the records of the Executive Engineer, Kandi Water Shed Drainage Division, Hoshiarpur (XEN) during April and May 2004 and information collected (July 2004) subsequently revealed that between January 2002 and March 2004, Rs 29.07 lakh (Pay and allowances and Contingency : Rs 24.21 lakh, TA: Rs 0.50 lakh and GPF advances: Rs 4.36 lakh) were fraudulently drawn from the treasury against fraudulent/ingenuine claims and was embezzled by the dealing assistant by:

- fraudulently drawing salary either of transferred employees or of employees not borne on the strength of division.
- double drawal of TA bills in 19 cases.
- drawal of GPF advance of class IV employees against fake sanctions as endorsement number and dates of the sanctions did not tally with

3

Value of work done upto April 2004	=	Rs 6,71,53,544
50 per cent share	=	Rs 3,35,76,772
Short-levy of departmental charges payable by Bar Association @ 15.5 per cent (27.5 – 12 = 15.5)	=	Rs 52,04,399

despatch register and in most of the cases concerned officials did not even apply for advance and receive the amount.

The fraudulent drawals/embezzlement, however, were facilitated because:

- The job right from the preparation of pay bills till their payment through cash book was assigned to the same official in contravention of codal provisions;
- The DDO failed to check the correctness of bills prepared for drawal, their entries in bill register, verification of amount of bills included in cheques, on their receipt from treasury in the cash book and disbursement thereof;
- DDO failed to check the fraudulent drawals of pay and allowances of employees not borne on the strength of division but included in fair copies of bills whereas in office copies of bills, names of only actual incumbents were included;
- Two cheque registers were being maintained by the official and the second register was stated to be opened by him of his own;
- TA bill register was incomplete as the same was neither maintained in prescribed form nor entries therein were authenticated by the Controlling Officer;
- DDO did not ensure reconciliation of entries of drawals every month from the treasury with those entered in cash book;
- Treasury schedules were not obtained every month;
- Audit scrutiny revealed that due to failure of Treasury Officer to exercise proper checks in one case, double drawal of GPF amounting to Rs 1.15 lakh was made on the basis of photocopy of the sanction and in another case, Rs 0.50 lakh were withdrawn in excess due to working out incorrect arithmetical calculations in the bill as Rs 1,68,153 instead of Rs 1,18,153.
- The fraudulent drawal of Rs 29.07 lakh was not routed through cash book.

When this was pointed out (May 2004), the XEN stated that FIR against the dealing assistant had been lodged on 22 April 2004 which was for Rs 1,76,587. Audit, however, computed the misappropriation on this account to the tune of Rs 29.07 lakh. Further, while accepting the audit observation, the XEN lodged (15 July 2004) revised FIR for Rs 29.07 lakh. Progress of police investigation and departmental enquiry being held are awaited.

The matter was referred to Government in May and August 2004; reply is awaited (August 2004).

HEALTH AND FAMILY WELFARE DEPARTMENT

4.4.2. *Embezzlement of Government money by Drawing and Disbursing Officer*

Drawing and Disbursing Officer himself had fraudulently withdrawn Rs 107.90 lakh from treasury on fictitious bills, of this amount Rs 95.28 lakh is yet to be recovered

Rules require that the Head of Office should obtain from the treasury by 15th of every month a list of withdrawals entered in the cash book. Difference if any, should be reconciled expeditiously in consultation with the treasury office so as to ensure that no money is embezzled.

Between March 2002 and February 2003, Senior Medical Officer, Primary Health Centre, Chaksherwala (Distt. Muktsar) (SMO), being Drawing and Disbursing Officer (DDO), prepared 10 fictitious bills on account of arrears of pay and allowances of working/retired/transferred officials supported with bogus sanctions amounting to Rs 71.15 lakh. As per enquiry conducted by Assistant Controller (Finance and Accounts), office of Civil Surgeon, Muktsar in April 2003, cheques amounting to Rs 71.15 lakh were received from the treasury (between March 2002 and February 2003) but were not entered in the cash book by the DDO. The office copies of these bills were also not available. In addition, payments of Rs 12.35 lakh drawn from treasury during May to July 2002 on account of arrear of pay and allowances of various officials were also doubtful as some of these officials had already been transferred to other places before the period upto which these were drawn. Further, Rs 12.62 lakh withdrawn from treasury by DDO on 13th February 2003 were subsequently deposited into treasury on 15th February 2003. Thus, the DDO fraudulently withdrew Rs 96.12 lakh from treasury during the period. Of these, Rs 12.62 lakh was deposited by him in the treasury in February 2003.

On the basis of this enquiry report, First Information Report (FIR) was lodged with the police on 19th April 2003 and the SMO, Computer Operator and a Clerk were placed under suspension in May – July 2003. No charge sheet has been framed/served upon the defaulting officials so far.

Audit scrutiny of records of SMO revealed (September 2003) that he had withdrawn another fictitious bill amounting to Rs 11.78 lakh from the treasury in December 2002 which was also not entered in the cash book. Neither office copies nor APRs were available. Thus, a total sum of Rs 107.90 lakh was fraudulently withdrawn by SMO and was embezzled. Out of this, Rs 12.62 lakh only were deposited into treasury by the SMO and the balance embezzled amount of Rs 95.28 lakh was yet to be recovered (August 2004).

The matter was referred to Government in March 2004; reply is awaited (August 2004).

4.5. Irregular/excess expenditure/payments

HOUSING AND URBAN DEVELOPMENT DEPARTMENT

4.5.1. Excess payment of perks and allowances

Non-implementation of Government instructions in regard to payment of perks and allowances at rates admissible to Government employees resulted in payment of Rs 5.14 crore to its employees by PUDA which was in violation of rules

Government of Punjab issued (September 1999) instructions that Public Sector Undertakings including Cooperative Apex Institutions and Corporations/ Boards, which have been established under various Acts of the State Government, should pay the same rate of allowances to their employees as sanctioned by the State Government to its employees, from the date of issue of these instructions. State Government, while reiterating (May 2002) these instructions, directed that higher allowances not admissible to Government employees but being paid to the employees of other public and quasi public undertakings, be immediately withdrawn, prospectively, and Administrative Secretaries as well as Managing Directors would be responsible for the implementation of these instructions.

Scrutiny of the records of office of the Chief Administrator, PUDA revealed (June 2002) that the Department did not implement the above instructions of Government and in disregard to those made payments of:

- HRA @ 25 per cent of basic pay instead of 15 per cent prescribed by the State Government for its own employees.
- conveyance allowance @ Rs 200 to Rs 1000 per month depending upon type of conveyance which was not admissible to State Government employees.
- Ex-gratia @ Rs 7500 per annum to employees those were not entitled to draw bonus and which was not admissible to Government employees.
- Secretariat allowance ranging between Rs 80 and Rs 400 per month, not admissible to State Government employees.

This resulted in inadmissible payment of Rs 5.14 crore as follows:

(Rupees in lakh)

Period	Inadmissible payment made				Grand Total
	House Rent Allowance	Local Conveyance	Ex-gratia payment	Secretariat allowance	
2000-01 to 2003-04	126.04	39.98	333.30	14.92	514.24

PUDA stated (July 2002) that these perks and allowances were paid as per provisions of service regulations approved by PUDA. Reply is not acceptable as these allowances had been paid in contravention of the instructions of Government of Punjab.

The matter was referred to Government in April 2004; reply is awaited (August 2004).

PUBLIC WORKS DEPARTMENT (BUILDINGS AND ROADS BRANCH)

4.5.2. Ungainful expenditure on construction of bridges

Construction of two bridges without administrative approval, technical sanction and allotment of funds, was not only irregular but the expenditure of Rs 88.48 lakh incurred was also rendered ungainful for want of approaches

Rules⁴ require that no work shall be commenced unless administrative approval and technical sanction have been accorded and allotment of funds has been made.

Scrutiny of records of Executive Engineer, Construction Division No. II, PWD, (B&R), Mohali revealed (November 2003) that in disregard of these provisions, the works of construction of two bridges – High level bridges over Jhermal Choe X-ing Dapper Togganpur Chandheri Road and Submersible bridge over Choe X-ing Jandli to Dera Gural Singh Road in Patiala were allotted (October 2001) to the contractors on the basis of tenders approved (October 2001) by the Chief Engineer. The works were completed at a cost of Rs 88.48 lakh in June 2002 and March 2002 respectively, by unauthorisedly meeting expenditure out of the allocations for other works. The bridges, however, could not be made functional due to non-construction of approach roads for want of administrative approval, technical sanction and non-availability of funds. Thus, expenditure of Rs 88.48 lakh incurred on the construction of bridges was not only irregular but also proved unfruitful for want of approaches for the last two years.

The Executive Engineer admitted (April 2004) the above facts and stated that the matter regarding administrative approval and technical sanction was under active consideration. Further reply is awaited (August 2004).

⁴ Para 6.3(i) of B & R Manual and Paragraph 2.89 of PWD Code.

The matter was referred to Government in February 2004, reply is awaited (August 2004).

4.5.3. Irregular expenditure on furnishing of the houses of Ministers

Irregular expenditure of Rs. 26.37 lakh on furnishing of the rented/own houses occupied by Ministers

As per notification of October 2000 issued by Government of Punjab Department of General Administration (Cabinet Affairs Branch), each Minister alongwith his family members shall be provided a free furnished house, the maintenance charges of which shall be borne by the State Government. In lieu of such house, he shall be paid monthly allowance not exceeding Rupees thirty thousand as may be sanctioned by the sanctioning authority. It was also provided that in the case of a Minister who had his own house within a radius from the Headquarter as may be specified by the State Government from time to time, he shall be paid such monthly allowance not exceeding Rupees thirty thousand as may be assessed by the Public Works Department.

The State Government also clarified (June 2003) that a Minister could avail of only one facility, either free furnished accommodation, the maintenance charges of which were to be borne by the State Government or an amount not exceeding Rupees thirty thousand as monthly allowance. Also in cases of Ministers living in private houses and getting monthly allowance of Rupees thirty thousand, furnishing and repairing of these houses would not be the responsibility of the Government.

Test check of records of Provincial Division (B&R), Chandigarh revealed (November 2003) that 13 Ministers, who either resided in their own houses or in rented houses during the period from March 1997 to March 2002, were not only being paid monthly allowance not exceeding Rupees thirty thousand but their houses were also furnished at a total cost of Rs. 26.37 lakh contrary to the rules.

When this was pointed out (November 2003), Executive Engineer (XEN) stated that “furnishing was done against the approved estimates by the Secretariat Administration on the basis of norms and the rent was also paid for furnished accommodation on the approval of Punjab Secretariat”. The reply of the XEN was not tenable as the expenditure was not covered by rules. Thus, expenditure of Rs. 26.37 lakh incurred on furnishing of rented/own houses of Ministers was irregular.

The matter was referred to Government in May 2004; reply is awaited (August 2004)

4.6. GENERAL

4.6.1 Failure of senior officials to enforce accountability and protect the interest of Government

Non-responsiveness to Audit findings and observations resulting in erosion of accountability

The Principal Accountant General (Audit) (Pr. A.G.) arranges to conduct periodical inspection of the Government Departments to test check the transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. These inspections are followed up with Inspection Reports (IRs). The Head 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 Pr. A.G. Serious irregularities are also brought to the notice of the Head of the Department by the office of the Pr. A.G. A half yearly report of pending IRs is sent to the Principal Secretary to Government of Punjab, Finance Department to facilitate monitoring of the audit observations in the pending IRs.

The inspection reports issued to 348 Drawing and Disbursing Officers (DDOs) during 1993-94 to September 2003 pertaining to Health and Family Welfare Department disclosed that 4208 paragraphs relating to 2173 IRs remained outstanding at the end of March 2004. Of these, 624 IRs containing 912 paragraphs had not been settled for more than 10 years. Year-wise position of the outstanding IRs and paragraphs is detailed in the *Appendix-XXX*.

Though initial replies were required to be received from the Heads of Offices within six weeks from the date of issue, such replies were not received (May 2004) in respect of 148 offices for 239 IRs issued between April 2003 and September 2003. As a result, action taken on the following serious irregularities commented upon in these IRs had not been settled as of March 2004.

Sr. No.	Name of irregularities	No. of paras	Amount (Rupees in crore)
1.	Non reconciliation of withdrawals	396	423.56
2.	Infructuous/wasteful expenditure	272	26.09
3.	Unfruitful/idle investment on machinery	186	8.19
4.	Non disposal of unserviceable articles	220	17.52
5.	Blockade of funds	139	13.75
6.	Excess payment of pay and allowances	393	6.83
7.	Irregular drawal of pay and allowances	477	10.98
8.	Diversion of staff	313	24.10
	Total	2396	531.02

The Principal Secretary to Government of Punjab, Health and Family Welfare Department, who was informed of the position through half yearly reports, also failed to ensure that the concerned officers of the Department took prompt and timely action.

It is recommended that Government should look into this matter and ensure that procedure exists for (a) action against the officials who failed to send replies to IRs/paragraphs as per the prescribed time schedule, (b) action to recover loss/outstanding advances/over payments in a time bound manner and (c) revamping the system to ensure proper response to the audit observations in the Department.

The matter was referred to Government in May 2004; reply is awaited (August 2004)

4.6.2. Follow-up on Audit Reports/ Outstanding action taken notes

The Comptroller and Auditor General of India's Audit Reports represent culmination of the process of scrutiny starting with initial inspection of accounts and records maintained in the various offices and departments of Government. It is, therefore, necessary that they elicit appropriate and timely response from the executive. Finance Department issued (August 1992), at the instance of the Public Accounts Committee (PAC), instructions to all the Departments to initiate *suo moto* positive and concrete action on all paragraphs/reviews figuring in the Audit Reports irrespective of whether the cases were taken up for examination by PAC or not. The Departments were also required to furnish to PAC detailed Action Taken Notes (ATNs), duly vetted by Audit, indicating the corrective/ remedial action taken or proposed to be taken by them within a period of three months of the presentation of the Reports to the State Legislature.

Audit Reports

Out of 296 paragraphs/reviews included in the Audit Reports relating to the period 1995-96 to 2001-02 which had already been laid before the State Legislature, ATNs in respect of 81 paragraphs/reviews as detailed below had not been received in Audit Office for vetting as of March 2004 even after the lapse of prescribed period of three months: -

Year of the Audit Report (Civil)	Total Paragraphs/ Reviews in Audit Report	No. of Paragraphs/ Reviews for which explanatory notes were not received
1995-96	47	1
1996-97	56	4
1997-98	37	2
1998-99	48	8
1999-2000	44	19
2000-01	33	19
2001-02	31	28
Total	296	81

Department-wise analysis is given in the *Appendix-XXXI*. Departments largely responsible for non-submission of explanatory notes were Public Works, Industry, Education, Social Welfare and Health and Family Welfare. Government did not respond even to reviews containing important issues such as systems failures, mis-management and misappropriation of Government money. Such non-receipt of replies hampered the work of PAC.