

## CHAPTER-II

### AUDIT OF TRANSACTIONS

#### 2.1 Excess payment/Wasteful/Infructuous expenditure

##### EDUCATION DEPARTMENT

##### 2.1.1 Wasteful expenditure

**Due to allowance of ten *per cent* Contractor's profit in the estimate for the works executed through construction committees, the Department incurred Wasteful expenditure of ₹90.68 lakh.**

Government of Assam, Education Department, accorded (August 2006) sanction of ₹22 crore to the Director of Secondary Education (DSE), Assam for repair/ renovation (Civil construction, purchase of Library books, Furniture etc.) of 219 Model Schools including 183 schools of general area under the award of 12<sup>th</sup> Finance Commission 2005-06. The civil construction works were to be executed under the supervision of construction committee where Junior Engineer of the concerned block would be a technical member.

The model estimate for ₹5,51,080 per school was prepared (November 2006) by the Assam State Co-operative Housing Federation Ltd. (HOUSEFED) on the basis of Assam PWD (Building)'s Schedule of Rates (SOR), 2004-05. All the items of civil works of SOR included 10 *per cent* contractor's profit over the cost of material and wages of labourers. Where works were executed departmentally, without engaging contractors, the contractor's profit element was to be deducted from the estimated cost as per SOR.

Test-check (May 2009) of the records of DSE, Assam revealed that a total amount of ₹9.97 crore was released between March 2007 and August 2008 to 181 model schools of general area in the form of bank drafts (@ ₹5,51,080 per school) for repair and renovation of Model schools without deduction of 10 *per cent* contractor's profit.

Thus, allowance of 10 *per cent* contractor's profit in the estimate for the works executed through construction committees, resulted in wasteful expenditure of ₹90.68 lakh (₹50,098 X 181).

Moreover, only 60 *per cent* grantee institutions furnished utilization certificates (March 2010) and although the funds were sanctioned for repair and renovation, these were utilized for new construction as per model estimate, thus, violating the terms of the sanction order.

The matter was reported to Government (February 2010); their reply had not been received (October 2010).

## PUBLIC WORKS DEPARTMENT

### 2.1.2 Wasteful expenditure

**Injudicious decision of the Chief Engineer, PWD (Roads) in awarding PMGSY works before assessing technical and financial feasibility of a work led to wasteful expenditure of ₹70.12 lakh and extension of undue financial benefit of ₹59.35 lakh to the contractor as advances.**

Government of India (GOI), Ministry of Rural Development sanctioned (March 2007) the work 'Construction of road from Suapata Pt-III to Nayerlanga Pt-III including cross drainage works<sup>1</sup> and routine maintenance works for five years under Pradhan Mantri Gram Sadak Yojana (PMGSY) phase-VI for ₹11.66 crore. The work was awarded (August 2007) by the Chief Engineer (CE), PWD (Roads), Assam to a contractor at a tendered value of ₹11.62 crore with the stipulation to complete the work by May 2008. As of March 2010, an expenditure of ₹1.29 crore had been incurred on the work.

Scrutiny of the records (December 2009) of Dhubri Rural Road Division and further information collected (January-February 2010) revealed that the road at 4<sup>th</sup> and 5<sup>th</sup> Km and the proposed site of Bridge No. 2/1 was submerged in flood water in August 2007. Further, the flood also increased the water way at the bridge site. Executive Engineer (EE) informed the CE that the contractor consequently did not even start the work of RCC Bridge No.2/1 till March 2008.

Test-check also revealed that the overall sanctioned length of 156.56 m of the Reinforced Cement Concrete (RCC) Bridge (Bridge No.2/1) would be insufficient to bridge the river gap. Moreover, the bridge site at Suapata Pt-III was unstable due to erosion of the banks. As there was no provision of guide bund or any other type of river bank protection work at the bridge site in the sanctioned estimate, the bridge was proposed (March 2008) to be redesigned to overcome the flooding problem.

Meanwhile, the division paid ₹58.12 lakh (March 2008) as mobilization advance and ₹58.12 lakh (May 2008) as equipment advance to the contractor in addition to ₹70.12 lakh paid (July 2008) for part construction of embankment till date (October 2010). In March 2009, the CE, PWD (Roads) informed the State Government that in order to bridge the river gap, bridge length of 280 m would be required. The CE also stated (March 2009) that since the river has semi-permanent banks (char), extensive protection work would be required. He, further opined that the construction of the bridge (length: 280 m) on the erodable char areas with huge amount of protection work was neither technically nor financially feasible and the proposal may be dropped from the time bound PMGSY scheme. In reply to audit query, the EE stated (February 2010) that without construction of Bridge No. 2/1, the proposed road from Suapata Pt-III to Nayerlanga Pt-III would not be traffic-worthy.

<sup>1</sup> Bridge No. 2/1, four other bridges and 10 HP culverts.

As of March 2010, no action was taken by the department to start the work in earnestness.

The Government also in their reply stated (July 2010) that during execution of the work, it was noticed that the waterway at the bridge site of bridge No.2/1 over river Gaurang increased to 280 m against sanctioned length of 156.56 m. The increase in waterway was mainly due to bank erosion and as of July 2010, the waterway further increased to 450 m. Due to increase in waterway at the bridge site, the construction of the bridge (sanctioned at a cost of ₹4.99 crore) could not be taken up till date (October 2010). The Government further added that a proposal to drop the construction work of RCC bridge No. 2/1 from the scope of sanctioned work had been submitted for obtaining necessary approval from National Rural Roads Development Agency (NRRDA), New Delhi. In their reply, the Government also stated that despite dropping the RCC bridge No.2/1 from the scope of sanctioned work the targeted habitation would get connectivity to NH-31. Regarding unadjusted (MA&EA) advance of ₹1.16 crore, the Government stated (August 2010) that ₹56.89 lakh had already been realized.

The fact, however, remains that due to injudicious decision of the CE, PWD (Roads), Assam, in awarding the PMGSY work in a hurry (before assessing the ground reality), and also without assessing its technical and financial feasibility, wasteful expenditure of ₹70.12 lakh<sup>2</sup> was incurred, besides extending undue financial benefit in the form of mobilization and equipment advances of which ₹59.35 lakh<sup>2</sup> remained to be adjusted. Further, the completion of the work in near future was remote rendering the expenditure wasteful.

## INDUSTRIES AND COMMERCE DEPARTMENT

### 2.1.3 Wasteful expenditure

**Failure on the part of the Department to distribute the materials/tools in time among the targeted beneficiaries under MMKA resulted in damage of materials worth ₹17.12 lakh.**

The Government of Assam introduced (June 2005) 'Mukhya Mantrir Karmajyoti Achani (MMKA)' for upliftment and skill development of traditional artisans engaged in manufacturing of decorative textiles, black-smithy, pottery, traditional musical instruments making and other traditional activities like carpentry, toy making etc. The scheme was proposed to be implemented in fifty Legislative Assembly Constituencies (LACs) of the State. The Directorate of Industries and Commerce was the nodal

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1. Work done and measured		: ₹70.12 lakh
2. Advance paid	₹116.24 lakh	
(-) Advance adjusted	₹ 56.89 lakh	
Advance outstanding		: ₹59.35 lakh
Total payment		₹129.47 lakh

agency for implementation of the scheme with the assistance of 'District Committee', constituted under the chairmanship of respective Deputy Commissioners. The cost of implementation of the scheme per LAC was ₹18 lakh and it was to be implemented in three phases as below:

Phase	Trade	Assistance/Awards under the scheme	Total amount (₹ in lakh)
Phase-I	Manufacturing of decorative textiles	Raw materials (Dye Cotton Yarn) to 2,000 artisans @ ₹400/- each.	8
	Other Trade	Hand Tools for 50 artisans @ ₹8,000/- each Raw materials to 50 artisans @ ₹2,000/- each	5
Phase-II	Manufacturing of Decorative Textiles	Modern Looms with frame & accessories 33 artisans @ ₹8,000/- each Raw materials to 33 artisans @ ₹1,000/- each.	2.97
Phase-III		Awards of ₹25,000/-, ₹20,000/- and ₹15,000/- and seven Consolation awards @ ₹10,000/- each.	1.30
<b>Contingency</b>			0.28
<b>Training outside the state of Assam for selected beneficiaries</b>			0.45
<b>Total</b>			<b>18</b>

Test-check (October 2009) of the records of General Manager (GM), District Industries and Commerce Center (DICC), Kamrup revealed that the GM procured (between February 2006 & June 2008) tools and materials for distribution among nine LACs<sup>3</sup> of Kamrup District under MMKA. The tools and materials were distributed under Phase-I & II of the scheme in seven LACs and partly distributed (2007-08) in two LACs (Jalukbari & West Guwahati) for insufficient number of beneficiaries, leaving undistributed balance of stock materials worth ₹17.12 lakh. The unutilized stocks were stated to be subsequently damaged due to prolonged storage.

Thus, failure on the part of the Department to select the beneficiaries first and then to distribute the materials/tools in time among the targeted beneficiaries resulted in damage of material worth ₹17.12 lakh. Besides, the desired objectives of MMKA as contemplated were also not achieved.

The matter was reported to Government in April 2010; their reply had not been received (October 2010).

## EDUCATION DEPARTMENT

### 2.1.4 Extra expenditure

**Injudicious decision to use costly Sal timber instead of iron doors/windows frame and roof truss resulted in an avoidable extra expenditure of ₹86.79 lakh.**

According to judgment (12 December 1996) of the Supreme Court of India on the 1995 civil writ petition no 202, felling of trees in Jammu and Kashmir and Tamil Nadu was banned. Later, taking cognizance of indiscriminate deforestation in this region the judgement was extended to include the north-eastern states. Accordingly,

<sup>3</sup> (i) Boko, (ii) Chaygaon, (iii) Dispur, (iv) Guwahati (West), (v) Hajo, (vi) Jalukbari, (vii) Kamalpur, (viii) Palasbari and (ix) Rangia.

the felling of trees and removal of timber from the region was suspended except for those required for defense or other 'Government purposes'.

State Mission Director, Sarba Siksha Abhijan Mission (SSA), Assam, approved estimates for construction of school buildings in Kokrajhar District for 2006-07 and 2007-08. The approved unit costs of different categories of school buildings were:

	(₹ in lakh)
New School Building (UP) <sup>4</sup>	5
New School Building (P) <sup>5</sup>	7
Addl. Class Room (3 Nos.)	6
Addl. Class Room (2 Nos.)	4
Addl. Class Room (1 No.)	2

The estimates included doors/windows frames and roof truss of iron at the rate of ₹40.77<sup>6</sup> per Kg and ₹37,573.02 per MT respectively. Further, the estimates also provided for false ceiling.

Scrutiny (February 2009) of the records of District Mission Coordinator, SSA, Kokrajhar, revealed that the School Managing Committees (SMC), responsible for execution of the construction of school buildings revised the estimates incorporating the use of Sal timber in place of iron for the frames of doors/windows and roof truss and submitted the same to the State Project Engineer for technical sanction. The revised estimate was sanctioned. In the revised estimates, the frames for doors/windows and roof truss of iron were replaced by Sal timber at the rate of ₹27,808.74 per cum and ₹19,820.70 per cum respectively. But the provision of false ceiling was omitted to accommodate the costly Sal timber items within the approved unit cost.

During 2006-07 and 2007-08, construction of 404 school buildings under different categories were completed by using Sal timber (1,813 cum) instead of iron for frames of doors/windows and roof truss and an extra expenditure of ₹86.79 lakh (*Appendix-2.1*) was incurred on these two items of work. Besides, to accommodate the expenditure within the approved unit cost, the items of work for false ceiling, partition etc., of these buildings valued at ₹91.80 lakh (*Appendix-2.2*) were not executed.

Thus, injudicious decision of using Sal timber of higher rate in place of iron in disregard of the judgement of the Supreme Court resulted not only in an avoidable extra expenditure of ₹86.79 lakh but also did not help the cause of the ban on deforestation in this region. Besides, absence of false ceiling made children suffer in the extreme heat and humidity of summers.

<sup>4</sup> Upper primary.

<sup>5</sup> Primary.

<sup>6</sup> Exclusive of 10 per cent contractor's profit as shown in the estimate.

In reply (July 2010), admitting use of timber in place of iron, the Government stated that construction of buildings were completed within the estimated amount and no extra fund was sanctioned. But the fact remains that use of timber instead of iron has resulted in extra expenditure of ₹86.79 lakh and to accommodate extra cost of timber within the approved unit cost, some items of work viz. false ceiling, partition etc were dispensed with exposing the children to sufferings in summer months.

## 2.2 Avoidable/unfruitful expenditure/undue favour to contractors

### WATER RESOURCES DEPARTMENT

#### 2.2.1 Substandard work

**The substandard work (2000-2005) done by the Water Resources Department in raising and strengthening of a dyke at a cost of ₹2.59 crore necessitated the work to be done again in most of the chainages as it could not withstand even a low intensity flood which occurred within two and half years of the earlier work.**

State Government accorded (February 2008) Administrative Approval (AA) of ₹2.09 crore for the work 'Immediate measure to T/Dyke along flood embankment along Kollong river from Raha to Jagi (R/B) and Azarbari to Railway bridge (L/B) (closing of breaches in between chainages 19<sup>th</sup> Km to 39<sup>th</sup> Km) for 2007-08' and technical sanction was accorded (August 2009) by the Chief Engineer (CE), Water Resources Department for the same amount. The work was awarded to 138 contractors. The work commenced on 15 February 2008 and was completed on 30 June 2008 at an expenditure of ₹2.09 crore.

Scrutiny of the records (December 2009) of Water Resources Division, Morigaon revealed that raising and strengthening of the dyke level upto 58.40 metre on both right and left banks of the river Kollong in the chainage 18.800 KM to 38 KM was taken up on earlier occasion also through works<sup>7</sup> administratively approved (December 1999) for ₹2.62 crore. This work was taken up in November 2000 without technical approval and completed in May 2005 and payment of ₹2.59 crore was made to the contractor till date (October 2010). During execution the estimate was revised (July 2001) to ₹3.28 crore due to increase in the scope of work.

Scrutiny of the report annexed to the estimate of the current work for which the State Government accorded administrative approval in February 2008, however, revealed that the dyke was in a deplorable and damaged condition and was unable to withstand even a low intensity flood which occurred in September 2007 (after a gap of nearly two years from the date of earlier completed works) when most of the dyke was overtopped. As a result, breaches occurred at different chainages. Accordingly, the

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<sup>7</sup> 'Raising and strengthening to flood embankment along Kollong river from Raha to Jagi (R/B) and Azarbari to Railway bridge (L/B)'

aforesaid work was taken up in February 2008 under Flood Damage Repair (FDR) for closing the affected breaches.

In reply the Government stated (May 2010) that raised and strengthened portion of the dyke at different chainages between 19<sup>th</sup> and 37<sup>th</sup> Km were severely damaged and breaches occurred due to sloughening and active bank erosion and not due to overtopping.

The raising and strengthening work did not withstand even a low intensity flood (2007), two years later, and the dyke and other structures were required to be restored in most of the chainages through a subsequent work, wherein 95 per cent of the work was done in the chainages (18.800 Km to 38 Km) which had been covered under earlier work.

Execution of the raising and strengthening work of a dyke without obtaining technical approval was unauthorised and its failure to withstand low intensity flood rendered the work at a cost of ₹2.59 crore substandard, necessitating undertaking most of the work again.

### **2.3 Idle investment/blocking of funds/delays in commissioning of equipment/diversion/misutilisation of funds etc.**

#### **PUBLIC WORKS DEPARTMENT**

##### **2.3.1 Unproductive expenditure**

**Failure of the Public Works Department to assess the feasibility and sufficiency of the estimate prior to execution of Bridgework resulted in an unproductive expenditure of ₹67.75 lakh in the form of incomplete bridge.**

State Government accorded (August 2004) administrative approval (AA) of ₹91.36 lakh for the work of construction of RCC Bridge No. 4/1 over river Deosila on Ambari Khekapara Road including approach and protection works under RIDF – IX of NABARD with the objective to provide connectivity to more than 1,000 habitations. The work was awarded (February 2005) by the Chief Engineer (CE), PWD, (RIDF) Assam to a contractor at a tendered value of ₹94.04 lakh with the stipulation to complete the work by February 2006 prior to accordance (May 2006) of technical sanction (TS) for ₹91.36 lakh. The work started in February 2005 and as of October 2010 an expenditure of ₹67.75 lakh was incurred on the work.

Scrutiny of the records (July 2009) of Goalpara Rural Road Division revealed that after commencement (February 2005) of work by the contractor, the Executive Engineer (EE) received (March 2005) the approved drawings of the work from the Additional Director Design of CE, PWD (Roads) and observed discrepancies in the Bill of Quantities (BOQ) of reinforcement and board cast in situ concrete, between the tender agreement and the approved drawings. The EE while intimating (April 2005

and October 2005) the fact to the CE, PWD, (RIDF) specifically mentioned that it would not be possible to complete the work within the stipulated amount fixed for RCC bridge work according to tender agreement. Meanwhile the contractor completed the foundation and substructure (partly) of bridgework on 27 June 2006 at a cost of ₹67.75 lakh and stopped further work on substructure as the BOQ of reinforcement and concrete according to approved drawings had substantially increased in comparison to the BOQ according to tender agreement. It was only on 21 June 2007 the CE, PWD, (RIDF) instructed the division to go ahead with the work up to AA amount and submit the balance work estimate. The Division submitted (January 2009) the balance work estimate, amounting to ₹67.65 lakh, on the basis of the approved sub-structure drawing, site condition and economic in-house design for super structure drawings. The estimate for the balance work was neither approved by the CE, PWD, (RIDF) nor the work of super structure of bridge proper and the approaches was started by the contractor till May 2010. The EE, Goalpara Rural Road Division in his reply dated 3 February 2010 had stated that delay in completion of the bridgework was not attributable to contractor and hence contract was not rescinded even after three years from the schedule date of completion.

The Government in their reply stated (July 2010) that due to increase in BOQ of reinforcement and concrete according to approved drawings in comparison to the BOQ according to tender agreement the contractor stopped the work in June 2006 after incurring expenditure of ₹67.75 lakh and the contract was subsequently (September 2009) cancelled. In a further reply (August 2010) the Government stated that the estimate of balance work was revised to ₹90 lakh and action was being initiated to complete the work.

The reply is not tenable because its a failure on the part of the Department to ensure techno-feasibility of the work before according technical sanction on the detailed estimate. Also awarding the work in a hurry, not only led to unproductive expenditure of ₹67.75 lakh for a work which is yet to be completed but also resulted in denial of intended benefits of connectivity to more than 1,000 habitations for more than four years.

### **2.3.2 Unproductive expenditure**

**Injudicious decision of the Department in awarding bridge work to a contractor, without assessing the feasibility and sufficiency of the agreement, led to unproductive expenditure of ₹74.15 lakh.**

State Government accorded (March 2005) administrative approval (AA) of ₹1.13 crore for the work 'Construction of RCC Bridge No.35/2 and 53/2 on Moran Naharkatia Road with approaches and protection works under Non-lapsable Central Pool of Resources (NLCPR). The work was awarded (April 2005) to a contractor prior to accordance (September 2006) of technical sanction at a tendered value of

₹1.09 crore with the stipulation to complete the work by October 2006. As of June 2009, an expenditure of ₹74.15 lakh had been incurred on the work.

Scrutiny of the records (June 2009) of Dibrugarh Rural Road Division and collection of further information (January 2010) revealed that the contractor stopped (prior to December 2007) the work mid-way due to difference in quantities of different items of works related to bridge proper computed on the basis of approved drawings and the quantities of accepted tender. This resulted in increase in the cost of bridge proper. The Executive Engineer, after a lapse of almost one year from the date of stoppage of work submitted (September 2008) a working estimate of ₹1.12 crore, modifying some items of the bridge proper work. In order to accommodate the enhanced cost of the bridge proper within the value of the agreement, the approach work was omitted from the working estimate and the same was proposed to be taken up from the savings of another work<sup>8</sup> under Central Road Fund (CRF) of 2007-08. The work remained abandoned till 9 February 2009 when the work in well cap in Naharkatia side of RCC Bridge No.35/2 was taken up by the contractor on 10 February 2009 and completed on 1 March 2009. The contractor again abandoned the work mid-way without citing any reason and the work was finally rescinded (April 2009) at the risk and cost of the contractor. Except forfeiting security deposit of ₹5.33 lakh no other penal action was taken against the contractor. Although, the working estimate was approved (June 2009) for ₹1.12 crore the balance work was awarded to another contractor only in March 2010. No further physical and financial progress of the work however, could be furnished to audit as of October 2010.

Thus, the decision of the Department to award the work without assessing the feasibility and sufficiency of the agreement for early completion of the work was injudicious. Framing an unworkable agreement, which was not according to the approved design, resulted in an unproductive expenditure of ₹74.15 lakh.

The Government in their reply (June 2010 and August 2010) stated that bridge No.53/2 along with approaches would be completed by October 2010 and bridge No.35/2 and its approaches would be completed within the year 2010.

The fact however, remains that

- (i) The work was awarded without any technical sanction.
- (ii) The BOQ calculated in accordance with the approved drawing and design differed with the BOQ attached to the tender agreement due to erroneous estimate prepared by the department and the original targeted date of completion of the work was not adhered to.
- (iii) Approaches to bridge No.53/2 and both the approaches and bridge work of 35/2 were yet to be completed as of October 2010.

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<sup>8</sup> Improvement and Strengthening of Moran Naharkatia Road from Moran town to Naharkatia town.

Delay in preparing working estimate of the work coupled with not rescinding the work timely and awarding it to another contractor had resulted in denial of the intended benefits to the stakeholders for more than three and half years.

## PUBLIC HEALTH ENGINEERING DEPARTMENT

### 2.3.3 Unproductive expenditure

**The Government's decision to not release further funds and the action of the Division in taking up Pipe Water Supply Scheme without ascertaining fund flow from the Government led to unproductive expenditure of ₹18.29 lakh.**

State Government accorded (February 2005) administrative approval (AA) of ₹32.22 lakh for the work 'Gakhirhowapara Pipe Water Supply Scheme' (PWSS) under Prime Minister's Gramodaya Yojana (PMGY) to be completed within August 2006 with the objective to provide potable drinking water to 2,203 inhabitants. The work was awarded between April 2005 and March 2008, without according technical sanction (TS), to 13 contractors at a tendered value of ₹29.94 lakh. According to the sanction order, after completion, the scheme would be handed over to Village Level Committee for its operation and maintenance and no plan fund would be provided for maintenance of the scheme. As of October 2010, an expenditure of ₹18.29 lakh has been incurred on the scheme pending completion of the following items of works.

- (i) Grade IV Quarters (physical progress: 85 per cent)
- (ii) Distribution Network (physical progress: 80 per cent)
- (iii) Diesel Driven Centrifugal Pump Sets (physical progress: 90 per cent)
- (iv) Power Connection (physical progress: Nil)

Scrutiny of the records (September 2009) of the Executive Engineer, PHE Division, Mangaldai and further information collected (February 2010) revealed that although the work was scheduled to be completed within August 2006 (18 months of AA) only seven out of 14 components were awarded to contractors between April 2005 and March 2008 i.e., mostly after expiry of targeted date of completion. Scrutiny also revealed that the execution of the work was stopped in April 2008 after expending ₹18.29 lakh, due to paucity of fund. At the time of stoppage of work, 20 per cent of distribution pipe-work remained incomplete. In spite of demands for funds by the division, the Government did not allot the required funds to the division against the incomplete work. As such, due to non-receipt of funds, the scheme was incomplete for more than two years and the completed portion of the work remained unproductive. The Executive Engineer admitted (September 2009) that with the completed portion of work, the objective of providing potable drinking water to the intended beneficiaries was not achieved.

The Government in their reply stated (July 2010) that due to discontinuation of PMGY programme from 2006-07 onwards there was uncertainty about the availability of fund. The Government also stated that revised proposal of the scheme for ₹54.47 lakh would be sanctioned under normal State Plan during 2009-10. But due to paucity of available funds, the scheme could not be taken up during 2009-10 and it is contemplated to include the above proposal out of the available budget of 2010-11.

The fact, however, remains that due to non-release of funds (after release of ₹18.29 lakh) by the Government in time the entire expenditure of ₹18.29 lakh was unproductive and the 2,203 inhabitants of Gakhirkhowapara were denied the benefit of potable drinking water.

## INDUSTRIES AND COMMERCE DEPARTMENT

### 2.3.4 Unproductive expenditure

**Expenditure of ₹63.95 lakh remained unproductive for a period of more than three years due to non-supply of machinery and equipments.**

The Deputy Commissioner (DC), Karbi Anglong sanctioned (August 2005 and March 2007) ₹one crore to the Additional Director of Industries and Commerce (ADIC), Diphu for the work, 'Fruit Processing Unit' at Deithor, Karbi-Anglong under Rastriya Srama Vikash Yojana (RSVY), a centrally sponsored scheme. Of ₹one crore, DC, Karbi Anglong released ₹56.25 lakh (₹18.75 lakh: August 2005 & ₹37.50 lakh: March 2007) to the ADIC, Diphu. According to progress report submitted to DC, Karbi Anglong, the work of infrastructure development was completed (February 2008) at ₹26.95 lakh (paid between August 2006 and January 2009). The order for supply and installation of machinery & equipment worth ₹81.25 lakh was placed (August 2006) to M/s Saraighat Supply Syndicate with the condition that payment would be made only after completion of supply and installation. However, no time limit was stipulated in the supply order.

Test-check (November 2009) of the records of ADIC, Diphu revealed that against the supply order for ₹81.25 lakh, supplies worth ₹41.50 lakh were made between August 2007 and September 2007. Of these, the supply (August 2007) of Tri-O-Block Machine valued at ₹27.67 lakh was sub-standard and replaced (November 2008) subsequently, but the balance items of machinery and equipment worth ₹39.75 lakh (**Appendix-2.3**) were not supplied (February 2010). Meanwhile, during August 2006 and April 2007 ADIC paid ₹37 lakh to the supplier being part payments in contravention to the terms of the supply order. The Fruit Processing Unit remained incomplete and non-functional till October 2010 despite spending ₹63.95 lakh<sup>9</sup>.

<sup>9</sup> (i) Infrastructure: ₹26.95 lakh paid during August 2006  
(ii) Advance for equipments: ~~₹37.00 lakh~~ paid during August 2006 to April 2007  
₹63.95 lakh

Additional payment of ₹7.70 lakh, in excess of released amount (₹56.25 lakh), was made by diverting funds from another approved scheme (Handmade paper and Training) of Planning Commission.

Thus, the fruit processing unit at Deithor, Karbi Anglong was not made functional despite an expenditure of ₹63.95 lakh and lapse of more than three years. ADIC's defective order for supply of machinery and equipment without any time-line and payment of ₹37 lakh to the supplier in contravention of terms of the supply order rendered the expenditure of ₹63.95 lakh unproductive for more than three years now.

In reply, the Government stated (July 2010) that the machineries have been installed and the products have been launched in the market after successful trial run. But from the expenditure statement attached with the reply, it was noticed that the unsupplied materials worth ₹39.75 lakh as mentioned above have not yet been supplied, without which question of running the food processing unit does not arise.

## HOME DEPARTMENT

### 2.3.5 Unproductive expenditure

**Due to supply of defective equipment and its non-installation, an expenditure of ₹33.70 lakh remained unproductive for the last five years.**

Government of India, Ministry of Home Affairs (MHA), Procurement Wing procured (March 2005) one Rafin Australia make "Computer Aided Image Enhancement and Video Superimposition System" from M/s Analabs Equipment, New Delhi (authorized dealer) at a cost of ₹33.70 lakh through Central Forensic Science Laboratory (CFSL), Kolkata under "Modernization of Police Force" and supplied the equipment (September 2005) to the Director, State Forensic Science Laboratory (SFSL), Guwahati though the SFSL had not indented for it. The equipment was to be utilized for analysis of questioned documents. The payment was made by the Procurement Wing of MHA, New Delhi and was adjusted from the allotment to the Government of Assam for "Modernization of Police Force". The system was to be installed by the Technical Expert of the authorized dealer.

During installation (January 2006), some defects were noticed in the equipment and the Central Processing Unit (CPU) along with Camera was taken back by the Technical Expert to New Delhi for updating. Despite issuing reminders (May 2006 to August 2007), neither the system had been installed nor the CPU along with Camera had been returned by the authorized dealer till October 2010. After August 2007, the Department did not pursue the matter with the authorized dealer.

Due to supply of defective equipment and failure on the part of the Department to take up the matter conclusively with the authorized dealer for its repair/replacement and installation, the expenditure of ₹33.70 lakh remained unproductive for the last five years. Thus, the technological support contemplated for police investigations failed to take off and the work of video superimposition continued to be done using conventional method.

In reply, Government stated (July 2010) that the equipment is still lying idle pending installation and demonstration.

## **2.4 General**

### **2.4.1 Follow up on Audit Reports**

#### **Non-submission of suo-moto Action Taken Notes**

In terms of the resolution (September 1994) of the Public Accounts Committee (PAC), the administrative departments are required to submit *suo-moto* Action Taken Notes (ATNs) on paragraphs and reviews included in the Audit Reports within three months of presentation of the Audit Reports to the Legislature, to the PAC with a copy to the Accountant General (AG), (Audit) without waiting for any notice or call from the PAC, duly indicating the action taken or proposed to be taken. The PAC in turn is required to forward the ATNs to AG (Audit) for vetting before its comments and recommendation.

As of March 2010, PAC discussed 965 out of 1,521 paragraphs and reviews pertaining to the years 1983-2009. However, ATNs pertaining to none of the paragraphs/reviews was received *suo-moto* either from the Departments or through the PAC. Consequently, the audit observations/comments included in these paras/reviews are yet to be settled by PAC as of March 2010.

### **2.4.2 Action taken on recommendations of the Public Accounts Committee**

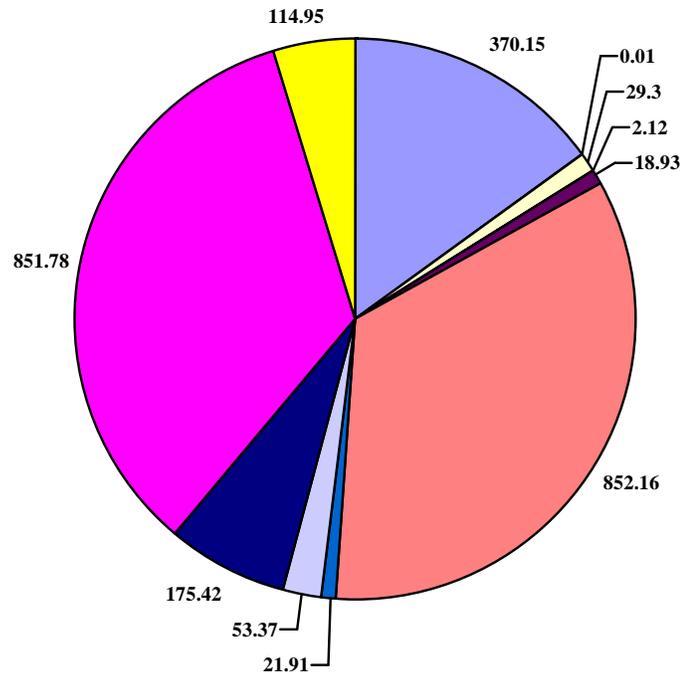
Three hundred and eighty seven recommendations of the PAC, made in its Fifty Fifth to Hundred and twenty seven Reports with regard to 36 Departments, were pending settlement as of March 2010 due to non-receipt of Action Taken Notes/Reports.

### **2.4.3 Response to audit observations and compliance thereof by senior officials**

The Principal Accountant General (PAG) arranges to conduct periodical inspection of Government Departments to test-check the transactions and verify the maintenance of significant accounting and other records according to prescribed rules and procedures. When important irregularities, detected during inspection are not settled on the spot, Inspection Reports (IRs) are issued to the Heads of the concerned Offices with a copy to the next higher authorities. Orders of the State Government (March 1986) provide for prompt response by the executive to the IRs issued by the PAG to ensure rectificatory action in compliance with the prescribed rules and procedures. The authorities of the Offices and Departments concerned are required to examine the observations contained in the IRs in the light of the given rules and regulations and prescribed procedures and rectify the defects and omissions promptly wherever called for and report their compliance to the PAG. A half-yearly report of pending IRs is sent to the Commissioners and Secretaries of the Departments concerned to facilitate monitoring of the audit observations in the pending IRs.

IRs issued upto December 2009 pertaining to Civil Departments/Public Health Engineering Department/Public Works Department/Water Resource Department/Irrigation and Inland Water Transport Department disclosed that 23,305 paragraphs pertaining to 4,565 IRs were outstanding for settlement at the end of June 2010. Of these, 869 IRs containing 2,938 paragraphs had not been replied to/settled for more than 10 years. Even the initial replies, which were required to be received from the Heads of Offices within six weeks from the date of issue, were not received from 42 departments in respect of 1,442 IRs issued between 1994-95 and 2009-10. As a result, serious irregularities, commented upon in 7,385 paragraphs involving ₹ 2,490.10 crore, had not been addressed as of June 2010 as shown in Chart-1.

Chart-1 (₹ in crore)



■ Non-observance of rules relating to custody and handling of cash, maintenance of Cash Book and Master Rolls et.
■ Securities from persons holding cash and stores not obtained
■ Stores not maintained properly etc.
■ Improper maintenance of logbook of departmental vehicles
■ Local purchase of stationery etc., in excess of authorised limit and expenditure incurred without proper sanction
■ Delay in recovery of receipts, advances and other charges
■ Payment of grants in excess of actual requirement
■ Want of sanction to write off loan, losses, etc.
■ Over-payments of amount disallowed in Audit not recovered
■ Wanting utilisation certificates and audited accounts in respect of grants-in-aid
■ Actual payee's receipts wanting

A review of the IRs, which were pending due to non-receipt of replies in respect of 42 departments, revealed that the Heads of Departments (Directors/Executive Engineers) had not furnished replies to a large number of IRs indicating their failure to initiate action in regard to defects, omissions and irregularities pointed out by Audit. The Commissioners and Secretaries of the Departments concerned, who were informed of the position through half-yearly reports, also failed to ensure that the officers concerned of the Departments took prompt and timely action.

The above mentioned facts also indicated inaction against the defaulting officers thereby facilitating continuation of serious financial irregularities and loss to the Government though these were pointed out in Audit.

In view of large number of outstanding IRs and Paragraphs, the Government has constituted two Audit Objection Committees at State level for consideration and settlement of outstanding audit observations relating to Civil and Works departments. During 2009-2010, 219 meetings (Civil: 162; Works: 57) of the Committees were held, in which 1,769 IRs and 5,600 Paragraphs were discussed and 144 IRs and 1,728 Paragraphs were settled.

It is recommended that Government review the matter and ensure that effective system exists for (a) action against defaulting officials who failed to send replies to IRs/Paragraphs as per the prescribed time schedule, (b) action to recover loss/outstanding advances/ overpayments in a time bound manner, and, (c) revamp the system to ensure prompt and timely response to the audit observations.