

## CHAPTER IV: AUDIT OF TRANSACTIONS (CIVIL DEPARTMENTS)

### AGRICULTURE DEPARTMENT

#### 4.1 Sale proceeds not deposited to Government account

**Rupees 40.96 lakh representing sale proceeds of agriculture-inputs were temporarily misappropriated by the Agri-Assistants and remained outside the Government account for long periods, due to failure of the department to enforce the rules.**

Rule 3 of the General Financial Rules (GFRs) stipulates that all moneys received by or on behalf of the Government either as dues of the Government or for deposit, remittance or otherwise, shall be brought into Government account without delay, in accordance with such general or special rules as may be issued under Articles 150 and 283 (1) of the Constitution.

Scrutiny (November 2005) of the records of the Director of Agriculture (DA) revealed that **646 Agri-Assistants (AAs), who had collected Rs. 46.59 lakh<sup>1</sup> from the sale proceeds of different agri-inputs, between 1994-95 and 2004-05, and who were required to deposit the amounts with the Superintendent of Agriculture (SAs) within 24 hours, had temporarily misappropriated the amounts.** The amounts remained outside the Government account as of December 2005, with consequential loss of interest. This malpractice was fraught with the risk of fraud and misappropriation and was indicative of weak financial controls in the department. Audit analysis revealed that under the existing procedure, the SAs only report to the Directorate such instances of temporary misappropriation, without taking any disciplinary action. At the Directorate level also, no action is taken except to issue the demand notice for recovery of the amount in three instalments, without any penal interest. In the absence of any disciplinary action against any of the defaulting AAs, there was no deterrence against this malpractice.

Thus, due to non-observance of the provision of the GFRs, absence of any effective departmental procedures as well as failure in monitoring and follow up, Rs. 40.96 lakh remained un-recovered from the AAs for long periods, with attendant loss of interest, and high risk of fraud and misappropriation.

On this being pointed out, the Director stated (June 2006) that upto April 2006, Rs. 5.63 lakh had been recovered.

The matter was referred to the Government in April 2006; reply had not been received (September 2006).

<sup>1</sup>

(a) West Tripura (seven SAs)	Mohanpur: Rs. 2.06 lakh (62 AAs) Khowai: Rs. 8.90 lakh (68 AAs) Dukli: Rs. 0.03 lakh (2 AAs)	Jirania : Rs. 3.03 lakh (74 AAs) Bishalgarh :Rs. 3.55 lakh (96 AAs)	Melaghar : Rs. 10.56 lakh (94 AAs) Teliamura : Rs. 1.38 lakh (31 AAs)
(b) South Tripura (six SAs)	Bagafa : Rs. 1.73 lakh (22 AAs) Rajnagar : Rs. 1.97 lakh (52 AAs)	Satchand : Rs. 5.87 lakh (51 AAs) Amarpur : Rs. 6.49 lakh (64 AAs)	Gandacherra : Rs. 0.29 lakh (11 AAs) Matabari : Rs. 0.70 lakh (19 AAs)

#### 4.2 Idle expenditure

**Inability of the department to take timely action, despite availability of funds from Government of India led to inordinate delay in operationalising the State Pesticides Testing Laboratory, and idle expenditure of Rs. 28.05 lakh incurred on its setting up.**

Government of India (GOI) approved Rs. 40 lakh as Grants-in-aid for strengthening / setting up the State Pesticides Testing Laboratory (SPTL) during the IX Five Year Plan. The GOI issued the administrative approval for Rs. 30 lakh during 2001-02 for procurement of equipment, but the funds could not be released for want of a formal proposal from the Government of Tripura. Rupees 30 lakh was subsequently released in 2002-03 and was transferred by the State Finance Department to the Agriculture Department (Department) in July 2002. However, the Department took one year to float the tender for the purchase of equipment (July 2003) and seven months to send the proposal to the Supply Advisory Board (SAB). The tender was finalised by the SAB in April 2004, and the equipment was purchased in July 2004 at a cost of Rs. 28.05 lakh, two years after the receipt of funds in the Department.

The Department did not furnish the utilisation certificate to the GOI. Consequently, it did not receive the remaining amount of Rs. 10 lakh, required for the purchase of a spectrometer system, despite reminders from GOI (July and August 2005) to furnish the utilisation certificate and notify the position of insecticide analysts, a requirement under the Insecticides Act, 1968. It was only in September 2005 that the Department sent the utilisation certificates. However, the position of the analysts was not notified until April 2006. As of June 2006, the remaining funds had not been received from the GOI. The SPTL was not operational due to lack of funds and non-notification of the analysts' positions.

Thus, inaction of the department in (i) not claiming the funds from the Government of India in time, (ii) not utilising the funds in time, (iii) not sending the utilisation certificates and claiming the remaining Grants-in-aid in time, despite reminders from Government of India; and (iv) not taking timely action to recruit and train the analysts and notify their positions as per the Insecticides Act, resulted in inordinate delay in operationalising the SPTL and in idle expenditure of Rs. 28.05 lakh incurred on its strengthening / setting up.

Though the Deputy Director stated (May 2006) that the Laboratory had started functioning unofficially from November 2005, scrutiny of the copy of the test report furnished showed that a number of pesticides remained un-analysed due to non-availability of chemicals. It was also noticed that two out of the three years' warranty period of the equipment purchased were over (July 2006), even before the Laboratory became fully functional.

The Government stated (August 2006) that there was delay in floating tender as an officer had to be trained in West Bengal to gather knowledge about the technical know-how of the machine before floating the tender and there was delay in notifying the positions of analysts as the analysts were to undergo training at NPPTI, Hyderabad before notification.

## AGRICULTURE DEPARTMENT AND INFORMATION, CULTURAL AFFAIRS AND TOURISM DEPARTMENT

### 4.3 Idle expenditure on construction of a tourist lodge

**Delay in the construction of a tourist lodge due to delay in releasing the funds and taking over the building after its completion resulted in an expenditure of Rs. 23.22 lakh remaining idle and the project not being commissioned after seven years of its approval.**

Government of India (GOI) approved (June 1999) the project 'Refurbishment of Monuments/ Tourist bungalow at Phuldangsai' in North Tripura District at an estimated cost of Rs. 40.11 lakh<sup>1</sup> and released its share of Rs. 26.32 lakh in three instalments<sup>2</sup> between July 1999 and February 2004. The project was to be administered by the Information, Cultural Affairs and Tourism Department (ICAT) and executed by the Executive Engineer (EE), Agriculture Department, North Tripura District.

It was observed during audit that there was inordinate delay in starting the project. Despite having received the first installment of Rs. 8 lakh from the GOI in July 1999, the ICAT took 18 months to release the funds to the EE in January 2001.

The EE awarded (January 2001) the work at an estimated cost of Rs.20.08 lakh with the stipulation to complete it within six months. There were further delays in the execution of the work, mainly due to delays in release of funds by the ICAT, ranging from 17 to 26 months<sup>3</sup> after their receipt from the GOI. Though the EE reported the completion of the work in August 2004 at a cost of Rs. 23.22 lakh (delay of over three years from the stipulated date of completion), the Director, ICAT had already sent a false report to the GOI showing the completion and commissioning of the project in December 2003 at an inflated cost of Rs. 40.11 lakh.

It was also noticed that though the construction was completed in August 2004, Director, ICAT did not take the possession of the building pointing out some rectification/ modification needed in the building (May 2005). However, even after the EE reported completion of the rectification work in September 2005, the Director, ICAT had not taken the possession of the building (June 2006) citing, *inter-alia*, manpower problems.

Thus, inordinate delay in execution of the work by the Executive Engineer, mainly due to delay in releasing funds by the department and failure of the department to take over the building and to put it to public use, even after two years of its completion, resulted in the expenditure of Rs. 23.22 lakh remaining idle and the objectives of the project remaining unachieved for

<sup>1</sup> Central component: Rs. 26.32 lakh; and State component: Rs. 13.79 lakh.

<sup>2</sup> July 1999: Rs. 8 lakh; February 2002: Rs. 13.16 lakh and February 2004: Rs. 5.16 lakh.

<sup>3</sup> January 2001: Rs.8 lakh; July 2003: Rs.4 lakh; January 2004: Rs.4.93 lakh and April 2006: Rs.6.43 lakh.

more than five years after its scheduled date of completion and seven years after its approval. Besides, false certificates relating to utilisation of funds and completion and commissioning of the project were given to the GOI, which had approved and funded the project.

The Government stated (September 2006) that the tourist lodge had been taken over for use. The department attributed the delay in placement of funds to slow progress of work. It stated that delay in execution was due to problem in getting the technical estimate's approval from the executing agency. Slow progress of work was also attributed to difficulties faced in transportation of materials due to bad road conditions in the hilly terrain from Kanchanpur to Phuldangsai and non-availability of skilled labourers.

## HOME DEPARTMENT

### 4.4 Idle expenditure

**Failure of the department to install an Electronic Air Raid Precautionary System purchased at a cost of Rs. 11.43 lakh led to idle expenditure for three years and vulnerability of the civil defence system of Agartala town.**

The Director, Civil Defence (CD), purchased (October–November 2003) through the BSNL, an Electronic Air Raid Precautionary (EARP) System for installation at Agartala.

Scrutiny (November 2005) of records of the Director revealed that as of September 2006 the equipment was lying in the store of the BSNL as the Director had failed to provide a room for its installation.

On this being pointed out in audit, the Controller of Civil Defence stated (April 2006) that the system could not be installed as the room where it was to be installed was not air-conditioned by the Executive Engineer (EE), Rural Development (RD) Division, Agartala. The EE, however, stated (April 2006) that the work of air-conditioning was held up as the earmarked room was not made available to him. It was further observed in audit that the department had not finalised the plans or made budget provision for the purchase and installation of the required 10-15 electrically operated sirens to be fitted at different places of the towns, together with the required 3-phase electricity connection for connecting the sirens with the EARP system. As a result, the system would remain inoperative even after being installed if the arrangements for sirens and electricity connection were not made.

Thus, the failure of the department to provide a suitable room for installation of the EARP system as well as to install and connect the sirens not only led to idle expenditure of Rs. 11.43 lakh for about three years, but also seriously compromised the civil defence system of Agartala town.

The Government stated (September 2006) that it would take steps to install the equipment as well as the sirens during the current financial year.

## INFORMATION, CULTURAL AFFAIRS AND TOURISM DEPARTMENT

### 4.5 Unfruitful expenditure

**Department's inaction in making security and power supply arrangements at the historic site at Unokoti led to expenditure of Rs. 22.15 lakh incurred on illumination work remaining unfruitful, besides misreporting and irregular retention of Rs. 17.99 lakh.**

Government of India sanctioned (October 1999) the project "Development of Unokoti<sup>1</sup> at Kailashahar" at a cost of Rs. 72.08 lakh<sup>2</sup> and released its share of Rs. 50 lakh to the Director of Information, Cultural Affairs and Tourism (ICAT) Department between November 1999 and March 2004. The ICAT Department released only Rs. 32.85 lakh to the Executive Engineer (EE), Agriculture Department, North Tripura District.

Test check (July 2005) of the records revealed that the **Director, ICAT, had furnished (January 2004) a false utilisation certificate and completion report to the Government of India indicating that the project had been commissioned in October 2003 at a cost of Rs. 75 lakh, even though the State share was never released and Rs. 17.15 lakh out of the Central share remained unutilised (May 2006) with the Director and had not been returned to the Government of India.**

Cross-check (January 2006) of the records of the EE and further information furnished (May 2006) revealed that Rs. 31.86 lakh was spent on two works (illumination of *Sivasthal*: Rs. 22.15 lakh, and development of park and construction of gate: Rs. 9.71 lakh) and Rs. 0.84 lakh was retained by him while Rs. 0.15 lakh was diverted to the tourist lodge at Kailashahar. The EE requested (May 2001) the Director, ICAT to take over the possession of the completed work. In view of the failure of the Director to do so, the EE brought back (July 2003) the electrical fittings worth Rs. 9.73 lakh to his godown, leaving other fittings *viz.*, poles, underground cables, control room, etc. there, in an unsecured condition.

The Director of ICAT stated (March 2006) that the site was not taken over due to (i) withdrawal of police picket from the site and (ii) non-installation of transformer by the Power Department due to dispute over payment of high consumption charges fixed by the Power Department. The reply is not tenable, as these factors should have been resolved before taking up a project located in a remote area. There was also no evidence of any efforts to resolve the dispute over the transformer, which was essential for illumination work.

Thus, the expenditure of Rs. 22.15 lakh on the illumination work remained unfruitful for more than five years. The retention of Rs. 17.99 lakh of Central

<sup>1</sup> Unokoti: A tourist spot 178 km from Agartala, reputed for its 7<sup>th</sup> -9<sup>th</sup> century stone and rock cut images, deep in the forest near Kailashahar.

<sup>2</sup> Central Financial Assistance: Rs. 50 lakh and State Government component : Rs. 22.08 lakh.

funds by furnishing (January 2004) a false completion report of the project to the Government of India was irregular.

The Government stated (July 2006) that the situation had improved with the recent setting up of a police picket and that arrangements were being made to set up the transformer and electrical fittings.

## **PLANNING AND CO-ORDINATION DEPARTMENT AND RURAL DEVELOPMENT DEPARTMENT**

### **4.6 Idle investment in incomplete town halls**

**Failure to complete the construction of two town halls on time due to non-observance of established procedures, faulty planning and lack of supervision and monitoring resulted in idle investment of Rs. 88.04 lakh apart from depriving the community of the intended benefit for over eight to nine years.**

Para 2.2 of CPWD Manual, Volume II *inter-alia* provides that no works should be commenced or liability thereon incurred until administrative approval and expenditure sanction have been accorded, a properly detailed estimate with designs has been sanctioned, and allotment of funds made.

Scrutiny of records (September – October 2005) of the Executive Engineer (EE), RD Division, West Tripura, revealed that the District Magistrate and Collector (DM), West Tripura, accorded (March 1997) administrative approval and expenditure sanction for Rs. 14 lakh (Rs. 7 lakh each) for construction of two town halls at Bishalgarh and Melaghar in West Tripura District under the scheme, 'Members of Parliament Local Areas Development (MPLAD)' with the direction to execute the works as per technically approved estimates after observing all codal formalities. The works were entrusted to two Junior Engineers (July 1997), without preparing detailed estimates, with a stipulation to complete the works within 12 months. The preliminary estimates for Rs. 29.80 lakh for each of the buildings were prepared by the EE, RD Division in February 1999, 18 months after the entrustment of work, without any approved plan, drawing and design or detailed estimates. The technical sanction from the Superintending Engineer (SE), as required under the Delegation of Financial Power Rules (DFPR), was also not obtained.

After incurring an expenditure of Rs. 21.50 lakh, the works were stopped temporarily at the instance of the SE (January 2000), and restarted in February 2000 after the drawings and designs of the buildings were prepared by the SE. The estimates for each work were revised to Rs. 45.44 lakh and technical sanctions were accorded by the SE (by splitting the estimates in two parts to avoid the approval of the higher authorities) in September 2004, i.e. after seven years of the commencement of the works. The reason for delay was not

intimated to Audit. The DM meanwhile released further funds of Rs. 75.60 lakh<sup>1</sup> between April 1999 and October 2005.

The construction (civil works) of the two halls was completed in September 2004 at a cost of Rs. 88.04 lakh<sup>2</sup>, but the internal electrification and seating arrangements were still pending. As a result, the buildings could not be put to use.

Thus, failure to complete the works on time due to non-observance of established procedures, faulty planning and lack of supervision and monitoring resulted in idle investment of Rs. 88.04 lakh, and the intended benefit from the buildings was not realised even after eight to nine years.

The Block Development Officer (BDO), Melaghar subsequently stated (June 2006) that the town hall at Melaghar was in public use since 31 December 2005. The BDO, Bishalgarh stated (June 2006) that the town hall at Bishalgarh was taken over in January 2006 but remained unused due to non-completion of internal electrification, on account of lack of funds.

The Government stated (October 2006) that the works were taken up as per the model estimate, which was updated as per the prevailing market rate. It was further stated that the funds were released as recommended by the MP and thus the project under MPLADS might not be treated like other projects. The reply is not tenable, as the established procedures were not followed, which led to undue delay in completion of the works and the flow of benefits from these works.

## PUBLIC WORKS DEPARTMENT (PUBLIC HEALTH ENGINEERING)

### 4.7 Infructuous expenditure

**The Rig Division, Agartala, incurred infructuous expenditure of Rs. 35.62 lakh on four drillers, as the drilling was being done through contractors.**

The Rig Division, Agartala, was set up in December 1985 for drilling and development of tube wells for drinking and irrigation purposes. The Division had six rig machines procured at a cost of Rs. 2.31 crore and employed four drillers, against the sanctioned strength of two.

<sup>1</sup>

Melaghar			Bishalgarh		
2 <sup>nd</sup> installment	April 1999	Rs. 5.00 lakh	2 <sup>nd</sup> installment	April 1999	Rs. 10.00 lakh
3 <sup>rd</sup> installment	March 2000	Rs. 17.80 lakh	3 <sup>rd</sup> installment	January 2000	Rs. 12.80 lakh
4 <sup>th</sup> installment	August 2002	Rs. 10.00 lakh	4 <sup>th</sup> installment	August 2002	Rs. 10.00 lakh
5 <sup>th</sup> installment	October 2004	Rs. 5.00 lakh	5 <sup>th</sup> installment	October 2004	Rs. 5.00 lakh
<b>Total</b>		<b>Rs. 37.80 lakh</b>	<b>Total</b>		<b>Rs. 37.80 lakh</b>

<sup>2</sup> Bishalgarh: Rs. 43.41 lakh; and Melaghar Rs. 44.63 lakh.

Test check (September 2005) of the records of the Division revealed that despite having four<sup>1</sup> drillers and three rig machines in working condition, the drilling works were being executed through outside agencies. The Rig machines owned by the department were given to the agencies on rent basis but the terms and conditions of the agreements did not have any provision for utilising the services of the departmental drillers, who remained idle as the rig machines were retained by the contractors throughout the years. The expenditure of Rs. 35.62 lakh incurred by the division during January 1998 to March 2006 towards the salaries of the drillers, without gainfully utilising their services, was infructuous.

The Executive Engineer stated (January 2006) that the drilling works were executed through agencies as per the decisions of the Government, and that the services of the drillers were being utilised in petty works like looking after the drilling works and handling of stores articles. The reply is not tenable, as the retention of drillers without any need was unjustifiable and the Division had also not made any efforts to redeploy them gainfully.

The matter was reported to the Government in April 2006; reply had not been received (September 2006).

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

### **4.8 Non-recovery of penalty**

**The Public Works Department not only failed to ensure that its contractors employed only qualified people, but also did not recover the prescribed penalty of Rs. 22.21 lakh for non-employment of qualified people.**

Clause 36 of the agreement provided in PWD Forms-7 and 8 states that the contractor shall employ, i) one graduate engineer with a minimum of one year's experience when the cost of the work to be executed is Rs. 50 lakh and above; ii) one qualified diploma holder (Overseer) with a minimum of three years' experience when the cost of the work to be executed is more than Rs. 20 lakh but less than Rs. 50 lakh. For failure to do so, the contractor shall be liable to pay a penalty of Rs. 2,000 in the case of a graduate engineer and Rs. 1,000 in the case of a diploma holder for each month of default.

For effective operation of clause 36, the CPWD Manual<sup>2</sup>, Vol II provides that after awarding of work, the contractor should be asked to furnish the details such as name, qualifications and address of the engineer employed by the contractor and the Assistant Engineer should record a certificate in each

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<sup>1</sup> One driller was transferred to PHE Division – VII, Belonia in August 2004, after the issue was raised in Audit in July 2000 and March 2003.

<sup>2</sup> Government of Tripura does not have any PWD Manual / Code of its own, it follows the CPWD Manual / Code.



running bill stating that a qualified engineer, employed by the contractor, has looked after the work during its execution.

Scrutiny of records had revealed widespread violation of the above provision, as reported in Paras 4.12 and 4.5 of the Reports of the Comptroller and Auditor General of India for the years ended 31 March 2004 (three divisional officers) and 31 March 2005 (four divisional officers), which resulted in non-recovery of penalty of Rs. 26.95 lakh and Rs. 35.38 lakh respectively from the defaulting contractors.

Further test-check (April 2005 – November 2005) of records in two other divisions<sup>3</sup> revealed similar violations in 123 cases involving a penalty of Rs. 27.23 lakh<sup>4</sup>.

The EE, Southern Division II stated (December 2005 and April 2006) that in 26 cases, Rs. 5.02 lakh had been recovered and in other cases, recoveries would be made in course of time. The EE, Kanchanpur Division stated (November 2005) that the contractors would be asked to submit documentary evidence of engagement of technical staff, failing which, recovery would be made from their current works. It was, however, noticed that the recoveries were being made without charging penal interest on the amounts that were due for long periods of time, thus giving undue benefit to the contractors and causing loss to the Government. Besides, absence of qualified technical staff raises doubts about the quality of the works executed in these cases.

The Chief Engineer admitted (September 2006) the lapse and cautioned the Divisional Officers against recurrence of such lapses and asked them to immediately respond to the audit observations and take prompt action for recovery of the penalty from the defaulting contractors under intimation to Audit.

It was also noticed that the rate of penalty (Rs. 2000 and Rs. 1000 per month), fixed in November 1988 (effective from November 1987) could hardly be an effective deterrent to prevent the contractors from employing unqualified personnel, and therefore it was likely that the practice of not employing qualified people was widely prevalent throughout the State, which is also borne out by the results of the test checks<sup>5</sup>. The Department subsequently informed (July 2006) that the rates of penalty had been raised to Rs. 4000 and Rs. 2000 respectively effective from February 2006. However, it is unlikely that even these rates would be a deterrent. The Government needs to review the matter keeping in view that a penalty which is not a strong deterrent would leave scope for not employing unqualified people, on payment of penalty, and thereby endangering the quality of work done.

The matter was reported to the Government in July 2006; reply had not been received (September 2006).

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<sup>3</sup> Southern Division II (Santirbazar) and Kanchanpur Division (Kanchanpur).

<sup>4</sup> Southern Division II : Rs. 16.28 lakh (69 cases) and Kanchanpur Division: Rs. 10.95 lakh (54 cases).

<sup>5</sup> Nine out of 24 working PWD divisions in 2003-04, 2004-05 and 2005-06.

#### **4.9 Idle Expenditure**

##### **Delay in handing over the completed staff quarters led to idle expenditure of Rs. 14.36 lakh for over four years and damage to the quarters.**

Para 5.17 of the CPWD Manual, Volume II stipulates that on completion of the work, the Administrative Department/Ministry should be informed in writing and reasonable advance intimation of completion of the work should be given to enable them to make arrangements for taking over.

Test-check (April-May 2005) of records of the Executive Engineer (EE), Southern Division II, Santirbazar revealed that four type II quarters were completed in September 2001 at a cost of Rs. 14.36 lakh, but, as of March 2006, the EE had not even informed the Animal Resources Development Department to take over the quarters. In the mean time, the electrical fittings in the quarters had been stolen and doors and windows damaged, as reported by the Assistant Director, Animal Resources Development Department, Belonia. The matter was, however, not reported to the police. No watch and ward staff were also engaged to guard against theft.

On this being pointed out (February 2006), the Director, ARDD stated (June 2006) that the department had taken over the quarters in May 2006. Bills for expenditure incurred by the EE towards restoration of the theft and damaged items of the quarters were under preparation (September 2006).

Thus, the delay in handing over the staff quarters resulted in the expenditure of Rs. 14.36 lakh remaining idle for more than four years, besides loss due to theft of electrical fittings and damage to the doors and windows.

The Government admitted the fact and stated (September 2006) that the concerned Executive Engineer / Superintending Engineer was being directed to avoid recurrence of such delays in future.

#### **4.10 Loss due to failure to finalise the tender**

##### **Delay in finalisation of tender by the Executive Engineer, Kanchanpur Division led to loss of Rs.12.13 lakh.**

According to Para 20.1.15.5 of the CPWD Manual Volume II, top priority should be given to finalising the award of work on receipt of tenders. According to Appendix 28 of the Manual, the maximum time allowed for scrutiny and disposal of tenders, and obtaining orders of the Superintending Engineer, is 20 days.

Test-check (October-November 2005) of records of the Executive Engineer (EE), Kanchanpur Division, revealed that tenders for the work "Replacement of SPT bridge No.7 by permanent RCC slab culvert constructed over R S Joist encased in RCC on Dasda-Anandabazar road during the year 1996-97/SH-

Construction of RCC slab culvert with girder beam (clear span 10 metre)” were invited in February 1998. In response, contractor ‘A’ (single tender) submitted (6 March 1998) the tender for Rs.15.36 lakh (estimated cost: Rs.10.99 lakh). The tender, which was opened on the same day was valid for 90 days (i.e. up to 3 June 1998). The department, however, did not finalise the tender within the validity period of the tender. As a result, contractor ‘A’ demanded (July 1998) enhancement of rates. The Superintending Engineer (SE), First Circle, Kumarghat, however, rejected the tender on the ground that contractor ‘A’ did not extend the validity of the tender and ordered re-tendering of the work (July 1998). The work was awarded (December 1998) to contractor ‘B’ at a negotiated cost of Rs.21.83 lakh. The work was completed in April 2002 and the contractor was paid (March 2005) Rs.45.22 lakh (including Rs. 23.39 lakh for additional works done), for the total work done by him.

Thus, due to failure of the SE to decide the tender in time, the Government incurred a loss of Rs. 12.13 lakh, being the difference of the amount actually paid to contractor ‘B’ and the amount payable to contractor ‘A’ (Rs. 33.09 lakh) in respect of the same items at the rates quoted by him for the executed quantity of work.

The Government stated (September 2006) that the Contractor ‘A’ did not respond to the verbal request to attend SE’s office for negotiation, following which he was requested in writing (18 June 1998) for negotiation but he asked for enhanced rate and hence his tender was rejected.

The reply is not tenable as the contractor was not informed in writing before the expiry of the validity period. Government needs to review the system of approval of tenders to ensure that tenders are decided by the competent authorities within the prescribed time in view of the implications of such delays viz. (i) loss to Government due to increased cost of the project, (ii) delays in project implementation and (iii) administrative costs of re-tendering, and also to ensure transparency and accountability at various levels of approval. In addition, the Government needs to institute a system of review of all cases of delay, at the level of Chief Engineer, to ensure that the delays are only exceptional and for justifiable reasons.

## **PUBLIC WORKS DEPARTMENT (WATER RESOURCES)**

### **4.11 Blocking of funds due to purchase and non-utilisation of surplus materials**

**Procurement of surplus materials resulted in blocking of Rs. 22.02 lakh for over five years.**

Para 37.4 of the CPWD Manual Volume II states that ordinarily materials should be purchased as per requirement for the works in progress and no

reserve stock should be kept. Para 37.10 further provides that on completion of the work, the Executive Engineer (EE) should transfer the surplus materials to other works within a reasonable time or take steps for their disposal by sale.

Test-check (September-October 2004) of the records of the EE Irrigation and Flood Management Division No. VI (renamed as Water Resource Division No. VI in January 2005), Kailashahar revealed that materials much in excess of the requirement were purchased for construction of Manu Barrage. As a result, a large quantity of surplus materials worth Rs. 22.02 lakh (**Appendix XXVIII**) was left over after completion of the barrage in March 2000 at Nalkata and was lying at the stockyard near the office of the Assistant Engineer, Manu Barrage Sub-Division at Nalkata. The EE did not take action for transfer of the surplus materials to other divisions or for their disposal by sale. No records of the basis for procurement of surplus materials were available.

Thus, purchase of stock much in excess of requirement and failure of the Divisional Officer to utilise the surplus materials according to the provision of the CPWD Manual resulted in blocking of Rs. 22.02 lakh for over five years. On being pointed out in audit the Engineer-in-Chief stated (April 2006) that the material would be used in 2006-07.

The matter was reported to the Government in May 2006; reply had not been received (September 2006).

## **RURAL DEVELOPMENT DEPARTMENT AND LAW DEPARTMENT**

### **4.12 Blocking of funds due to incorrect assessment of requirement of land**

**Failure of the executing agency to correctly assess requirement of land for construction of two quarters and subsequent delay in the process of acquisition of land resulted in blocking of Rs. 15.23 lakh outside Government account.**

In October 2002, the Law Department decided to construct two court buildings and two quarters at Kanchanpur for Judicial Magistrates in 1.1 acres of land donated by a local resident. On receipt of the requisition (October 2002) from the Law Department, the Superintending Engineer, Rural Development Circle, Agartala accorded (February 2003) technical approval with detailed architectural drawings for construction of the quarters and the court complex<sup>1</sup>. The Law Department accorded (July 2003) administrative approval and expenditure sanction for Rs. 15.23 lakh and placed the funds (February 2004) with the Executive Engineer (EE), RD Division, Kumarghat for execution of the work.

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<sup>1</sup> For Sub-divisional Judicial Magistrate and Civil Judge (Junior Division).

Test check (November – December 2005) of records of the EE Rural Development (RD) Division revealed that in June 2004, the EE RD Division, North Tripura informed the Law Department that the land available was inadequate for two separate quarters. Following this, a team comprising the District Magistrate and the Sessions Judge and others inspected the site and recommended acquisition of additional land. The District Magistrate proposed acquisition of 2.33 acres of additional land which was approved by the Law Department and the acquisition proceedings were in progress. As of November 2005 the construction of the quarters could not be started. Meanwhile, the EE spent (March 2004) Rs 3.24 lakh for procurement of material for the work.

Audit scrutiny revealed that the inadequacy of land was not pointed out at the time of approval of the drawings and starting the project. While the area of the available land was over 4,500 sq. metres, the area required for the court buildings and the quarters was only around 1,500 sq. metres. The Law Department stated (March and May 2006) that the proposal for acquisition of additional land (2.33 acres) was received from the District Magistrate and Collector, North Tripura District for the purpose in November 2004 and March 2005. Audit further revealed that one of the plots proposed for acquisition (1.34 acres) was under dispute. The District Magistrate stated (September 2006) that the proposal for acquiring additional land was made keeping in view the future requirements, even though there was no such requirement indicated by the Law Department.

As of September 2006, the construction of the quarters had not started and Rs. 11.99 lakh transferred (March 2004) for the purpose remained blocked outside Government account in Gramin Bank. Further, an amount of Rs. 3.24 lakh spent on procurement of material also remained idle since the construction has not started even after two years.

## RURAL DEVELOPMENT (PANCHAYAT) DEPARTMENT

### 4.13 Unfruitful expenditure

**Failure to ensure the availability of sufficient funds before commencement of construction of district panchayat office building at Udaipur resulted in the work remaining incomplete, rendering the expenditure of Rs. 14 lakh unfruitful.**

Rule 129(1) of General Financial Rules<sup>1</sup> stipulates that administrative approvals and sanctions to expenditure on works shall be regulated by the special rules contained in Central Public Works Department (CPWD) Code and other departmental regulations. Para 2.24.1 of the CPWD Manual Volume II provides that after the administrative approval is received from the department, expenditure sanction is to be accorded to indicate that funds for the project have been provided and liability can be incurred.

Test check (March-April 2005) of records of the District Panchayat Officer (DPO), South Tripura District and cross-check of information collected (May 2006) from the Executive Engineer, Rural Development (RD) Division, Udaipur revealed that the Rural Development (Panchayat) Department obtained (December 2002) a preliminary estimate for Rs. 24.46 lakh<sup>2</sup> from the RD Division for construction of a double storeyed building for District Panchayat Office at Udaipur. However, the Department accorded administrative approval and expenditure sanction for only Rs. 14 lakh (January 2003: Rs. 5 lakh and March 2003: Rs. 9 lakh) and placed the funds with the Executive Engineer, RD Division for execution of the work. The construction was started in May 2003 with insufficient funds and consequently was suspended in April 2004, after casting of roof and partial completion of the doors and windows of ground floor and partial construction of first floor at a cost of Rs. 14 lakh. The incomplete building was lying (May 2006) in a neglected state, covered with vegetation and bushes. The additional funds (Rs. 5.11 lakh) demanded by the Executive Engineer in January 2004 had not been made available by the Director (May 2006), citing paucity of funds.

Thus, failure of the Department to adhere to the provisions of the manual in ensuring availability of sufficient funds before commencement of construction resulted in the work remaining incomplete for over two years as of May 2006, and the expenditure of Rs. 14 lakh remained unfruitful. Besides, the incomplete building was lying in a neglected state making it susceptible to damage and the consequential risk of loss to the Government.

The Government stated (August 2006) that as the efforts to obtain sanction against Additional Central Assistance (ACA) failed, it was decided to complete the construction during the current year out of State plan.

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<sup>1</sup> Incorporating orders received up to February 2004.

<sup>2</sup> 19.33 lakh for construction of the DPO building and Rs. 5.13 lakh for installation of water supply and sanitation, internal electrification etc.

## URBAN DEVELOPMENT DEPARTMENT

### 4.14 Unfruitful expenditure

**The town hall in Kumarghat remained incomplete for over four years due to construction over a disputed site rendering the expenditure of Rs. 12.91 lakh unfruitful besides blocking of Rs. 10.25 lakh for over four years.**

The Government of Tripura accorded (September 2001) administrative approval and expenditure sanction for Rs. 30.68 lakh for construction of a 450 seated town hall at Kumarghat. The Executive Engineer (EE), Rural Development (RD) Division, Kumarghat, was assigned the work departmentally, to be completed within 180 days. Accordingly, Rs. 20 lakh<sup>1</sup> was placed with the EE by the District Magistrate & Collector, North Tripura, under MPLAD Scheme. Besides, Rs. 10.24 lakh was also released to the Executive Officer (EO), Kumarghat Nagar Panchayat (KNP), in two instalments in January and May 2002 by the Urban Development Department. The work was started in November 2001 on a Government *Khas*<sup>2</sup> land as provided by the KNP.

Scrutiny of records (November 2005) of the EE revealed that the construction of the town hall was completed upto the roof level by September 2002 incurring an expenditure of Rs. 12.91 lakh. The work was, thereafter, stopped, as the Guwahati High Court ordered (8 September 2002) maintenance of the *status quo* on the land in dispute. Records furnished by SDM, Kailashahar revealed that the land was in dispute since 1995, yet non-encumbrance certificate was not taken before deciding to construct the town-hall on the said land.

The EO, KNP stated (September 2006) that the Nagar Panchayat committee had started discussion with the appellant for a negotiated settlement.

Thus, due to failure of the EO, KNP to provide a clear site to the EE, RD Division for execution of the work, the town hall building has remained incomplete for over four years and the expenditure of Rs. 12.91 lakh has remained unfruitful. Besides, Rs. 10.24 lakh transferred to Nagar Panchayat has remained blocked for over four years (since June 2002) with consequential loss of interest of Rs. 2.03 lakh at a minimum rate of 5 *per cent* as of March 2006. The unfinished building was also exposed to damage and deterioration that would add to the cost of construction if it is resumed in future.

The matter was referred to the Government in March 2006; reply had not been received (September 2006).

<sup>1</sup> August 2001 = Rs. 10 lakh.  
September 2002 = Rs. 10 lakh.

<sup>2</sup> *Khas* Land = Government land.

## CIVIL, POWER AND PUBLIC WORKS DEPARTMENTS

### 4.15 Outstanding Inspection Reports

**First reply for 252 out of 1016 Inspection Reports issued during 1991-92 to 2005-06 was not furnished by the Civil, Power and Public Works Departments within the stipulated period.**

Audit observations on financial irregularities and defects in maintenance of initial accounts noticed during local audit and not settled on the spot are communicated to the auditee departments and to the higher authorities through Inspection Reports. The more serious irregularities are reported to the department and to the Government. The Government had prescribed that the first reply to the Inspection Reports should be furnished within one month from the date of receipt.

The position of outstanding reports in respect of the Civil, Power and Public Works Departments is discussed below:

#### CIVIL DEPARTMENTS

2,745 paragraphs included in 939 Inspection Reports issued upto 2005-06 were pending settlement as of June 2006. Of these, even the first reply had not been received in respect of 227 Inspection Reports in spite of repeated reminders. The year-wise break up of the outstanding Inspection Reports and paragraphs is given below:

Year Upto	Number of outstanding		Number of Inspection Reports where even 1 <sup>st</sup> reply had not been received
	Inspection Reports	Paragraphs	
1991-92	7	16	Nil
1992-93	9	28	Nil
1993-94	28	87	1
1994-95	88	250	8
1995-96	85	265	9
1996-97	75	220	11
1997-98	70	156	7
1998-99	80	260	12
1999-2000	74	223	12
2000-01	50	143	11
2001-02	86	230	18
2002-03	66	149	27
2003-04	78	251	23
2004-05	65	170	39
2005-06	78	297	49
<b>Total</b>	<b>939</b>	<b>2745</b>	<b>227</b>

As a result, the following important irregularities commented upon in these Inspection Reports, had not been addressed as of July 2006.



Nature of irregularities	Number of cases	Amount involved (Rupees in crore)
Wasteful / infructuous expenditure	31	7.87
Extra / avoidable expenditure	42	3.45
Blockage of funds	30	16.90
Non-recovery of excess payments/overpayments	66	8.91
Others	833	300.47
<b>Total</b>	<b>1002</b>	<b>337.60</b>

### POWER DEPARTMENT

Fifty nine paragraphs included in 23 Inspection Reports issued between 2001-02 and 2005-06 were not settled as of June 2006. Of these, the first reply in respect of eight Inspection Reports had not been received despite repeated reminders. The year-wise break-up of outstanding Inspection Reports and paragraphs is given below:

Year	Number of outstanding		Number of IRs where 1 <sup>st</sup> reply had not been received
	IRs	Paras	
2001-02	4	6	1
2002-03	4	13	1
2003-04	6	16	1
2004-05	8	16	3
2005-06	1	8	2
<b>Total</b>	<b>23</b>	<b>59</b>	<b>8</b>

The important types of irregularities noticed during local audit of the Power Department during 2005-06 are summarised below:

Nature of irregularities	No. of cases	Amount involved (Rupees in crore)
Excess/Irregular/Unauthorised Expenditure/Excess payment/idle-outlay	4	0.68
Award of work without call of tender	1	1.02
Loss of materials due to theft/other reasons	3	0.20
<b>Total</b>	<b>8</b>	<b>1.90</b>

### PUBLIC WORKS DEPARTMENT

In the Public Works Department, 144 paragraphs included in 54 Inspection Reports issued between 2001-02 and 2005-06 were pending for settlement as of June 2006. Of these, even the first reply had not been received in respect of 17 Inspection Reports in spite of repeated reminders. The year-wise break-up of the outstanding Inspection Reports and paragraphs is given below:

Year	Number of outstanding		Number of IRs where 1 <sup>st</sup> reply had not been received
	IRs	Paragraphs	
2001-02	12	38	2
2002-03	6	10	2
2003-04	10	18	7
2004-05	19	52	2
2005-06	7	26	4
<b>Total</b>	<b>54</b>	<b>144</b>	<b>17</b>

The important irregularities noticed during inspection of Public Works Divisions during 2005-06 are summarised below:

Nature of irregularities	No. of cases	Amount involved (Rupees in crore)
Excess/Irregular/Avoidable/Unfruitful/Wasteful/ Unauthorised Expenditure/Excess liability	12	5.82
Blockage of fund	2	6.87
Recovery from contractor	2	0.19
Security deposit/Remittance	3	0.11
Loss and other reasons	4	35.74
Non-employment of technical staff	2	0.29
Un-adjusted advance	2	35.61
<b>Total</b>	<b>27</b>	<b>84.63</b>

## General

### 4.16 Follow up on Audit Reports

91<sup>1</sup> reviews and 371<sup>1</sup> paragraphs were included in the Audit Reports of 1988-89 to 2004-05. Of these, 49 reviews and 155 paragraphs had been discussed by the PAC as of July 2006, leaving a balance of 42 reviews and 216 paragraphs. Action Taken Notes (ATN) on the recommendations of the PAC in respect of 21 reviews and 90 paragraphs are yet to be received (July 2006).

### 4.17 Audit arrangements for local bodies

The audit of accounts of the following bodies/authorities has been entrusted to the C&AG of India under Sections 19(3) and 20(1) of the C&AG's (Duties, Power and Conditions of Service Act, 1971) for the periods mentioned:

<sup>1</sup> Including three reviews and eight paragraphs relating to the Power Department as appeared in Chapter VIII (titled 'Government Commercial and Trading Activities') of Audit Reports. These reviews and paragraphs are discussed by the PAC.

Name of bodies/authorities	Period of entrustment	Section of the C&AG's (DPC) Act, 1971
Tripura Khadi and Village Industries Board	1999-2000 to 2003-04	19(3)
Tripura Board of Secondary Education	2001-02 to 2005-06	20(1)
Agartala Municipal Council	1996-97 onward on permanent basis	20(1)
Nagar Panchayats (12 Nos.)	1996-97 onward on permanent basis	20(1)
Tripura University	2002-03 to 2006-07	20(1)
Tripura Housing Board	Up to 1992-93	19(3)
Tripura State Legal Services Authority	1999-2000 to 2003-04	19(3)

The status of submission of accounts by the bodies/authorities and submission of Audit Reports thereon to the State Legislature as of July 2006 is given below:

Name of bodies	Year upto which			Year upto which Audit Report placed before Legislature
	Accounts due	Accounts submitted	Audit Report issued	
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>
Tripura Khadi and Village Industries Board	2003-04	1996-97	1991-92 to 1996-97	1990-91
Tripura Board of Secondary Education	2005-06	1997-98	1993-94 to 1997-98	1993-94 to 1997-98
Tripura State Legal Services Authority	2003-04	1999-2000 to 2002-03	1999-2000 to 2002-03	2002-03

Due to non-submission of accounts in proper format by the Agartala Municipal Council and 12 Nagar Panchayats, audit of accounts could not be taken up since their inception; only transaction audit is being conducted. Audit of accounts of the Tripura University for the period from 1996-97 to 1997-98 and audit of accounts of the Tripura Housing Board for the period from 1990-91 to 1992-93 have been completed and separate Audit Reports are under issue.

#### 4.17.1 Outstanding Inspection Reports

As of July 2006, 118 paragraphs included in 33 Inspection Reports issued to local bodies/authorities up to 2005-06 were pending settlement. The Department-wise break-up of the outstanding Inspection Reports and paragraphs is given below:

Name of the department	No. of offices audited (during 1.4.01 to 31.3.06)	Number of outstanding (during 1.4.01 to 31.3.06)	
		Inspection Reports	Paragraphs
Rural Development	8	11	46
Education	3	3	9
Health and Family Welfare	1	2	3
Science and Technology	1	3	5
Tribal Welfare	1	1	1
Urban Development	13	13	54
<b>Total</b>	<b>27</b>	<b>33</b>	<b>118</b>

As a result, the following important irregularities commented upon in these Inspection Reports, had not been settled as of July 2006.

*(Rupees in lakh)*

Nature of Irregularities	Number of cases	Amount involved
Wasteful/Infructuous expenditure	7	36.66
Extra / avoidable expenditure	6	38.85
Idle salary/Idle expenditure	1	1.30
Blockage of funds	2	33.67
Non-recovery of excess payments/overpayments	4	41.76
<b>Total</b>	<b>20</b>	<b>152.24</b>