## REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

For the year ended 31 March 2011

Report No. 2

(CIVIL AND COMMERCIAL)

**GOVERNMENT OF JHARKHAND** 

TABLE OF CONTENTS			
	Reference to		
	Paragraph	Page	
Preface		vii	
CHAPTER – I INTRODUCTION			
About this Report	1.1	1	
Auditee Profile	1.2	1	
Authority for Audit	1.3	2	
Organisational Structure of the Office of the Principal Accountant General (Audit), Jharkhand	1.4	3	
Planning and Conduct of Audit	1.5	3	
Significant audit observations	1.6	3	
Performance Audit	1.6.1	3	
Audit of Transactions	1.6.2	5	
Responsiveness of Government to Audit	1.7	7	
Lack of Response to the Draft Paragraphs	1.7.1	7	
Outstanding Inspection Reports and Paragraphs	1.7.2	8	
Follow-up of Audit Reports	1.7.3	8	
Action not taken on recommendations of the Public Accounts Committee	1.7.4	9	
CHAPTER – II PERFORMANCE AUDIT			
DISTRICT-CENTRIC AUDIT			
District-Centric Audit of Hazaribag	2.1	11	
HOME (JAIL) DEPARTMENT			
Management of Prisons	2.2	53	
RURAL DEVELOPMENT DEPARTMENT			
Mukhya Mantri Gram Setu Yojana	2.3	75	
CABINET (VIGILANCE) DEPARTMENT			
Functioning of the Cabinet (Vigilance) Department	2.4	90	
CHAPTER – III AUDIT OF TRANSACTIONS			
Defalcation/misappropriation/embezzlement	3.1	101	
RURAL DEVELOPMENT DEPARTMENT	3.1	101	
Defalcation of Government money	3.1.1	101	
ROAD CONSTRUCTION DEPARTMENT		101	
Misappropriation of Government money	3.1.2	102	
AGRICULTURE AND SUGARCANE DEVELOPMENT DEPARTM	MENT		
Embezzlement and wasteful expenditure	3.1.3	103	
Non-compliance with the rules	3.2	104	
WATER RESOURCES DEPARTMENT			
Loss to the Government	3.2.1	105	
RURAL DEVELOPMENT DEPARTMENT			
Non-recovery of Government money	3.2.2	105	
ROAD CONSTRUCTION DEPARTMENT			
Loss to the Government	3.2.3	106	
Loss due to excess payment	3.2.4	108	

DEPARTMENT OF ART, CULTURE, SPORTS & YOUTH AFFAIRS			
Loss to the Government	3.2.5	109	
ROAD CONSTRUCTION DEPARTMENT			
Wasteful expenditure	3.2.6	109	
Audit against propriety/expenditure without justification	3.3	111	
RURAL WORKS DEPARTMENT			
Wasteful expenditure and loss to the Government	3.3.1	111	
DEPARTMENT OF FORESTS AND ENVIRONMENT			
Infructuous expenditure	3.3.2	112	
RURAL DEVELOPMENT DEPARTMENT			
Unfruitful expenditure	3.3.3	113	
AGRICULTURE AND SUGARCANE DEVELOPMENT DEPARTM	MENT		
Irregular payment	3.3.4	114	
Failure of oversight/governance	3.4	115	
TOURISM DEPARTMENT			
Blocking of funds	3.4.1	115	
MINOR IRRIGATION DEPARTMENT			
Idle expenditure	3.4.2	116	
Persistent and pervasive irregularities	3.5	117	
ROAD CONSTRUCTION AND HEALTH, MEDICAL EDUCATION & FAMILY WELFARE DEPARTMENTS			
Excess payment	3.5.1	117	
CHAPTER – IV			
CHIEF CONTROLLING OFFICER BASED AUDIT OF A GOVERN	MENT DEPA	ARTMENT	
Functioning of Building Construction Department	4.1	119	
CHAPTER – V			
GOVERNMENT COMMERCIAL AND TRADING AC			
Overview of State Public sector undertakings	5.1	141	
PERFORMANCE REVIEW			
Power Distribution Utilities in Jharkhand	5.2	153	
TRANSACTION AUDIT OBSERVATIONS			
Re-imbursement of Service Tax	5.3	188	
Avoidable payment of interest on Income tax	5.4	189	
Wasteful procurement	5.5	190	

## **APPENDICES**

Appendix No.	Description	Reference to	
		Paragraph	Page
1.1	Statement showing the position of outstanding inspection reports and paragraphs	1.7.2	193
2.1	(A) Statement showing the flow of funds and expenditure incurred thereagainst under IAY, MGNREGA and BRGF	2.1.7.1	194
2.1	(B) Curtailment of funds under IAY	2.1.7.1	195
2.1	(C) Statement showing the flow of funds and expenditure incurred thereagainst under Social Welfare, Welfare and NRHM	2.1.7.1	195
2.1	(D) Statement showing the flow of funds and expenditure incurred thereagainst under drinking water and sanitation, irrigation and roads and bridges sectors	2.1.7.1	196
2.2	Statement showing the details of manpower resources under NRHM	2.1.9.1	197
2.3	Statement showing the details of incomplete works under DSWO, Hazaribag	2.1.11.1	197
2.4	Statement showing details of closed works taken up under MGNREGA	2.1.14.4	198
2.5	Statement showing schemes under MGNREGA closed without completion	2.1.14.4	200
2.6	Statement of advances and adjustment from beneficiary committees	2.1.14.5	200
2.7	Statement showing improper documentation	2.1.14.6	201
2.8	Statement showing requirement and availability of main strike weapons and area weapons	2.1.19.2	202
2.9	Statement showing the position of sanctioned strength and persons-in-position	2.1.19.4	203
2.10	Statement showing actual occupancy in Jharkhand Jails as on 31 December 2010	2.2.6.1	204
2.11	Statement showing firearms available in test-checked jails	2.2.6.11	205
2.12	Statement showing works-in-progress	2.2.7.1	206
2.13	Statement showing works not yet started  Calculation for fixation norms of Head/Head Warders and prisoners	2.2.7.1	208
2.15	Statement showing organisational structure of the Rural Development Department	2.3.2	210
2.16	Statement showing the details of works carried out without land acquisition	2.3.6.4	211
2.17	Statement showing details of variations between departmental DPR and contractors' GAD	2.3.8	212
2.18	Statement showing unfruitful expenditure on incomplete bridges	2.3.9.2	215
2.19	Statement showing allotment of more than one work to an agency either on the same date or later date without completing the previous work up to 75 per cent	2.3.9.3	219

## **APPENDICES**

Appendix No.	Description	Reference to	
		Paragraph	Page
2.20	Statement showing allotment of work to invalid tenderers	2.3.9.4	222
2.21	Statement showing work allotted to single tenderer without approval from higher authority	2.3.9.5	223
2.22	Statement showing non/short levy of penalty for delay in completion of work	2.3.9.7	224
2.23	Statement showing inordinate delays in completion of Preliminary Enquiries	2.4.3.2	226
2.24	Statement showing inordinate delays in completion of vigilance enquiries in respect of FIRs	2.4.3.2	227
2.25	Statement showing inordinate delays in completion of vigilance enquiries in respect of complaints	2.4.3.2	228
2.26	Statement showing details of pending cases of VB due to non-issuing of request	2.4.3.2	229
2.27	Statement showing details of pending cases in VB due to non-submission of supervision note	2.4.3.2	230
2.28	Statement showing details of PEs in TEC due to lack of co-ordination between VB and TEC	2.4.3.2	230
2.29	Statement showing details of pending FIR cases in Vigilance Bureau due to non-availability of records	2.4.3.2	231
2.30	Statement showing details of pending PEs in Vigilance Bureau due to non-availability of records	2.4.3.2	232
2.31	Statement showing pending enquiry in TEC due to non-availability of records	2.4.3.2	233
2.32	Statement showing details of pending cases in VB due to non-arrest of accused	2.4.3.2	234
2.33	Statement showing details of PEs pending in VB due to non-verification of complainants	2.4.3.2	235
2.34	Statement showing details of pending cases in VB due to non-confirmation of name and address of accused	2.4.3.2	235
2.35	Statement showing year-wise execution of work done by the Works Department(s)	2.4.3.3	236
2.36	Statement showing sanctioned strength <i>vis-a-vis</i> persons in-position in Vigilance Department as on March 2011	2.4.4.1	236
2.37	Statement showing sanctioned strength vis-a-vis persons- in-position of major posts under different wings of the Vigilance Department	2.4.4.1	237
3.1	Statement showing fake invoices submitted by the contractor	3.1.2	238
3.2	Statement showing payment against price escalation	3.2.1	239
3.3	Statement of outstanding temporary advances	3.2.2	240
3.4	Statement showing expenditure incurred against incomplete houses under IAY	3.3.3	241
3.5	Statement showing calculation of loss of interest	3.4.1	241
3.6	Statement of excess payment due to allowing premium rates on inadmissible items	3.5.1	242

## **APPENDICES**

Appendix No.	Description	Reference to	
		Paragraph	Page
4.1	Organogram of the department	4.1.2	243
4.2	Details showing delay in decision of tender	4.1.8.2	244
4.3	Details showing delay in execution of agreement	4.1.8.2	244
4.4	Details showing non-imposition of penalty	4.1.8.3	245
4.5	Details showing unfruitful expenditure	4.1.8.4	246
4.6	Details of work for which quality test was not conducted	4.1.8.7	246
4.7	Details showing excess paid amount due to allowance of premium rate on materials	4.1.8.8	247
4.8	Details showing irregular grant of time extension	4.1.8.9	248
4.9	Details showing execution of works without inviting tenders in newspapers	4.1.8.10	248
4.10	Details of works showing non-regularised excess execution of works	4.1.8.11	249
4.11	Details showing list of contractors allotted more than one work	4.1.8.12	252
4.12	Details showing non-levied establishment charges	4.1.9.1	253
4.13	Details showing blocking of funds	4.1.9.3	253
4.14	Details showing unfruitful expenditure	4.1.9.4	254
4.15	Details showing excess payment due to irregular grant of ACP	4.1.10.2	254
4.16	Details of non-maintenance of records in test-checked divisions	4.1.11.1	255
5.1	Statement showing particulars of up to date paid-up capital, loans outstanding and manpower as on 31 March 2011 in respect of Government companies and Statutory corporations	5.1.7	256
5.2	Summarised financial results of Government companies and statutory corporations for the latest year for which accounts were finalised	5.1.14	258
5.3	Statement showing grants and subsidy received/receivable, guarantees received, waiver of dues, loans written off and loans converted into equity during the year and guarantee commitment at the end of March 2011	5.1.10	260
5.4	Statement showing investments made by the State Government in PSUs whose accounts are in arrears	5.1.22	261
5.5	Statement showing financial position of Statutory Corporation	5.1.14	263
5.6	Statement showing particulars of distribution network planned <i>vis-à-vis</i> achievement there against in the State as a whole during 2006-07 to 2010-11	5.2.9	264
GLOSSAI	RY OF ABBREVIATIONS		265