

## CHAPTER-II

### AUDIT OF TRANSACTIONS

#### 2.1 Cases of fraud/misappropriation/losses

##### Guwahati Development Department

#### 2.1.1 Loss due to non-levy of interest

**Guwahati Municipal Corporation incurred a loss of ₹1.22 crore for not levying interest on mobilization advance given to contractors.**

While entering into agreements with contractors/suppliers, Government entity/Departments are required to safeguard Government's interest. Predetermined norms and standards prescribed through codes and manuals of Central and State Governments, forms the basis of such safeguards.

Though there was no provision for granting mobilization advance in APWD code, Para 31.6 of Central Public Works Department Manual provides for release of Mobilisation Advance (MA) to contractors at 10 *per cent* of the estimated cost or tendered value or ₹one crore whichever is less, on which simple interest at 10 *per cent* is to be paid by the contractor.

Government of Assam, Guwahati Development Department accorded Administrative Approval of ₹53.95 crore (November 2008) and ₹54.49 crore (October 2009) for construction of 1,232 (Phase I) and 1,028 (Phase II) dwelling units respectively under "Jawaharlal Nehru National Urban Renewal Mission (JNNURM)", a centrally sponsored scheme. The works of Phase I were divided into two packages and package I (1,104 units for ₹51.80 crore) was awarded (January 2009) to firm A<sup>1</sup> and package II (128 units for ₹9.11 crore) was awarded (February 2009) to firm B<sup>2</sup>. Again, entire work of Phase II (1,028 units for ₹54.49 crore) was also awarded to firm A with the stipulation to complete all the works (two packages of Phase I and entire work of Phase II) within 15 months from the date of signing of agreement, i.e. by April 2011.

Audit scrutiny (August 2010 to October 2010) of the records of Guwahati Municipal Corporation (GMC) revealed that GMC paid (February 2009 to January 2010) interest free MA @ 10 *per cent* of the contract value amounting to ₹10.68 crore<sup>3</sup> and ₹91 lakh to firms A and B respectively though there was no provision for payment of MA in the tender documents. Allowance of MA after floating tender vitiated the entire tendering process. Besides, GMC had not followed any norm or standard in granting MA to firms to safeguard the interest of the Government. Existing provisions of

<sup>1</sup> M/s Nyimi Enterprise Private Limited.

<sup>2</sup> M/s Hi Rise Infratech Private Limited.

<sup>3</sup> ₹5.18 crore for Package I of phase I and ₹5.50 crore for Phase II was paid to Firm A as MA.

CPWD codes envisaged recovery of interest from the contractors @ 10 per cent per annum on MA released. Non-levy of interest from the contractors, thus, resulted in a loss of ₹1.22 crore (*Appendix-2.1*). As of September 2010, total recoveries of ₹1.25 crore and ₹0.05 crore were made from firm A and firm B respectively leaving outstanding balance of MA of ₹10.29 crore (Firm A: ₹9.42 crore and Firm B: ₹87 lakh).

In reply, Commissioner, GMC stated (August 2011) that though no provision was made in the tender document for payment of MA, it was agreed in the pre-bid meetings, chaired by Commissioner, GMC, to pay interest free MA at 10 per cent of the contract value. The reply is not tenable as agreements made or concessions given to contractors should follow certain norms and standards which are generally specified in manuals and codes of Government. Violating the existing provisions of manuals/codes, GMC paid interest free MA of ₹11.59 crore to Firms A and B which resulted in a loss of ₹1.22 crore.

The matter was reported to Government (June 2011); their reply had not been received (September 2011).

## Irrigation Department

### 2.1.2 Loss of Government money

#### **Non-adjustment of advances paid to the contractors even after a lapse of six years from the date of payment resulted in loss of ₹97.78 lakh.**

For reconstruction<sup>4</sup> of Bordikorai Irrigation Project, State Government accorded (February 2005) administrative approval (AA) at a cost of ₹47.22 crore. As of March 2009, Itakhola Irrigation Division and Tezpur Mechanical Division incurred expenditure of ₹19.23 crore and ₹4.23 crore respectively on the project aggregating to a total expenditure of ₹23.46 crore (*Appendix-2.2*).

As per Section 32 of CPWD Manual Vol II and Rule 329 of APWD Manual, advance payment to contractors against 'on account' bills received and under check in the Division may be made which should not exceed 75 per cent of the net amount of the bill and after obtaining a certificate from an officer not below the rank of Sub-Divisional Officer to the effect that the quantity of work paid for has actually been done. It should be followed by detailed measurement within two months with a view to adjust the advances within three months.

Scrutiny (January–July 2009) of the records in connection with reconstruction of Bordikorai Irrigation Project revealed that the Executive Engineer (EE), Itakhola

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<sup>4</sup> 1. Re-construction of Headwork's and its components.  
2. De-siltation, land leveling, clearing up of water way etc.  
3. Buildings, roads and compound walls.  
4. Re-construction of canals and their structures.

Irrigation Division released advance payments of ₹97.78 lakh to the contractors in contravention of rules. The details of advance payment to six contractors against advance bills for work done are given below.

**Table-1: Details of advance payment made to six contractors**

Sl. No.	Particulars of work	Date of work order	Date of commencement of work	Bill date and amount	Progress of work shown (In per cent)	Advance paid (₹in lakh)	Remarks
1.	"Removal of deposited silt from the bed of Main Canal from Ch. 3007M to 4193 M (Group 68)"	18-2-05	19-2-05	19-2-05 for ₹21 lakh	95	14.00	Paid on 21-3-05 without recording in MB.
2.	"Removal of deposited silt from the bed of Main Canal from Ch. 240M to 396 M"	18-2-05	19-2-05	18-2-05 for ₹9.5 lakh	95	5.00	Paid on 19-3-05 without recording in MB.
3.	(a) Removal of deposited silt from the bed of Main Canal from Ch.2406M to 2471M	7/2/05	21/2/2005	19/2/05 for ₹0.71lakh	95	0.64	Paid on 19-3-05.
	(b) Re-equipment of Breach Closing in Main Canal from Ch. 2309M to 2336M	10/2/05	16/2/2005	18/2/05 for ₹2.82 lakh	90	2.77	Paid on 18-3-05.
	(c) Re-equipment of Breach Closing in Main Canal from Ch. 719M to 792M	9/2/05	17/2/2005	18/2/05 for ₹5.80 lakh	95	4.06	Paid on 18-3-05.
4.	"Restoration of Flared Out Wall of Barrage of B.I.S."	9-2-05	15-2-05	18-2-05 for ₹54.50 lakh	Not available	53.87	Paid on 18-3-05.
5.	"Removal of deposited silt from the bed of Main Canal from Ch. 0M to 240 M (Group 55)"	18-2-05	20-2-05	18-2-05 for ₹18.36 lakh	Not available	17.44	Paid on 18-3-05.
<b>TOTAL</b>						<b>97.78</b>	

Source: Departmental records.

Advances were, thus, paid to contractors not on the basis of work actually done by them as the bills were submitted by the contractors on the same day and within one to two days after commencement of the works and in three cases, prior to commencement of works. The fact of achievement of physical progress of 90-95 per cent within one to two days of commencement of works or even prior to commencement of works not only raises doubt about the actual execution of works but also on the authenticity of the certificate given by the authority on the body of the bill. Government has, thus, been burdened with an entirely avoidable loss of ₹97.78 lakh.

The Government in its reply (December 2010) stated that advance payment would be adjusted after receiving the necessary documents from the CID authority, who is investigating the matter. The reply is not tenable because the Department had erred on

two counts. Firstly, the granting of advance, without execution of work was irregular and secondly, it was not adjusted violating the provisions of CPWD and APWD Manual wherein it was categorically stated to adjust the advance within three months.

## Public Works Department

### 2.1.3 Loss of Government money

**Executive Engineer, Public Works Department, City Division II, Guwahati incurred expenditure of ₹43 lakh towards price escalation before execution of the work, resulting in loss to Government.**

The State Government accorded (September 2005) administrative approval (AA) for ₹46.67 crore for construction of flyover at Six Mile Junction of Guwahati Shillong Road and Rupkonwar Jyotiprasad Agarwalla Road in Guwahati. The work was awarded (03 October 2005) to M/s Simplex Concrete and Piles (India) Limited at a tendered value of ₹40.70 crore with the stipulation to complete the work within 18 months i.e. before 03 April 2007. The sub-soil investigation, which was carried out by the Department during September-October 2005, was not accepted by the consultant<sup>5</sup> who requested the Department to re-investigate the sub-soil. However, fresh sub-soil investigation (February 2006) indicated variation in quantity of work to be executed, which enhanced the estimated cost from ₹46.67 crore to ₹76.08 crore. The AA and sanction for the additional amount was accorded in December 2008. Accordingly, the tender was revised from ₹40.70 crore to ₹58.54 crore. The terms of the contract *inter-alia* provided for payment of price escalation for increase in rates of labour, materials, fuels and lubricants. The work was completed (May 2010) at an expenditure of ₹56.38 crore.

Scrutiny (May-June 2010) of the records of the Executive Engineer (EE), Public Works Department, City Division II, Guwahati revealed that although the work was shown as having been started on 03 October 2005 by the contractor, actual foundation work had commenced on 21 July 2006 followed by working piles from 04 August 2006 on receipt of phase-wise drawings and designs. The work relating to the service road had started from August 2007. No work involving use of cement, steel and bitumen was executed by the contractor during the period, February 2006 to June 2006. Similarly, no work involving bitumen was done during the period September 2006 to July 2007. The contractor however, claimed price adjustment based on the terms of the contract depicting that the work was executed from February 2006 to July 2007. The EE paid ₹43 lakh<sup>6</sup> towards price adjustment as claimed by the contractor.

<sup>5</sup> M/s Tandon Consultant Pvt. Ltd., New Delhi, engaged by the Department in February 2005.

Voucher No.	Date	Month of execution	Items price adjustment paid for	Amount (₹)
01	06/2007	February 2006 to June 2006	Labour, cement, steel material, bitumen, HSD	26,26,589
63	10/2007	September 2006 to December 2006	Bitumen	7,76,478
04	08/2009	January 2007 to July 2007	Bitumen	8,97,315
<b>Total</b>				<b>43,00,382</b>

There was no justification for making payment for price adjustment on a work that was actually not executed by the contractor and was not supported by any documentary evidence.

The Government stated (July 2011) that the contractor started the work of construction of road side drains and culverts with effect from February 2006 and the actual foundation work of the flyover proper started from 21 July 2006 after receipt of drawings of the pile work. The Government further added that payment towards price adjustment had been made on the basis of total value of work done by the contractor during the quarter under consideration irrespective of utilization of particular material component.

The reply is not acceptable as the contractor in letter dated 05 July 2009 informed the EE that no work on flyover could be done till 07 April 2006 from the stipulated date of commencement of the work as Hon'ble Gauhati High Court under case No. WP (C) No.8092 of 2005 had ordered for 'status quo' to be maintained. Further, the contractor had in the same letter to EE also stated that construction of service road/drain was delayed due to delay in land acquisition (completed in July 2007) as well as shifting of underground and overhead utilities and that it could start the construction of service road and drain only in August 2007 after completion of land acquisition.

The contents of the letter dated 05 July 2009 of the contractor addressed to EE only underlines and reinforces the fact that no work was actually done by the contractor between February 2006 to June 2006 in respect of flyover and between September 2006 to July 2007 in respect of service road. Therefore, there was a clear loss of ₹43 lakh on account of payment towards price adjustment to the contractor for works not executed during the relevant period.

#### **2.1.4 Loss of Government money**

##### **Infringement of contractual provisions as well as Government instructions by the Executive Engineer, Diphu Road Division (PWD) led to a loss of ₹44.59 lakh.**

The Chief Engineer (CE), Public Works Department (PWD), Prime Minister's Gram Sadak Yojana (PMGSY) Works, Assam entered into an agreement (August 2008) with a contractor for "Construction of road from SH-33 to Kherbari including cross drainage works and routine maintenance of the works for five years" under PMGSY (ADB) at a tendered value of ₹3.14 crore. The terms of contract *inter-alia* provided for payment of mobilization advance up to 5 per cent and equipment advance up to 90 per cent of the cost of new equipment brought to the site subject to a maximum of 10 per cent of the contract price excluding the contract price of routine maintenance. The agreement also stipulated that payment of advance to contractor would be allowed only when the contractor sets up labour camp, field laboratories, submits work programme etc. and brings new machinery to the work site. The CE, PWD, PMGSY Works issued (August 2008) work order for the work with the stipulation to complete

the same by August 2009. The Government also specifically instructed (August 2009) the Executive Engineer (EE), Diphu Road Division to confirm the authenticity of the Bank Guarantee submitted by the contractor as security before allowing advance in accordance with the aforesaid provisions of the agreement.

Scrutiny (March 2011) of the records of EE, Diphu Road Division revealed that prior to commencement of work and setting up of labour camp and bringing new equipment/machinery to the work site, the contractor claimed (November 2008) and the Division paid (November 2008) mobilization advance (₹14.86 lakh) and equipment advance (₹29.73 lakh) to the contractor against Bank Guarantee of equal amount furnished by the contractor. Close examination of the Bank Guarantee however, revealed that the bank guarantee was unworkable because the claim was to be preferred on 13 October 2008 whereas the mobilization advance was given only on November 2008, and it rendered the guarantee 'ab-initio' absurd. The Department had not examined the stipulation in bank guarantee and paid advance of ₹44.59 lakh on an unworkable guarantee. The contractor neither started the work nor submitted any work programme in spite of repeated reminders from the Division. Ultimately the work was withdrawn (July 2009) from the contractor as per Clause 52 of the bid document and he was asked to refund advance of ₹44.59 lakh. The contractor had not refunded the amount as of March 2011. Though the Division submitted (July 2009 & October 2009) claims for refund of ₹44.59 lakh to the Guarantor Bank, the latter did not respond towards refund as the payment was made and refund was claimed after the admissible date as per the Bank Guarantee. The Department had not, however, initiated (November 2011) any action either to recover the amount from the running contracts of other works, if any or blacklisting the contractor.

Thus, payment of advance to a contractor without confirming the authenticity of the Bank Guarantee and that too, prior to setting up of labour camp and bringing new machinery at work site, ignoring the provisions of agreement as well as Government instructions, led to loss of Government money of ₹44.59 lakh.

The matter was reported to Government in May 2011; their reply had not been received (September 2011).

## Social Welfare Department

### 2.1.5 Suspected misappropriation

**Failure on the part of Director, Social Welfare, Assam to exercise effective control and lack of monitoring led to suspected misappropriation of ₹53.83 lakh.**

**According to Rule 95 of Assam Financial Rules, every receipt and disbursement should be recorded in the cash book. Further, according to the procedure followed in Government Departments, on receipt of cheques/drafts/bankers' cheques etc., details are to be recorded in 'Register of Valuables' before making entries in departmental cash book as soon as any transaction is made.**

Scrutiny (March and June 2010) of the records of Director, Social Welfare (DSW), Assam, Guwahati revealed that UNICEF, Kolkata released (December 2003 to November 2006) ₹53.83 lakh through banker's cheques for conducting 'Crash Training Programme' of newly recruited 'Anganwadi Workers'. Of ₹53.83 lakh so released, ₹31.66 lakh was received by DSW through seven banker's cheques and ₹22.17 lakh was received by District Social Welfare Officer (DSWO), Kamrup, Guwahati through four banker's cheques between 16 December 2003 to 7 December 2006 (*Appendix-2.3*). None of the banker's cheques were entered in the register of valuables either by DSW or DSWO as per AFR. Cheques received by DSW were sent to DSWO, Kamrup with the instruction to hand over the entire money including that received directly by DSWO, Kamrup to the officer of DSW nominated for the purpose. The DSWO admitted (October 2010) receipt of ₹53.83 lakh through banker's cheques and stated to have deposited these into his existing bank account (No. 12091) with Bank of Baroda, A T Road Branch, Guwahati. However, the bank statement for the period 27 November 2003 to 31 March 2007 received from the concerned bank showed that there was deposit (February 2004 to December 2006) of only ₹37.83 lakh. The bank statement also indicated that there was withdrawal (June 2004 to March 2007) of ₹37.83 lakh. Reasons for shortfall in deposit of ₹16 lakh (₹53.83 lakh-₹37.83 lakh) and the purpose of utilization of withdrawn amount of ₹37.83 lakh were not furnished to audit. DSW stated (June 2010) that no money was received from DSWO, Kamrup in respect of UNICEF during the period, December 2003 to January 2010. The DSWO, in reply to audit query, stated (May 2011) that entire amount of ₹53.83 lakh was handed over to Shri Osman Ali, Assistant Resource Officer nominated by the former through bearer cheques.

Failure on the part of DSW to exercise effective control and lack of monitoring led to non-accountal and suspected misappropriation of ₹53.83 lakh.

Reply of DSW was forwarded by Government in September 2011. In reply, DSW, contrary to the earlier stand that no money was received, stated (June 2011) that ₹45.41 lakh was received from UNICEF, of which, ₹39.98 lakh was utilized to train 4,095 Anganwadi workers under the programme and balance ₹5.43 lakh was refunded to UNICEF, Kolkata. However, receipt and disbursement of UNICEF fund were not accounted for in the cash book of DSW. Subsequently, DSW produced (August 2011) a subsidiary cash book without necessary authentication by DDO/Director. Cross-verification of the subsidiary cash book with reference to the information received from DSWO, Kamrup, showed some serious discrepancies (*Appendix-2.4*). It would appear that the subsidiary cash book was prepared, post facto, after detection of the irregularities in audit. Besides, DSW even failed to produce vital records viz., actual payees' receipt, vouchers, joint investigation report, list of trainees etc. In

absence of the essential documents as mentioned above, the bonafides of conducting training programmes remained doubtful.

## 2.2 Excess payment/Wasteful/Infructuous expenditure

### General Administration Department

#### 2.2.1 Wasteful and infructuous expenditure

**Due to allowance of ten per cent Contractor's profit in the estimate for the works executed departmentally and non-realisation of SHG's share, the Department incurred wasteful expenditure of ₹43.91 lakh. Besides, there was infructuous expenditure of ₹five lakh on an abandoned market shed.**

Rashtriya Sam Vikash Yojna (RSVY), a centrally sponsored scheme (CSS), was introduced to address the issue of low agricultural productivity, unemployment and to fill critical gaps in physical and social infrastructure by encouraging self-employment through financial assistance to Self Help Groups (SHGs). The District Administration/Panchayati Raj Institutions were entrusted with preparation of a three years master plan to identify a few lead sectors for state intervention to overcome major bottlenecks in development. In order to provide proper infrastructure facilities to sell the products produced by SHGs, the District Authority of North Lakhimpur decided to construct market sheds throughout the district.

Scrutiny (November and December 2010) of the records of Deputy Commissioner (DC), North Lakhimpur revealed that in the District Plans of RSVY for 2004-05 and 2005-06, fifty market sheds were proposed for construction at a cost of ₹10 lakh each involving ten SHGs. Subsequently, the District Level Committee (DLC) decided to construct 25 market sheds only. Out of 25 market sheds, 24 market sheds were to be constructed at the cost of ₹10 lakh each and one market shed (North Lakhimpur) at a cost of ₹1.18 crore. The cost (₹10 lakh) was to be shared between RSVY fund and SHGs at ₹nine lakh and ₹one lakh respectively. Views of SHGs were, however, not enquired before selection of the location and taking such decision. In fact, it was stated (August 2011) by DC that the SHGs had no part in construction process. The market sheds were to be constructed as per model estimate prepared on the basis of Assam PWD (Building) Schedule of Rates (SOR) 2004-05 and executed departmentally by the concerned Block Development Officers. The APWD schedule of rates 2004-05 included provision of 10 per cent contractor's profit in the estimate in case of execution of work through contractors.

Further scrutiny revealed that 23 out of 25 market sheds had been completed between 14 May 2010 and 11 February 2011. One market shed at Pohumara was abandoned after incurring expenditure of ₹five lakh while another market shed (North Lakhimpur) remained incomplete. The share of finance/cost of SHG in the market shed of North Lakhimpur was not on record. Though the works were executed departmentally by the BDOs concerned, the DC unauthorisedly allowed 10 per cent

contractor's profit in the model estimate which resulted in excess expenditure of ₹20.91 lakh<sup>7</sup>. Further, the DC incurred entire expenditure of ₹10 lakh from RSVY fund without realising the SHG's share of ₹one lakh for each market shed.

In reply, the DC stated that (i) market shed at Pohumara was abandoned to make room for NH-52 'bye pass', (ii) 10 *per cent* contractor's profit had been included in the model estimate considering price escalation against Schedule of Rate 2004-05 (iii) contribution of SHG (₹one lakh for each market shed) could not be realised due to their financial constraints. The replies were not tenable as (i) the selection of site should have been done more carefully before incurring expenditure against the market shed and alternate sites should have been identified by the DC. (ii) The element of contractor's profit is admissible only when the work is executed through contractor. The work was executed departmentally, as such contractor's profit element was to be deducted from the estimated cost. (iii) Besides, the scheme envisaged involvement of SHGs in the creation of infrastructure to facilitate marketing of their products, which was not done and hence, they did not come forward and their contribution also could not be realised. As of August 2011, only one<sup>8</sup> out of targeted 25 market sheds was handed over to management and monitoring committee for purposeful utilisation.

Thus, due to allowance of 10 *per cent* contractor's profit in the estimate for the works executed departmentally and non-realisation of SHG's share, the Department incurred wasteful expenditure of ₹43.91 lakh<sup>9</sup>. Besides, there was infructuous expenditure of ₹five lakh on the abandoned market shed.

The matter was reported to Government in April 2011; their reply had not been received (September 2011).

## Home Department

### 2.2.2 Extra expenditure

**Failure of the Commandant 4<sup>th</sup> APBN in initiating timely and effective action for procuring Tear Smoke Munitions before close of the financial year 2008-09 resulted in extra expenditure of ₹31.88 lakh towards payment of price escalation.**

Based on the demand placed (December 2008) by the Inspector General of Police (IGP), Assam Police Headquarters, Guwahati, Bureau of Police Research and Development (BPR&D), Government of India (GOI) allotted (January 2009) 9,470 Tear Smoke Munitions (TSM) worth ₹62.91 lakh. According to instruction of GOI, TSMs should be procured from General Manager (GM), Tear Smoke Unit (TSU), Border Security Force (BSF), Tekanpur, Gwalior against 100 *per cent* payment within the year 2008-09. The IGP was to ensure payment for and lifting of TSM within the

<sup>7</sup> {(₹10,00,000 X 10/110) X 23} = ₹20,90,909.

<sup>8</sup> Harmoti Market Complexes.

<sup>9</sup> ₹One lakh X 23 + ₹20.91 lakh = ₹43.91 lakh.

financial year. Proforma invoice was received (07 February 2009) by IGP from GM, TSU, BSF, Gwalior for supply of TSM by second week of March 2009.

Audit scrutiny, however, revealed that Government of Assam (GOA), Home Department could accord sanction for ₹62.91 lakh in favour of Commandant, 4<sup>th</sup> Assam Police Battalion, Guwahati only on 20 March 2009 i.e. after the target date fixed by the supplier for supply of TSMs. The Commandant, who maintains stores and stock of the Department, did not take up the matter with GOA to obtain the sanction on priority. The amount was drawn by the Commandant on 31 March 2009 and paid (June 2009) to the General Manager (GM), Tear Smoke Unit (TSU), Border Security Force (BSF), Tekanpur, Gwalior through Bank Draft.

Scrutiny further revealed that due to belated payment by the Commandant and failure to collect the allotted TSMs before close of the financial year, TSU, Gwalior re-allocated the TSMs to Jammu and Kashmir. The bank draft amounting to ₹62.91 lakh was returned (October 2009) to the Commandant with a request to submit fresh bank draft after obtaining re-allocation of TSMs from BPR&D for 2009-10. BPR&D re-allocated (February 2010) 9,470 TSMs at an enhanced cost (valid up to 31 March 2010) of ₹94.79 lakh. Commandant 4<sup>th</sup> APBN forwarded (February 2010) the revalidated bank draft for ₹62.91 lakh to TSU, BSF, Gwalior for procurement of reduced quantity of 6,292 TSMs to match the sanctioned amount. Meanwhile, IGP requested (May 2010) GOA for sanction of the additional amount of ₹31.88 lakh for procurement of remaining 3,178 TSMs. Sanction for ₹31.88 lakh was accorded (June 2010) by GOA and the amount was remitted by the Commandant (September 2010) to TSU, BSF, Gwalior for procurement of TSMs.

In the allotment order (January 2009) of BPRD and also in proforma invoice (February 2009) of TSU, BSF, it was categorically stated that the allotment and price were valid only for the financial year 2008-09. Thus, failure of the IGP/Commandant to impress upon GOA regarding urgency of drawal of the fund and also delay by GOA to accord prompt sanction resulted in excess and avoidable expenditure of ₹31.88 lakh towards payment of price escalation for TSMs.

In reply, GOA stated (May 2011) that shortage of time was clearly the reason for the failure to implement the scheme during the financial year 2008-09. The reply is not tenable because it was known to the executing authority (IGP/Commandant) since January 2009 through the allotment order, that the allotment would lapse and the price offered was valid up to 31 March 2009. Hence, effective coordinated action was required to ensure placement of order in time and avail of the benefit of price without escalation of costs.

## Public Works Department

### 2.2.3 Wasteful expenditure

**Strengthening of road with Bituminous Macadam (BM) and Semi Dense Bituminous Concrete (SDBC) after completion of road, with wearing coat of Premix Carpeting (PC) and Seal Coat (SC) by the Executive Engineer, PWD (Roads) NEC Division, Jorhat resulted in wasteful expenditure of ₹1.97 crore.**

Government of India accorded (November 2006) Administrative Approval (AA) of ₹30.68 crore for Construction of Pandit Hemchandra Goswami Path Road (Road and Bridge work) under NEC's 10<sup>th</sup> Five Year Plan. The road work was awarded (July-September 2007) in packages to three contractors in 1 Km - 8 Km, 9 Km - 20 Km and 21 Km - 30 Km at a total tendered value of ₹19.08 crore<sup>10</sup> with the stipulation to complete the work within January 2009, March 2009 and February 2009 respectively. Technical sanction for ₹30.68 crore was accorded in June 2009. The work was completed (March 2011) at a cost of ₹30.11 crore.



Scrutiny of the records (October-November 2010) of the Executive Engineer, PWD (Roads) NEC Division, Jorhat revealed that items of Water Bound Macadam (WBM), Prime Coat (PC), Tack Coat (TC), Open Grade Premix Carpeting (OGPC) and Seal Coat (SC) were to be done as per the tender agreement. In the course of execution, 1 Km - 8 Km and 29 Km - 30 Km was provided with Bituminous Macadam (BM) and Semi Dense Bituminous Concrete (SDBC) in place of PC, TC, OGPC and SC work, executing supplementary tender agreements with the contractors to obtain better riding quality and longevity in the aforesaid chainages as these stretches passed through Golaghat and Dergaon towns. To retain conformity of black topped wearing coat for the entire road, the balance stretch from 9 Km to 28 Km, on which PC, TC,

<sup>10</sup>

Package No.	Name of Contractor	Tendered value (₹in crore)
J-3 (1 Km – 8 Km)	M/S Brahmaputra Consortium	6.40
J-4 (9 Km – 20 Km)	Shri Mayur Talukdar	6.07
J-5 (21 Km – 30 Km)	Shri M.P. Agarwalla	6.61
<b>TOTAL</b>		<b>19.08</b>

OGPC and SC was completed in April 2009 at a cost of ₹1.97 crore<sup>11</sup>, BM and SDBC was proposed during January 2010. Accordingly, to complete the BM and SDBC work in the proposed chainages, additional work was allotted (March 2010) at a tendered value of ₹4.15 crore to the contractor to whom initially the work in chainages 21 Km - 30 Km with PC, TC, OGPC and SC was allotted. The work was completed (December 2010) at a cost of ₹4.15 crore.

Thus, due to poor planning the expenditure of ₹1.97 crore incurred on wearing coat of PC, TC, OGPC and SC in the chainages 9 Km to 28 Km earlier, over which another wearing coat of BM and SDBC was done subsequently, proved to be wasteful which could have been avoided if BM and SDBC coating was included in the original estimate.

The Government stated (June 2011) that BM and SDBC work had been provided on the 20 Km length of road (9 Km to 28 Km) over the bituminous surface after expiry of about one year from the date of execution of PC, TC, OGPC and SC, when the savings in the original estimate were ascertained. The Government further added that by executing BM and SDBC work over the bituminous road, the bituminous binder course had increased from existing 2 cm to 9.5 cm resulting in improvement of strength, durability and riding quality of the stretch.

The reply is not acceptable because the strength, durability and riding quality of the road should have been considered by the department before approving the original estimates/works put to tender. Besides, savings in the original estimate do not confer the right to redo a work. Deviation from the approved estimates after observing huge savings when the tendered works were nearing completion raises doubt about the necessity of PC, TC, OGPC and SC. The department could have excluded the execution of PC, TC, OGPC and SC works in 9 Km to 28 Km and avoided expenditure of ₹1.97 crore as was done in the stretches 1 Km to 8 Km and 29 Km to 30 Km.

11

Chainage	Item of work	Executed quantity (m <sup>2</sup> )	Rate/m <sup>2</sup> (₹)	Amount (₹)
9 Km-20 Km	Prime Coat	63,943.42	15	9,59,151
	Tack Coat	64,166.56	6	3,84,999
	Open Grade Premix Carpeting	63,943.42	110	70,33,776
	Seal Coat	64,444.06	50	32,22,203
<b>TOTAL (A)</b>				<b>1,16,00,129</b>
21 Km-28 Km	Prime Coat	47,744.57	15	7,16,169
	Tack Coat	1,08,671.23	8	8,69,370
	Open Grade Premix Carpeting	47,830.92	98	46,87,430
	Seal Coat	47,834.32	38	18,17,704
<b>TOTAL (B)</b>				<b>80,90,673</b>
<b>GRAND TOTAL (A+B)</b>				<b>1,96,90,802</b>

## Secretariat Administration Department

### 2.2.4 Extra and inadmissible expenditure

**The department incurred extra and inadmissible expenditure of ₹1.31 crore towards training, installation and distribution of PCs and accessories in violation of the guidelines of the scheme, in addition to committed liability of ₹1.23 crore.**

Government of Assam (GOA) introduced “Anundoram Borooah Award” Scheme in 2005 to enhance the knowledge of information technology (IT) among the student community with the help of IT Education. According to the scheme, one personal computer (PC) along with UPS or equivalent amount of money would be provided to each student securing 60 *per cent* marks (first division) in High School Leaving Certificate (HSLC) and High Madrassa Examinations conducted by the Board of Secondary Education (SEBA), Assam and State Madrassa Education Board, Assam respectively.

According to the guidelines of the scheme, Assam Electronics Development Corporation Limited (AMTRON), a Government of Assam undertaking, would be the nodal implementing agency of the scheme. The configuration of the PC was to be finalized by AMTRON in consultation with IIT, Guwahati. PCs and other equipment would be distributed by AMTRON at every district headquarters for which it was to receive agency charge @ five *per cent* of the total project cost.

Audit scrutiny (February 2010) of the records of Commissioner and Secretary, Secretariat Administration (Accounts ‘B’ Branch) Department (SAD ‘B’) Guwahati revealed that GOA, Planning and Development Department (PDD) accorded (December 2008) sanction of ₹29.99 crore for providing PCs with accessories under the scheme to 17,377 students who secured first division in HSLC and High Madrassa Examinations 2008. The amount was drawn (January 2009) by SAD ‘B’ and disbursed (January 2009) to Managing Director (MD), AMTRON for implementation of the scheme, without executing any agreement. Against ₹29.99 crore, AMTRON incurred expenditure amounting to ₹32.75 crore (for distribution of PC and UPS to 14,772 students @ ₹16,429 each and cash prize in lieu of PC and UPS to 2,559 students @ ₹15,629 each plus other incidental charges of ₹4.48 crore) and requested (February 2010) PDD to provide additional funds of ₹2.76 crore. GOA, PDD accorded (March 2010) administrative approval to the additional amount (₹2.76 crore) and sanctioned ₹1.53 crore, which was drawn by SAD ‘B’ and disbursed to AMTRON in March 2010.

Detailed bifurcation of the expenditure of ₹32.75 crore incurred by AMTRON is shown in table below:

**Table-2: Details of expenditure**

		(₹in crore)
(i)	Cost of Computer/UPS including cash payment in lieu of computer	28.27
(ii)	Cost of instruction booklets accompanying the PCs	0.09
(iii)	Advertising and publicity	0.21
(iv)	Cost of certificates awarded to students	0.08
(v)	Agency charges to AMTRON	1.56
(vi)	Demonstration of installation & training of students before distribution of PCs	1.57
(vii)	Holding of central distribution meeting	0.97
<b>Total</b>		<b>32.75</b>

Source: Departmental records.

It was clearly indicated in the guidelines of the scheme under “responsibilities of the Nodal Implementing Agency (AMTRON)” that demonstration of installation, training of students and holding central meeting before distribution were the responsibility of AMTRON, for which five *per cent* agency charges would be paid to them.

It is noticed from table above that AMTRON was paid both agency charge of ₹1.56 crore (item v) and a further amount of ₹2.54 crore {item (vi) and (vii)} for the services rendered. Of ₹2.54 crore, AMTRON was paid ₹1.31 crore and PDD, GOA committed to pay balance ₹1.23 crore vide Administrative Approval (March 2010). Thus, there was an extra and inadmissible expenditure of ₹1.31 crore, in addition to incurring a committed liability of ₹1.23 crore, which also was not required to be incurred according to the guidelines of the scheme.

The matter was reported to Government (May 2011); their reply had not been received (September 2011).

## Tea Tribes Welfare Department

### 2.2.5 Excess Payment

**Non-deduction of AGST by the Department from the estimated unit cost led to an excess payment of ₹60.44 lakh to construction agencies<sup>12</sup>.**

For overall welfare and social upliftment of the youth belonging to tea and ex-tea garden tribes, Government of Assam, Tea Tribes Welfare Department sanctioned (March 2008) ₹8.43 crore from Additional Central Assistance (ACA) for the year 2007-08. The ACA was meant for construction of 50 Skill Development Centers (₹6.87 crore), purchase of furniture (₹0.49 crore) and Computer, Projector etc. (₹1.07 crore). The unit cost of Skill Development Center (SDC) was ₹13.73 lakh (including VAT). Administrative approval of the work was accorded in March 2008 with the stipulation to complete the work within one year. Estimate for the work was prepared by Executive Engineer, PWD, Building division, Guwahati on the basis of Assam Public Works Department (APWD) Schedule of Rates (SOR) 2004-05. The

<sup>12</sup> (i) Assam State Co-operative Housing Federation Limited (HOUSEFED), (ii) Assam State Housing Board (ASHB) and (iii) Assam Govt. Construction Corporation Ltd (AGCC).

construction work was awarded (August 2008) to Assam State Co-operative Housing Federation Limited (HOUSEFED) and Assam State Housing Board (ASHB).

According to APWD SOR 2004-05, rates of the item of works were inclusive of Sales tax and any other taxes levied by the Government. As such, while framing an estimate under APWD SOR, element of tax component was required to be deducted.

Audit scrutiny (April 2010) of the records of Director, Welfare of Tea and Ex-Tea Garden Tribes revealed that construction of 45 out of the 50 units of Skill Development Centers was completed (September 2009 to February 2011) and work in respect of five units was in progress and total payment of ₹6.69 crore<sup>13</sup> was made (September 2009 to January 2011) to construction agencies. However, while preparing the estimate, Executive Engineer, PWD, Building division, Guwahati added VAT @ four *per cent* (applicable w.e.f. 01 May 2005) on the estimated unit cost, but did not deduct Assam General Sales Tax (AGST) @ 8.8 *per cent* which was included in SOR 2004-05.

Thus, non-deduction of AGST @ 8.8 *per cent* while arriving at the unit cost, resulted in an avoidable excess payment of ₹60.44 lakh { (₹13,73,000 – ₹12,52,119)<sup>14</sup> X 50 } to the construction agencies.

The matter was reported to Government (March 2011); their reply had not been received (September 2011).

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

#### Education Department

##### 2.3.1 Avoidable expenditure

**Injudicious decision of purchasing bicycles of same specification locally at higher rate instead of procuring it from the approved supplier resulted in avoidable expenditure of ₹17.36 lakh and idling of ₹2.50 lakh.**

Government of India decision (i) below Rule 6 of GFR provides that “Every officer is expected to exercise the same vigilance in respect of expenditure incurred from public

<sup>13</sup> (₹13.73 lakh X 45)= ₹6.18 crore  
(₹10.30 lakh X 05)= ₹0.51 crore  
**Total ₹6.69 crore**

<sup>14</sup>

	Approved unit cost	Unit Cost after deduction of AGST @ 8.8 per cent
Total estimated value of the work	₹10,79,353.56	₹10,79,353.56
Deduct AGST @ 8.8 per cent	Nil	(-) ₹94,983.11
Add Internal Electrification @ 11 per cent on civil work	₹1,18,728.89	₹1,08,280.75
Add Sanitary works @ 9 per cent on civil work	₹97,141.81	₹88,593.80
<b>Total</b>	<b>₹12,95,224.26</b>	<b>₹11,81,245.00</b>
VAT @ 4 per cent on total above	₹51,808.97	₹47,249.80
Contingencies 2 per cent on total above	₹25,904.49	₹23,624.90
<b>Grand Total</b>	<b>₹13,72,937.72</b> <b>Say ₹13,73,000</b>	<b>₹12,52,119.20</b> <b>Say ₹12,52,119</b>

moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money”.

For free distribution of ladies’ bicycles among girl students of class VIII and IX belonging to Below Poverty Line (BPL) families of various districts of Assam (including sixth schedule areas), Director, Elementary Education (DEE), Assam placed (March 2008) a supply order to M/s Hero Cycles Limited, Ludhiana for supply of 1,02,915 ladies’ bicycles worth ₹22.64 crore to the respective District Elementary Education Officers (DEEOs) at a unit cost of ₹2,200 (excluding taxes). Karbi Anglong District was allotted 3,431 bicycles at a total cost of ₹75.48 lakh for the said purpose.

Karbi Anglong Autonomous Council (KAAC) undertaking all developmental activities in the District, requested (May 2008) Government of Assam (GOA) to hand over ₹75.48 lakh to the Council for procurement and distribution of bicycles of same specification among the girl students of the District. Accordingly, GOA, Hill Areas Department (HAD) released (February 2009) ₹50 lakh to KAAC for procurement and distribution of bicycles. On receipt of ₹50 lakh from GOA, KAAC released (February 2009) ₹47.50 lakh to Inspector of schools, Diphu for implementation of the programme and retained ₹2.50 lakh as incidental charges.

Scrutiny (September 2010) of records of Inspector of schools, Diphu revealed that, KAAC placed (September 2009) order with one Sri Dilip Terang for supply of only 1,267 out of the allotted 3,431 bicycles at a higher unit cost of ₹3,570 (excluding taxes) approved by KAAC. The rate was fixed by inviting local tender and it was higher than the rate fixed by DEE based on manufacturer’s quotation. Payment of ₹47.49 lakh (₹3,748 X 1,267) was made (March 2010) to the supplier including taxes and the bicycles were handed over to the heads of the institutions on 28 April 2010. The beneficiaries were selected by Block Development Officer though as per the guidelines, they were to be selected by the “Selection Committee at District Level headed by DC, on the recommendation of “Selection Committee at School Level”. No reason for deviation from the norms was furnished, though called for. Thus, the selection process was also not according to the prescribed guidelines.

Due to injudicious decision of purchasing bicycles of same specification locally at higher rate instead of procuring the same from the approved supplier resulted in extra expenditure of ₹17.36 lakh<sup>15</sup> and idling of ₹2.50 lakh retained in hand.

<sup>15</sup>

KAAC approved rate	Rate of Hero Cycles Ltd. Ludhiana	Excess expenditure
1,267 X ₹3,570 (excluding taxes) = ₹45,23,190	1,267 X ₹2,200 (excluding taxes) = ₹27,87,400	₹45,23,190– ₹27,87,400 = ₹17,35,790

In reply, KAAC stated (August 2011) that bicycles were purchased at the lowest rate of comparative statement. The reply was not acceptable as instead of procuring from the manufacturer, KAAC purchased bicycles locally at higher rate resulting in extra expenditure of ₹17.36 lakh and retained ₹2.50 lakh in hand. Government stated (September 2011) that as 'Education' is a transferred subject, the Council takes its own decision on the matter and Government has no control over it.

### General Administration Department

#### 2.3.2 Unfruitful expenditure

**Injudicious decision of DC, Cachar to proceed with the proposal for floating restaurant without ascertaining right, title and interest on Barakhal Beel resulted in unfruitful expenditure of ₹41.50 lakh.**

In January 2005, Assam Fishery Development Corporation (AFDC), which owns right of Barakhal Beel, Ramnagar Anuwa of Cachar district, Assam, had accepted a proposal of one M/s SP Trading Company, a private entrepreneur, for developing a Eco-tourism project in that area and entered (December 2008) into an agreement allowing the company, a lease of 10 years conferring right, title and interest in the Eco-tourism spot.

Scrutiny (February and March 2010) of the records of Deputy Commissioner (DC), Cachar revealed that based on proposal (December 2006) of the DC, Government of Assam, Tourism Department accorded (April 2007) sanction of ₹44.80 lakh for (i) Development of Tourist Recreation Centre at Ramnagar Anuwa along with provision of floating Restaurant (₹30 lakh) and (ii) Development works at Ramnagar Anuwa (₹14.80 lakh) and released ₹41.84 lakh to DC, Cachar between April 2007 and April 2009. Executive Engineer (EE), Inland Water Transport (IWT), Silchar was entrusted (December 2007) with the construction works by the Construction Committee, headed by DC, Cachar. Construction of Tourist Recreation Centre at Ramnagar Anuwa along with floating Restaurant was completed in May 2008 at a cost of ₹30 lakh. The DC requested (September 2009) Managing Director, Assam Tourism Development Corporation (ATDC), Guwahati to take over the floating restaurant, but the same was not taken over as of September 2011 by Tourism Department as at the attempt of developing the same spot by DC, Cachar, the aggrieved private entrepreneur filed a petition and Hon'ble Gauhati High Court stopped (May 2010) all the remaining works.

Besides, despite incurring expenditure of ₹11.50 lakh, development works at Ramnagar Anuwa were yet to be completed (September 2011).

Thus, injudicious decision of DC, Cachar to proceed with the proposal for floating restaurant without ascertaining right, title and interest in Barakhal Beel resulted in unfruitful expenditure of ₹41.50 lakh.

The matter was reported to Government (May 2011); their reply had not been received (September 2011).

### General Administration Department

#### 2.3.3 Unfruitful expenditure

**Raw material bank for silk yarn sanctioned at a cost of ₹four crore, was not set up while part of the scheme fund (₹two crore) was parked in fixed deposit and ₹1.31 crore disbursed to beneficiaries without entering into any agreement precluding any scope of recovery.**

Government of Assam (GOA), Planning and Development Department sanctioned (February 2010) ₹four crore to Deputy Commissioner (DC), Kamrup under “untied fund” for setting up a ‘Raw Material Bank (RMB)’ at Sualkuchi Institute of Fashion Technology (SIFT). The RMB was meant for self-employed weavers in the vicinity of Sualkuchi to acquire yarn on credit basis or to collect interest free loans for procurement of yarn from their own source up to a ceiling of ₹10,000 per beneficiary. The financial assistance or loan amount was to be repaid by the beneficiaries after the products were sold. 3,975 self-employed weavers belonging to below poverty line owning two to four looms were targeted for assistance.

DC, Kamrup had drawn (February 2010) ₹four crore and released (June 2010) ₹3.96 crore (after deducting VAT of ₹four lakh) to SIFT, Sualkuchi for implementation of the project. Out of ₹3.96 crore, ₹1.41 crore was paid (August 2010 and October 2010) to National Handloom Development Corporation (NHDC) Limited, a GOI undertaking, for supplying 6,000 Kg silk yarn and ₹two crore was kept in Fixed Deposit (FD) with UCO Bank, Amingaon. Balance ₹0.55 crore<sup>16</sup> was paid to Block Development Officer, Sualkuchi Development Block, of which, the BDO incurred ₹0.02 crore for operating the yarn bank. Initially, 1,500 beneficiaries/weavers selected by three<sup>17</sup> Gaon Panchayats of Sualkuchi were to be covered by the RMB after executing agreement or obtaining undertaking from each beneficiary for repayment of cost of materials.

(a) Scrutiny (February and March 2011) of the records of DC, Kamrup revealed that 5,564 out of 6,000 Kg silk yarn procured were distributed (January and February 2011) to 1,391 beneficiaries/weavers of the three Gaon Panchayats of Sualkuchi without entering into any agreement with the beneficiaries for repayment of cost of the raw materials. Balance 436 Kg yarn valued ₹10.20 lakh<sup>18</sup> remained undistributed.

<sup>16</sup> ₹3.96 crore-(₹1.41 crore+₹2 crore) = ₹0.55 crore.

<sup>17</sup> Pub, Madhya and Pachim Gaon Panchayats.

Sl. No.	Silk Variety	Quantity procured (Kg.)	Quantity Distributed (Kg.)	Balance (Kg.)	Rate (₹)	Amount (₹)
1.	Five Crown Wrap	2,500	2,240	260	2,520	6,55,200
2.	Noor-elahi Wrap	1,500	1,500	0	2,420	-
3.	Noor-elahi Weft	1,000	962	38	2,095	79,610
4.	Bawataywala Weft	1,000	862	138	2,070	2,85,660
<b>Total</b>						<b>10,20,470</b>

Principal, SIFT stated that as decided (December 2010) in their Governing Body Meeting, cost of yarn at ₹10,000 (approximate cost of yarn of four Kg) was to be recovered in case of failure of continuation of the weaving activities. The reply was not tenable as in the absence of any agreement, SIFT had no legal authority or tool to effect recovery.

(b) Further, no efforts were made for procurement and distribution of yarn to the remaining weavers (2,584 nos.). Instead ₹two crore was parked in FD with UCO Bank, Amingaon. In reply, Principal, SIFT stated (March 2011) that due to increase in market price of yarn, steps for further procurement were not initiated and yarn would be procured as soon as the market price stabilises. The reply was not tenable as the spirit of the scheme envisaged revolving the entire ₹four crore by purchasing yarn at regular intervals from the credit recoveries effected from the beneficiaries and making yarn available at regular intervals.

Thus, the Silk Yarn Bank, sanctioned at a cost of ₹four crore, had not materialized due to parking of scheme fund (₹two crore) in FD and disbursement of ₹1.31 crore to beneficiaries without entering into any agreement precluding any scope of recovery besides leading to a blockade of ₹0.53 crore with BDO, Sualkuchi Development Block.

The matter was reported to Government (May 2011); their reply had not been received (September 2011).

## Public Works Department

### 2.3.4 Avoidable expenditure

**Faulty estimation of the work at initial stage as well as inclusion of price adjustment clause retrospectively in the last leg of execution, bypassing the initial agreement led to avoidable expenditure of ₹4.55 crore by the Executive Engineer, PWD City Division-I, Guwahati.**

State Government accorded (August 2005) Administrative Approval (AA) of ₹38.92 crore for construction of fly-over at Bhangagarh on Guwahati-Shillong road. The Chief Engineer (CE), PWD, (Roads), Assam without according Technical Sanction (TS) awarded (September 2005) the work to Simplex Concrete Piles (India) Limited at a tendered value of ₹34 crore on the basis of agreed quoted rates of the contractor with the stipulation to complete the work before March 2007. The terms and conditions of the contract did not provide for payment of price escalation for increase in the prices of labour and materials. The contractor commenced the work in September 2005 and as of July 2011, an expenditure of ₹42.04 crore was incurred on the work with physical progress of 98 *per cent*.

Scrutiny of the records (June 2010) of the Executive Engineer, PWD City Division-I, Guwahati revealed that the CE, PWD (Roads), Assam floated (February 2005) Notice Inviting Tender (NIT) at the estimated cost of the work (prepared on the basis of SOR

2005-06) at ₹29.60 crore and against which single tender (tendered value: ₹36.26 crore) was found valid (April 2005). Though the tender value was reduced to ₹34 crore after negotiation with the contractor, the quoted rate was much higher than the estimated rate (8.288 *per cent* above) and also the rates of similar items quoted by the same contractor engaged in construction of another flyover at Six Mile, Guwahati during the same period.

Scrutiny of records further revealed that after two years from the date of commencement of the work, the Department revised (October 2007) the original estimate to ₹56.91 crore due to inclusion of the following items of work.

- (i) increase in the number of RCC bored piles and length;
- (ii) application of pile steel liner to prevent soil collapse;
- (iii) application of higher grade concrete to avert skidding of fast moving vehicles;
- (iv) utilization of imported soil commensurate with CBR by considering traffic volume; and
- (v) application of Anchored Earth Technology in the works of flyover approaches.

Inclusion of the aforesaid items of work in October 2007 clearly showed that survey, soil investigation and designing of the structures were not done thoroughly before preparation of the original estimate in February 2005.

Government accorded (December 2008) AA for the balance work of ₹17.99 crore and CE, PWD (Roads), accorded (December 2008) technical sanction for the full amount (₹56.91 crore). The tender value was also enhanced from ₹34 crore to ₹44.48 crore by executing (December 2008) a supplementary agreement with the contractor which also did not have any price adjustment clause. The Division, however, paid (August 2009) ₹4.55 crore towards price adjustments during October 2005 to December 2008 after incorporating (August 2009) price adjustment clause in the supplementary agreement to allow increased price from the month subsequent to the month of commencement of work.

Thus, faulty estimation of the work at the initial stage necessitated subsequent increase in the scope of work after lapse of two years of commencement of work which entailed extension of time to contractor and resulted in avoidable expenditure of ₹4.55 crore towards price adjustment.

Government stated (July 2011) that the work could not be completed before March 2007 due to increase in scope for which extension of time was granted to the contractor. Government also stated that price adjustment was considered due to alarming rise of price of construction materials.

The reply is not acceptable because price adjustment was necessitated only due to faulty estimation of the work in the original estimate, which was not even technically sanctioned. According to Rule 314 of APWD Manual and also as per terms of

administrative approval the work cannot be commenced before technical approval of the detailed estimate by competent authority. The technical sanction was accorded only in December 2008 on the revised estimate, after more than three years of commencement (September 2005) of the work and also after 20 months of due date of completion (March 2007) of the work, which led to avoidable expenditure of ₹4.55 crore towards price adjustment.

### Social Welfare Department

#### 2.3.5 Unfruitful expenditure

**District Social Welfare Officer, Kamrup incurred unfruitful expenditure of ₹2.50 crore towards pay and allowance of idle staff.**

Family and Child Welfare (FCW) Programme was introduced by Government of India (GOI) for overall development of women and children. The programme was taken over by Government of Assam from GOI on 01 April 1974 and handed over to Assam State Social Welfare Advisory Board. Subsequently, the entire programme was handed over (30 August 1987) to Social Welfare Department for implementation.

Audit scrutiny (February 2010) of the records of District Social Welfare Officer (DSWO), Kamrup revealed that FCW Centers of Rani and Hajo became non-functional since April 1998 due to non-availability of food stuff and Anganwadi Study Centre. During April 1998 to March 2011, 32 employees (at present 20) of these two non-functional units remained idle. The Department incurred unfruitful expenditure of ₹2.50 crore<sup>19</sup> towards their pay and allowances till March 2011. As of July 2011, no action was taken by the DSWO, Kamrup to utilize the services of these idle staff alternatively and effectively.

However, only in August 2011, at the instance of audit, Director of Social Welfare, Assam attached the idle staff of FCW centers of Hajo and Rani to different other offices of the department for utilizing their services. The department had not replied to the query as to whether there was any demand of manpower from the offices where they were attached and how effectively they were being utilized there.

The matter was reported to Government (June 2011); their reply had not been received (September 2011).

<sup>19</sup>

(₹in lakh)		
Period	Name of FCW	Expenditure on pay and allowance
April 1998 to August 2004	FCW, Rani and Hajo	115.39
September 2004 to March 2007	-do-	42.96
April 2007 to January 2010	-do-	65.64
February 2010 to March 2011	-do-	26.15
<b>Total</b>		<b>250.14</b>

## Sports and Youth Welfare Department

### 2.3.6 Avoidable expenditure

**Prolonged inaction on the part of the authorities of six sports complexes /stadia in ensuring payment of electricity bills within the due date led to avoidable payment of ₹30.18 lakh as surcharge.**

Based on the proposal placed (26 August 2009) by Secretary General, National Games Secretariat (NGS), Guwahati for payment of electricity bills including surcharge, Government of Assam, Sports and Youth Welfare Department sanctioned (February 2010) ₹1.20 crore for six sports complexes/stadia constructed for 33<sup>rd</sup> National Games, between June 2008 and June 2009. Director, Sports and Youth Welfare (S&YW) forwarded (April 2010) a banker's cheque amounting to ₹1.20 crore (after deduction of bank commission) to Secretary General, NGS for payment of electricity bills to Lower Assam Electricity Distribution Company Limited under Assam State Electricity Board (ASEB).

Scrutiny (October 2010) of the records of the Director, S&YW revealed that ₹1.20 crore paid (March 2010) to ASEB included surcharge of ₹30.18 lakh claimed by ASEB pertaining to the period June 2008 to June 2009 due to non-payment of the bills within the due date. According to Director of S&YW, the excess payment towards surcharge was necessitated due to late receipt of sanction from Government. Their stand is not correct as the proposal was submitted by Secretary General, NGS belatedly on 26 August 2009, keeping the bills pending for one to twelve months, from the due date.

Thus, prolonged inaction on the part of the authorities of six sports complexes/stadia in ensuring payment of electricity bills within the due date, led to avoidable payment of ₹30.18 lakh as surcharge.

In reply, Government stated (July 2011) that during June 2008 to June 2009, NGS was run by re-appropriating departmental receipts collected by way of rentals on its various infrastructure and the proposal for funds for payment of electricity bills was sent to Government subsequently as the amount involved was high. Reply is not acceptable as delay had occurred essentially because the proposal itself was sent belatedly by Secretary General, NGS to Government which also took its own time for sanction. Besides, action of the department of re-appropriation of departmental receipts violated provision of Rule 7 (1) of Assam Treasury Rules and Article 266 of Constitution, which envisaged that all moneys received or tendered by Government servants on account of revenue of the province shall not be appropriated to meet departmental expenditure except in accordance with law and in the manner provided under the Constitution.

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

### General Administration Department

#### 2.4.1 Diversion of Calamity Relief Fund

**Deputy Commissioner, Kamrup (Metro) incurred an expenditure of ₹63.22 lakh on restoration work not related to natural calamity by diverting Calamity Relief Fund.**

According to the guidelines of Government of India (GOI), Calamity Relief Fund (CRF) should be used for providing immediate relief to victims of natural calamities such as cyclone, drought, earthquake, fire, flood, hailstorm, land slide etc. with prior approval of the State Level committee (SLC) constituted for administration of CRF. The guidelines further stipulated that expenditure on restoration of damaged infrastructure such as roads, bridges, drinking water supply etc., should, ordinarily, be met from the normal budgetary heads.

Scrutiny (September and October 2010) of the records of Deputy Commissioner (DC), Kamrup (Metro) revealed that repair and restoration works of three<sup>20</sup> roads of Dispur circle damaged prior to October 2007 due to rain, were taken up (March 2008) at a total cost of ₹63.22 lakh funded from CRF. None of the repair works executed out of CRF necessitated immediate relief and the roads were also not damaged due to any natural calamity. In fact, the project reports indicated that the roads were damaged due to water logging caused by poor drainage facility. The works were completed between September 2008 to December 2008 and the DC incurred (March-December 2008) expenditure of ₹63.22 lakh out of CRF to repair the three roads of Dispur circle. Execution of normal restoration works not related to the needs of immediate relief to victims of natural calamity, in violation of guidelines for CRF resulted in diversion of ₹63.22 lakh for purposes not authorised, besides depriving the DC of the benefit of the funds to that extent for use in authorised calamity relief activities.

The matter was reported to Government (March 2011); their reply had not been received (September 2011).

### Public Works Department

#### 2.4.2 Unproductive expenditure

**The Executive Engineer, Bakulia Road Division, Karbi Anglong incurred unproductive expenditure of ₹91.45 lakh on construction of a bridge, which remained incomplete for more than four and half years from the targeted date of completion.**

State Government accorded (March 2004) Administrative Approval (AA) of ₹1.74 crore for 'Construction of RCC Bridge No.12/3 on Bakulia Rajapathar Road with

<sup>20</sup> i) Gohainbari Path (₹29 lakh), ii) Shiva Path, Ghoramara (₹22.85 lakh) and iii) Nilgiri Path, Hatigaon (₹11.37 lakh).

approach and protection work' with an intention to providing better road connectivity to beneficiaries of seven villages<sup>21</sup>. Technical Sanction (TS) for the work was accorded (November 2005) by the Chief Engineer, PWD (Roads), Assam for ₹1.74 crore. The work was awarded (May 2005) to a contractor at a tendered value of ₹1.71 crore with the stipulation that the work be completed within 18 months from the date of work order i.e., before November 2006. According to clause SCC-12 of the bid document, the contractor was liable to pay compensation for delay in completion of the work. As of August 2011, an expenditure of ₹91.45 lakh was incurred on the work with a physical progress of only 51 per cent.

Scrutiny (February 2010) of the records of the Executive Engineer, Bakulia Road Division revealed that though the work commenced on 26 May 2005, only foundation and sub-structure of the bridge were completed (February 2010) after a lapse of more than 38 months from the target date of completion. The Division stated (August 2011) that non-completion of the work was due to insincerity and poor management on the part of the contractor. The contractor had suspended the work from time to time but no action as contemplated in the bid document was however taken against him till February 2011. The division was aware of the insincerity of the contractor but failed to take any action for reasons not on record. Moreover, no action was taken to blacklist the contractor. It was only in March 2011, that the Division imposed penalty of ₹7.50 lakh by invoking the relevant clause of the bid document after the work was withdrawn (December 2010) from the contractor. The Division also stated (August 2011) that action to get balance work completed through another agency is under process.

Slackness in monitoring the progress of work, extraordinary delay in rescinding the work and invoking penal provisions of the bid document by the Division contributed to delay in completion of the work for more than four and half years from the targeted date of completion. Expenditure of ₹91.45 lakh incurred so far on the work also proved unproductive and the intention of Government to provide better road connectivity to the beneficiaries in the region remained unachieved.

The matter was reported to Government in May 2011; reply had not been received (September 2011).

## **2.5 Regularity issues and others**

### **General Administration Department**

#### **2.5.1 Irregular expenditure**

**Deputy Commissioner, Karbi Anglong incurred irregular expenditure of ₹1.65 crore towards procurement and distribution of seeds in excess of actual requirement.**

To mitigate the drought situation, Government of Assam, Revenue and Disaster Management Department (RDMD) directed (July 2009) all the Deputy

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<sup>21</sup> Molesh Basti, Magurmari, Kasomari, Rajapathar Tiniali, Phonglokpet, Mamru Ronghang and Samgaon.

Commissioners (DCs) of fourteen drought affected districts including Karbi Anglong to draw up an action plan. Accordingly, DC, Karbi Anglong prepared (July 2009) an action plan estimating a requirement of ₹4.78 crore for procurement and distribution of seeds in the District. Under one of the components of this programme (Rabi), the DC proposed distribution of different seeds worth ₹2.90 crore, free of cost, among the drought affected farmers of the district during September 2009 to December 2009 as detailed below:

Items	Period of operation	No of beneficiaries	Quantity per beneficiary	Quantity (In Kg)	Rate per Kg (In ₹)	Financial outlay (In ₹)
Mustard Seed	September 2009	29,000	4 kg	1,16,000	40	46,40,000
Wheat	November-December 2009	11,250	30 kg	3,37,500	22	74,25,000
Potato	November-December 2009	17,750	30 kg	5,32,500	22	1,17,15,000
Pea	November-December 2009	29,000	8 kg	2,32,000	22.50	52,20,000
<b>Total</b>						<b>2,90,00,000</b>

Source: Departmental records.

On receipt (September 2009) of communication from Government of Assam, RDMD to go ahead with the proposed procurement and distribution of seeds, the DC placed (October 2009) order with Assam Seed Corporation (ASC) Limited, Guwahati for supply of seeds<sup>22</sup> by October 2009. Subsequently, sanction was accorded (December 2009) by RDMD of ₹2.44 crore under Calamity Relief Fund (CRF) for procurement and distribution of seeds in the District.

Audit scrutiny (February and March 2011) of the records of DC, Karbi Anglong revealed that ASC Limited supplied (October 2009 to November 2009) seeds<sup>23</sup> amounting to ₹2.28 crore and submitted (January 2010) four bills to the DC for payment. The entire seeds were distributed by DC among farmers/beneficiaries by December 2009.

Audit scrutiny further revealed that during July 2009, there were 29,006 farmers affected by drought like situation in the District. However, due to sufficient rainfall from 28 July 2009, the drought like situation suddenly improved and actual number of drought affected farmers came down to 2,880 (August 2009). The DC however distributed (October and November 2009) seeds to farmers far in excess of those actually affected by drought resulting in irregular expenditure of ₹1.65 crore<sup>24</sup>.

<sup>22</sup> (i) Mustard: 1,00,000 Kg, (ii) Pea: 65,000 Kg, (iii) Potato: 1,27,200 Kg and (iv) Wheat: 3,37,900 Kg.

<sup>23</sup> (i) Mustard: 95,100 Kg, (ii) Pea: 65,000 Kg, (iii) Potato: 1,20,050 Kg and (iv) Wheat: 3,37,900 Kg.

Sl. No.	Type of seeds	Quantity of seeds received and distributed (In Kg)	No. of farmers received seeds	No. of farmers affected	Excess number of farmers entertained	Quantity issued to each farmers (In Kg)	Rate per Kg (In ₹)	Amount (₹) (column no. 6x7x8)
1.	Pea	65,000	9,286	2,880	6,406	7	52.00	23,31,784
2.	Wheat	3,37,900	11,263	2,880	8,383	30	27.90	70,16,571
3.	Mustard	95,100	23,775	2,880	20,895	4	57.30	47,89,134
4.	Potato	1,20,000	6,000	2,880	3,120	20	37.70	23,52,480
<b>Total</b>								<b>1,64,89,969</b>

In reply, the DC stated (July 2011) that in September 2009 when the drought like situation improved, the number of affected families was 2,880. But, during peak period of July and August 2009, the number of affected families was higher. The reply is not tenable as the number of drought affected families came down with sufficient rainfall much before the period of distribution of seeds. Besides, according to the projection of Agriculture Department, the total normal requirements of wheat and pea seeds for the entire cultivable area of Karbi Anglong district during 2009-10 were 1548 quintals and 446.70 quintals respectively. Thus, the seeds distributed were far in excess<sup>25</sup> of the requirement of the entire cultivable area of the district.

The matter was reported to Government (May 2011); their reply had not been received (September 2011).

### Panchayat and Rural Development Department

#### 2.5.2 Unauthorised expenditure

**The BDOs of Gobordhana and Bordoloni Development Block incurred unauthorised expenditure of ₹75.44 lakh by disbursing the money to 221 ineligible beneficiaries in contravention of the guidelines of IAY Scheme.**

Government of India introduced (1985-86) Indira Awas Yojana (IAY) to help poor families of below poverty line (BPL) households in rural areas including Scheduled Castes/Tribes, freed bonded labourers, minorities etc. The programme involved construction/upgradation of dwelling units by providing lump sum financial assistance. Guidelines of IAY envisaged that the lists of beneficiaries selected are to be finally approved by the Gram Sabha. No further approval by any other higher body is required.

(a) Scrutiny (May 2011) of the records of Block Development Officer (BDO), Gobordhana Development Block revealed that the BDO disbursed ₹2.93 crore to 1,103 beneficiaries during 2007-08 under IAY. The amount was disbursed to 641 beneficiaries under BTAD<sup>26</sup> areas and 462 beneficiaries under non-BTAD areas. Of ₹2.93 crore, ₹17.38 lakh was disbursed to 69 non-BPL beneficiaries in contravention of the scheme guidelines. Besides, these beneficiaries were not selected by the Gram Sabha. Instead, they were selected by Gram Panchayats in case of Non-BTAD area and by VCDC<sup>27</sup>/MCLA<sup>28</sup> in case of BTAD area. In reply (May 2010), the BDO assured release of IAY fund to listed BPL beneficiaries in future.

<sup>25</sup>

Name of the crop	Total area (in Hectare)	Area can be covered with one quintal of seeds (In Hectare)	Requirement (In quintal)	Actual distribution (In quintal)	Excess distribution (In quintal)
Wheat	1,548	1	1,548	3,379	1,831
Pea	746	1.67	446.70	650	203.30

<sup>26</sup> Bodo Territorial Autonomous Districts.

<sup>27</sup> Village Council Development Committee.

<sup>28</sup> Member of Council Legislative Assembly.

(b) Similarly, in Dhemaji district, BDO, Bordoloni Development block disbursed ₹58.06 lakh during 2009-10 to 152 non-BPL beneficiaries rendering this expenditure also unauthorized. In addition, in this block also the beneficiaries were not selected by Gram Sabha as was required in accordance with the guidelines.

Thus, disbursement of ₹75.44 lakh to ineligible beneficiaries in violation of the guidelines of IAY Scheme resulted in unauthorized expenditure to that extent, besides depriving the targeted beneficiaries from the intended benefits of the Scheme.

The matter was reported to Government (May 2011); their reply had not been received (September 2011).

## Public Works Department

### 2.5.3 Unauthorised and dubious expenditure

**Execution of identical nature of work twice, in the same chainage within one year without administrative approval for earlier work rendered the expenditure of ₹42.04 lakh, dubious and unauthorised.**

Rule 241 of Assam Financial Rules stipulates that for every work initiated by or required by any Department, it is necessary to obtain the concurrence of the Department concerned to the proposals in the form of Administrative Approval, before technical sanction can be accorded in the Public Works Department (PWD).

Scrutiny of the records (June 2010) of the Executive Engineer (EE), PWD, Guwahati City-I Division revealed that the division without obtaining Administrative Approval (AA) undertook the work of 'Special repair to Guwahati Garbhanga Road (providing WBM & carpeting)' in chainage 3,200 m to 4,600 m through contractor from June 2008 on the strength of technical sanction (TS) accorded (May 2008) by the Superintending Engineer (SE), PWD (Roads), Guwahati, ARIASP Circle for ₹45.66 lakh. However, according to Assam Delegation of Financial Power Rules, 1999, the SE, PWD is empowered to accord technical sanction on special repair works upto a maximum of ₹10 lakh. The work was targeted to be completed within three months and completed in August 2008 at a cost of ₹45.48 lakh.

Subsequently, State Government accorded (January 2009) AA to the work 'Improvement of Guwahati Garbhanga Road from chainage 3,000 m to 4,510 m (providing WBM & carpeting)' for ₹80 lakh under Annual Plan (General) 2008-09. The work was awarded (January 2009) after according TS by the Chief Engineer, PWD, (Roads) to a contractor at a tendered value of ₹79.98 lakh with the stipulation to complete the work within July 2009. The contractor started the work in January 2009 and completed it in May 2009 at a cost of ₹79.98 lakh.

Audit observed that execution of same nature of work in the common chainage (3,000 m to 4,510 m) under the nomenclature 'Improvement of Guwahati Garbhanga Road', after a gap of four months of completion of special repair work had no justification raising question about the bonafideness of the earlier expenditure of ₹42.04 lakh<sup>29</sup> incurred on special repair work.



**PHOTOGRAPH SHOWS THERE WAS NO ROADSIDE DRAIN**

The EE in his reply stated (September 2010) that as there was no functional road side drain in some stretches to drain out storm water, water logging due to heavy rain damaged the road after completion of special repair work for which improvement work was taken up subsequently. The reply is not acceptable because there was no provision of construction of road side drain either in the

estimate<sup>30</sup> of special repair work or in the improvement work. The adjoining photograph also shows there was no roadside drain.

Execution of special repair work without Government concurrence and also according TS by the SE beyond Delegation of Financial Powers constitute gross violation of Financial Rules. Besides, execution of identical nature of work in the same chainage twice within one year (June 2008 to May 2009) not only rendered the earlier expenditure dubious but also was indicative of slackness in monitoring and absence of internal controls in the Department.

The matter was reported to Government in January 2011; their reply had not been received (September 2011).

<sup>29</sup> Special repair work Ch. 3,200 m to Ch. 4,600 m  
Improvement work Ch. 3,000 m to Ch.4,510 m  
Overlapping of chainage Ch. 3,200 m to Ch.4,510 m=1,310 m

Item of work	Quantity of overlapping work	Rate (In ₹)	Amount (In ₹)
1	2	3	4 (2x3)
WBM-II	1,310X8.5X0.075	1,550.19/cum	12,94,602.00
WBM-III	510X8.5X0.075	1,585.54/cum	5,15,499.00
Prime Coat	1,310X8.5	23/sqm	2,56,105.00
Surface dressing	1,310X8.5	49.65/sqm	5,52,852.00
Tack Coat	1,310X8.5	8/sqm	89,080.00
Premix surfacing	1,310X8.5	98.48/sqm	10,96,574.00
Seal Coat	1,310X8.5	35.83/sqm	3,98,967.00
<b>TOTAL</b>			<b>42,03,679.00</b>

<sup>30</sup> **Items of work provided in the estimate of Special Repair work**

1. Construction of WBM, 2. Providing and applying primer coat, 3. Providing and laying surface dressing, 4. Providing and applying tack coat, 5. Providing, laying and rolling of open graded premix surfacing and 6. Providing and laying seal coat.

**Items of work provided in the estimate of Improvement work**

1. Construction of WBM, 2. Providing and applying primer coat, 3. Providing and laying surface dressing, 4. Providing and applying tack coat, 5. Providing, laying and rolling of open graded premix surfacing and 6. Providing and laying seal coat.

## 2.6 General

### 2.6.1 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 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 2011, PAC discussed 998 out of 1,554 paragraphs and reviews pertaining to the years 1983-2010. 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 2011.

### 2.6.2 Action taken on recommendations of the Public Accounts Committee

Four hundred and twenty nine recommendations of the PAC, made in its Fifty Fifth to Hundred and thirty one Reports with regard to 36 Departments, were pending settlement as of March 2011 due to non-receipt of Action Taken Notes/Reports.

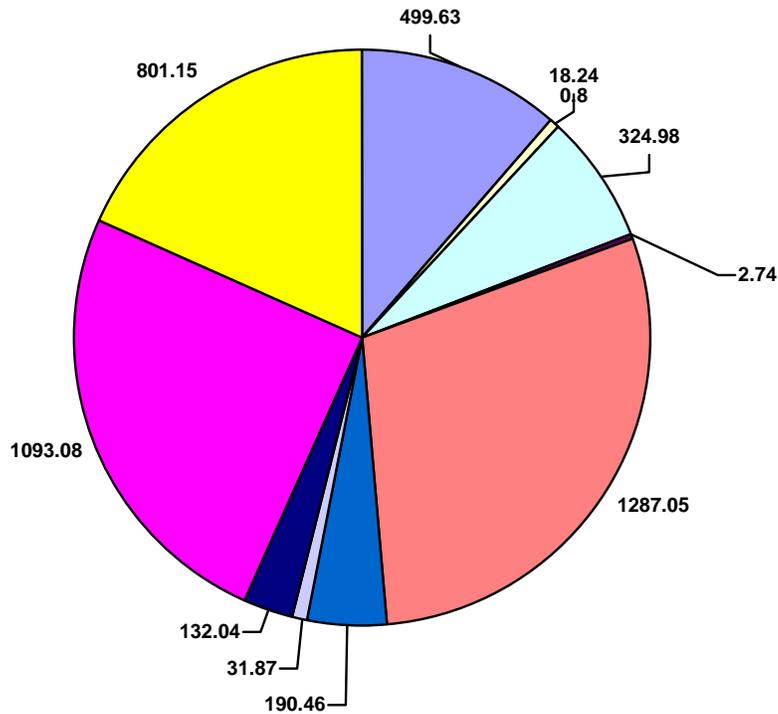
### 2.6.3 Response to audit observations and compliance thereof by senior officials

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 up to December 2010 pertaining to Civil Departments/Public Health Engineering Department/Public Works Department/Water Resource Department/Irrigation and Inland Water Transport Department disclosed that 20,420 paragraphs

pertaining to 3,903 IRs were outstanding for settlement at the end of June 2011. Of these, 624 IRs containing 2,508 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 64 Departments in respect of 1,232 IRs issued between 1994-95 and 2010-11. As a result, serious irregularities, commented upon in 5,744 paragraphs involving ₹4,382.04crore, had not been addressed as of June 2010 as shown in Chart-1.

Chart-1 (₹ in crore)



- Non-observance of 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 was pending due to non-receipt of replies in respect of 64 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 2010-11, 239 meetings (Civil: 195; Works: 44) of the Committees were held, in which 1,372 IRs and 5,316 Paragraphs were discussed and 334 IRs and 2,705 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.