

Chapter - 3

Audit of Transactions

- 3.1 Non-compliance with the rules, orders, procedures etc.**
- 3.2 Failure of oversight/administrative control**

Chapter 3: Audit of Transactions

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

3.1 Non-compliance with the rules, orders, procedures, etc.

For sound financial administration and financial control, it is essential that expenditure conforms to financial rules, regulations and orders issued by the competent authority. This not only prevents irregularities, misappropriation and frauds, but helps in maintaining good financial discipline. Some of the audit findings on non-compliance with rules and regulations are as under:

School Education Department

3.1.1 Suspected fraudulent drawal and disbursement of pay and allowances

Suspected fraudulent drawal and disbursement of pay and allowances amounting to ₹ 8.27 lakh in absence of required checks to be exercised by the DDO according to provisions of MPTC.

Rule-193 of MPTC provides that the Drawing and Disbursing Officer (DDO) is responsible for drawing the admissible amount of claim from the treasury and its disbursement. The vouchers must bear a pay order duly signed/initialed by the DDO, specifying the amount payable both in words and figures, which must be signed personally by hand, in ink. Further Rule-198 of MPTC provides that the responsibility for an overcharge shall rest primarily with the drawer of the bill, in the event of culpable negligence on his part, recovery may be considered.

The Principal was delegated with the DDO powers for drawal and disbursement of salary for the staff. Pay bills were prepared in the office by the Accountant which are passed by the Principal as DDO and submitted to the Treasury for drawal and disbursement through e-payment.

Scrutiny of the vouchers in the Central Audit and further detailed scrutiny of the records (December 2014) related to pay bills in the O/o the Principal, Girls Higher Secondary School, Alote, Ratlam revealed that from January to November 2014, the Accountant had prepared two separate pay bills for drawal of pay and allowances of the Assistant Teachers/officials/contractual teachers of cluster of schools from the treasury, in each bill there was a drawal list and an e-payment list.

We observed that for the period from January to November 2014, against the amount of ₹ 217.49 lakh due for pay and allowances, an amount of ₹ 225.76 lakh was fraudulently drawn and disbursed as detailed in *Appendix 3.1*.

The *modus operandi* adopted was; in the first pay bill of January 2014, the drawal list consisted of 56 names of Assistant Teachers. The Accountant

had included the excess fraudulent amount against one of the Assistant Teacher's pay and allowances, whereas in the e-payment list the excess fraudulent amount was divided into two and shown against the name of two different Assistant Teachers, by altering and missing the serial numbers, thereby increasing the number of Assistant Teachers to 58 in the e-payment list. These Assistant Teachers were those who were paid from the second pay bill of the same month. The same procedure was adopted by the Accountant in the second pay bill of January 2014. In the drawal list there were 68 names of Assistant Teachers, whereas in the e-payment list there were 70 names of Assistant Teachers. The Accountant included the name of two additional Assistant Teachers who had already been paid from the first pay bill of January 2014. The same method was adopted up to November 2014.

On this being pointed out, the Directorate Public Instructions intimated (March 2015) that ₹ 8.27 lakh had been recovered and paid into the treasury and had enclosed the treasury challans. Further, it was intimated that under MP State Conduct Rules, notice had been issued to the Principal.

Had the Principal exercised the prescribed checks according to the MPTC before drawal and disbursement of the pay bill from treasury, this suspected fraudulent payment could have been avoided. Further, the action taken by the Directorate is not complete as necessary action must be taken against all the officials/Assistant Teachers who were involved in the drawal of fraudulent pay.

The matter was reported to Government (May 2015); their reply has not been received (September 2015).

3.1.2 Suspected embezzlement of ₹ 0.24 lakh

Government money amounting to ₹ 0.24 lakh was embezzled in the office of the District Project Co-ordinator (DPC), Zila Shiksha Kendra (ZSK), Indore by fraudulently inserting thousand's digits in invoices presented for payment.

Rule 397 of Madhya Pradesh Treasury Code (MPTC) provides that if not provided otherwise by departmental regulations, bills presented in support of payments for purchases of stores shall be accompanied by a certificate that the articles detailed in the vouchers have been actually received and entered in the stock register. A reference to the page number of the stock register, in which such supplies or stores have been entered, should be given by the drawing officers on the bills of the suppliers, invoices, etc. It should also be certified that their quantities are correct and their quality good and according to specifications and that the rates paid are not in excess of accepted or market rates.

Block Resource Co-ordinator (BRC) has been authorized for making payment at Janpad Shiksha Kendra. The bills are submitted by the concerned Accountant to the Block Academic Co-ordinator (BAC), then to the BRC, who should after proper scrutiny pass the bill for payment taking into consideration all the relevant rules and then issue the cheques.

During scrutiny (February 2015) of vouchers for the month of March 2013 of the sub-ordinate offices in the O/o the DPC, ZSK, Indore it was revealed that a note sheet was presented for payment amounting to ₹ 26,580 accompanied with four invoices by the Block Academic Co-ordinator of Block Resource Co-ordinator (BRC), Janpad Shiksha Kendra (JSK), Indore Urban-II. O/o the BRC, JSK, Indore who were authorised for making payment, passed this bill for payment and issued cheque bearing number 191492 dated 26.3.2013 amounting to ₹ 26,580 drawn on Bank Account no. 31686923868 (State Bank of India) of BRC, JSK, Indore which was encashed by the Block Academic Co-ordinator on 12.4.2013.

Further scrutiny of the note sheet and the vouchers revealed that, out of the four bills, in two bills i.e. No. 130 dated 30.12.2012 and No.135 dated 25.01.2013 of a vendor, the amounts paid were deliberately inflated in numeric digits by inserting numeric in thousands. Therefore, the rate, quantity supplied and the rupees in words mentioned in these bills did not match with the amount passed for payment. It was also noticed that note sheet was not approved and the bills were not passed for payment by BRC. Entries in stock register were also not made. The details of the two bills in which the thousand digits were inserted are given below:

(Amount in ₹)

Details of voucher and cheque	Bill No. of vendor and date	Name of material supplied	Quantity	Rate (in ₹)	Actual amount of bill	Amount of Bill after insertion of digit	Excess drawal due to manipulation
Voucher No.166, dated 26.3.2013 and Cheque No. 191492, dated 26.3.2013	130/ 30.12.12	System Repairing Internet/ PDF problem solution	01	Not mentioned	350	8,350	15060 ¹
		Telephone Cable	40 ft.	4/-feet	160	7,160	
	135/ 25.1.13	12-A Toner refilling	1	350	350	9,350	9000
				Total	860	24,860	24,060

Thus, internal control mechanism to check the bills/invoices submitted for payment and passing the same was not observed in this case, which led to suspected fraudulent payment of ₹ 24,060 to Block Academic Co-ordinator. An amount of ₹ 26,580 was passed for payment, whereas the actual amount of all the four bills was only ₹ 2,520.

On this being pointed out, the DPC Indore verified the facts and figures (February 2015). It was further intimated (October 2015) that action for lodging FIR against the Block Academic Co-ordinator has been initiated.

The fact remains that the supporting documents of bills i.e. invoices presented for payment were not properly checked/verified by the Drawing and Disbursing Officer before payment was made, in absence of these checks, the suspected fraudulent payment occurred.

¹ After wrongful insertion of digits, total of bill became ₹ 15,510, against which ₹ 15,570 was passed resulting excess drawal of ₹ 15,060

The matter was reported to Government (May 2015); their reply has not been received (September 2015).

Medical Education Department

3.1.3 Excess payment on purchase of medicines

Excess payment of ₹ 1.20 crore was made to the suppliers for purchase of medicines at higher rates.

Rule 9 (i) of the Madhya Pradesh Financial Code (MPFC) provides that every Government servant is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money. Rule 10 of the MPFC also provides that allotted funds should be utilised economically at every step. Head of the department is responsible for observance of all relevant financial rules and regulations both by his own office and subordinate disbursing officers.

In Madhya Pradesh, decentralised system of procurement of drugs was implemented from August 2010, in pursuance with the State Drug Policy 2009. As per the Drug Policy, the Chief Medical and Health Officers (CMHOs) and Civil Surgeons (CSs) at district level are to procure 80 *per cent* of total drugs required from the drug companies empanelled with the selected agency and 20 *per cent* from the local drug distributors for emergency distribution. GoMP, Department of Medical Education, exempted (January 2011) all the Hospitals associated with the Medical colleges from purchase of medicines through empanelled companies for six months. Procurement in these cases were to be made at the rates prescribed by Purchase and High Level Committee (Chairman, Purchase Committee Indore-CPC). Dean Medical colleges were authorised to purchase those medicines and equipment for which rates were not prescribed by CPC, by following procedure laid down by Store Purchase Rules. To ensure continuous and smooth availability of drugs the exemption period was further extended² up to September 2013 by the Department. CPC had prescribed manufacturers with the rates of medicines to be purchased, the CPC approved rate of Injection Meropenem 1 gm. of manufacturer DJ Laboratories Pvt. Ltd. was ₹ 385/- per vial.

During test check of records in the office of Joint Director and Superintendent (JD&S), Jaya Arogya Hospitals (J A Group of Hospitals) Gwalior, it was observed (August 2014) that the process of tender was started by inviting (September 2012) open tender for purchase of medicines and equipments with the condition that approved tender rate would be applicable up to March 2013 or up to acceptance of next tender and any change in approved rates would not be accepted. Agreement between successful tenderers and JD&S, J A Group of Hospitals, Gwalior was signed (December 2012). As per this agreement the rate of Injection Meropenem 1 gm of manufacturer Jackson was ₹ 211.90 per vial.

² Up to 05.09.2012 (vide letter dated 06.03.2012), up to 31.03.2013 (vide letter dated 07.12.2012) and up to 30.09.2013 (vide letter dated 17.06.2013)

Scrutiny of purchase orders, supply bills and Fully Vouched Contingent bills revealed that the hospital placed orders to the suppliers for supply of Inj. Meropenem 1 gm manufactured by DJ Laboratory at the CPC approved rate of ₹ 385 per vial. However, the hospital received supply of Inj. Meropenem 1 gm manufactured by Kabra/DJ Nem and payment was made at CPC approved rate of ₹ 385 per vial.

Thus the hospital accepted tender rate of ₹ 211.90 per vial manufactured by Jackson, but placed orders for injection manufactured by DJ labs at the approved rate of CPC of ₹ 385.00 per vial, whereas the supply received was of other manufacturer i.e. Kabra/DJ Nem which was neither approved by CPC nor finalised in the tender.

Our cross verification with the supplies made by these suppliers in other hospitals in the State revealed that in MY Hospital, Indore the injection Meropenem (Kabra) was supplied @ ₹ 191.00 per vial during 2013-14 and in Hamidia Hospital, Bhopal the injection Meropenem (Jackson) was supplied @ ₹ 210.30 per vial during 2012-13. Further, we also noticed that during February 2014 the purchase of the medicine Inj. Meropenem 1 gm was made from the same supplier (M/s Saibaba Enterprises) of the same manufacturer (Kabra) at the rate of ₹ 211.90 by JD&S, J A Group of Hospitals, Gwalior.

Thus, the hospital received medicines at higher rates, which resulted in excess payment of ₹ 1.20 crore to suppliers for the medicine (Inj. Meropenem 1gm) supplied by them during the period January 2013 to June 2013 (*detailed in Appendix 3.2*), thereby passing on undue financial benefit to the vendors.

On this being pointed out in the audit, Directorate Medical Education issued instructions (May 2015) to JD and S, J A Group of Hospitals, Gwalior to recover and deposit into the Revenue Head, the difference amount of ₹ 385/- which the suppliers had supplied with that of the cost mentioned in the open tender or at the lowest rate intimated by the Audit. Further, JD and S, J A Group of Hospitals, Gwalior intimated (October 2015) that an amount of ₹ 78.24 lakh has been recovered from the concerned suppliers and deposited into the treasury.

Though, the Directorate Medical Education has issued instructions for recovery of the excess amount paid to the suppliers, action against the erring officials for purchases made at higher rates should be taken by the Department.

The matter was reported to Government (April 2015); their reply has not been received (September 2015).

Public Health and Family Welfare Department

3.1.4 Non-recovery of excess cost

An amount of ₹ 74.90 lakh incurred on local purchases of medicines was not recovered from empanelled suppliers towards risk and cost of excess expenditure.

In order to provide the quality Drugs and Medicines at the right time to all patients in the health institutions of the State, the New Drug Policy-2009 was

implemented (August 2009) by the Government of Madhya Pradesh which envisaged decentralised system of procurement. Accordingly, the Chief Medical and Health Officers (CMHO) and Civil Surgeon-cum-Hospital Superintendents (CS) of the concerned districts were required to issue supply orders to the drug companies empanelled with Tamil Nadu Medical Services Corporation, Chennai (TNMSC) as per their requirement and payment was to be made by them. Para 18.1.2 of the Drug Policy stipulates that if the goods are delayed beyond 60 days then automatically the order would be considered as cancelled. As per clause 12.7 of Central Rate Contract, if the Tenderer fails to execute the supply within the stipulated time then Tender Inviting Authority (TIA) has liberty to purchase drugs and medicines from any other sources at the risk and cost of the supplier.

Directorate, Health Services, Madhya Pradesh issued directions (October 2012) that drug and medicines can be procured locally on the basis of risk and cost only in cases of non-receipt of supply within 60 days of purchase order placed through State Drug Management Information System (SDMIS).

As per terms and condition 17 (10) (a) of TNMSC purchase order, in the event of making Alternative Purchases, the supplier will be imposed penalty apart from forfeiture of Security Deposit. The excess expenditure over and above contracted prices incurred by the ordering authority in making such purchases, from any other sources/open market/other supplier who has quoted higher rates and other losses sustained in the process, shall be recovered from the Security Deposit or from any other money due and become due to the supplier and in the event of such amount being insufficient, the balance will be recovered personally from the supplier.

Scrutiny of records (purchase order, bills raised by suppliers and the payment made etc.) of six CMHO³ and four CS⁴ during the period December 2013 to December 2014 revealed that, purchase orders of various medicines amounting to ₹ 93,85,060/- were placed on companies empanelled with TNMSC but the supply of medicine were not received within 60 days. There was nothing on record to ascertain the reasons for non-supply of medicines. We observed, that local purchases amounting to ₹ 1,68,75,270/- were made through the open market but the difference of cost of medicines amounting to ₹ 74,90,210/- was not recovered from the defaulter suppliers in contravention of aforesaid provisions/directions. Details are shown in **Appendix 3.3**. Thus, an excess expenditure of ₹ 74.90 lakh incurred on local purchases of medicine was not recovered from the suppliers/companies empanelled with TNMSC.

In the exit conference (September 2015), the Government verified the facts and figures of the audit observation and intimated that recovery is under process, after entire recovery of the amount the same would be intimated.

The fact remains that the Department incurred an excess expenditure of ₹ 74.90 lakh and timely action for recovery of the same was not initiated.

³ CMHO- Badwani (December 2013), Dindori (October 2014), Guna (June 2014), Indore (November 2014), Neemuch (December 2014) and Raisen (May 2014).

⁴ CS- Betul (May 2014), Hosangabad (June 2014), Ujjain (September 2014) and Umaria (February 2014).

3.1.5 Incorrect payment to ineligible beneficiaries

Incorrect payment amounting to ₹ 1.02 crore was made to ineligible women under *Prasuti Awkash Sahayata Yojna*.

Government of Madhya Pradesh Public Health and Family Welfare Department issued instructions (July 2014) regarding conditions and procedure for sanction and payment of *Prasuti Awkash Sahayata* under *Janani Suraksha Yojana*. The scheme provided that labourers registered under any of the seven schemes⁵ were entitled to amount equivalent to wages of 45 days of maternity leave and 15 days of paternity leave. If husband and wife both were registered labourers, both were respectively eligible for payment equivalent to 15 days and 45 days wages. If either of the two was registered under any of the labourer scheme, only registered labourer was eligible for the payment under the scheme at the prescribed rates. To avoid any misuse of the scheme and also to ensure that only the eligible beneficiary gets the benefits, test check of implementation of the scheme would be done from time to time by a team appointed by the Collector.

During scrutiny of records (December 2014/February 2015) of Chief Medical and Health Officer (CMHO), Tikamgarh we noticed that payment equivalent to 60 days wages amounting to ₹ 1,35,40,140 was made in 1,565 cases during August 2014 to January 2015 under *Prasuti Awakash Sahayata*. Further, examination of the registration details attached with the payment vouchers revealed that in these 1,565 cases only 46 women and 1,431 husbands were registered labourer, who were eligible for payments equivalent to 45 days and 15 days wages respectively. In 88 cases, none of the women and husband were registered labourer, hence were ineligible for payment and the eligibility of these beneficiaries has been verified by the Block Medical Officers, hence the process of verification also seems doubtful. However, the payment was made to un-registered *prasutas* resulting in incorrect payment of ₹ 1.02 crore to these ineligible women out of the total payment of ₹ 1.35 crore made under the scheme as detailed in **Appendix 3.4**. Further, there was nothing on record whether any test check was done by the team appointed by the Collector to ensure that the scheme was being implemented as per scheme guidelines.

In the exit conference (September 2015), the Government verified the facts and figures and as per relevant rules, in principle agreed with the audit observation. Further, they stated that as the benefit has been passed on to labourers of un-organised sector, hence keeping in view the social aspect, the matter is under consideration for ratification from Cabinet.

⁵ 1-Mukhyamantri Mazdoor Suraksha Yojana, 2-Mukhyamantri Gharelu Kamkaji Mahila Kalyan Yojana, 3-Mukhyamantri Haath Thela Evam Cycle Rickshaw Kalyan Yojana 2009, 4-Mukhyamantri (Path Par Vikray Karne Wale) Shahari Garibon ke liye Kalyan Yojana 2012, 5-Registered under Bhawan Evam Sannirman Karmkar Kalyan Mandal, 6-Mukhyamantri Mandi Hammal Evam Tulawati Sahayata Yojana and 7-Kesh Shilpi Kalyan Yojana 2013

Reply conforms that the payments were made in contravention to the instructions issued by the Government (July 2014) that only registered labourer was eligible to get benefit of the scheme.

3.1.6 Short levy of stamp duty

Government was deprived of revenue of ₹ 52.13 lakh due to short levy of stamp duty and non-registration of lease deeds.

Article 33 (c) of Schedule 1-A of Indian Stamp Act (IS Act), 1899, provides for levy of stamp duty at 8 *per cent*⁶ on a lease deed where the lease is granted for a premium in addition to rent fixed. Further, Registration Act, 1908⁷, prescribes leviable registration fee at three fourth of the stamp duty payable on the lease. The registration of leases of immovable property from year to year, or for any term exceeding one year, or reserving a yearly rent is compulsory⁸.

Para 3.1.3 of the Comptroller and Auditor General of India's Report No.3 of 2015 had highlighted short levy of stamp duty and non-registration of lease deeds by Rogi Kalyan Samitis.

Audit scrutiny of records of the Civil Surgeon-cum-Hospital Superintendents (CSs) Vidisha, Dhar, Panna, Alirajpur, Superintendent T.B. Hospital Nowgaon (District Chhatarpur), the Civil Hospital Mahidpur under the Chief Medical & Health Officer (CMHO), Ujjain and Civil Hospital Zirapur under CMHO Rajgarh revealed that the Rogi Kalyan Samities (RKSs) under CSs in the District Hospitals had rented out shops to private individuals at the highest premium. The RKSs had rented out total 181 shops⁹ during the period January 1999 to April 2014 on 35/36-months basis with provisions for further extension of period. According to IS Act, an aggregate stamp duty of ₹ 29.95 lakh was payable on these instruments as detailed in *Appendix 3.5*. We however, noticed that the lease were executed on stamp papers of ₹ 20 to ₹ 1,660 only. This resulted in short levy of stamp duty of ₹ 29.95 lakh. We further observed that the lease deeds were also not got registered which resulted in non-levy of Registration fee of ₹ 22.46 lakh. Thus, the Government was deprived of revenue of ₹ 52.13 lakh as detailed in *Appendix 3.5*. This indicated failure of the CSs and CMHOs in discharging their duties for the purpose of the IS Act. The short levy also remained undetected by the Registration Department because the deeds were not registered by the Public Health and Family Welfare Department.

In the exit conference (September 2015), the Government verified the facts and figures of the audit observation and stated that the powers given to Rogi Kalyan Samitis vide RKS Niyamawali 2010 have been suspended and new regulations are under amendment. Further, it was intimated that as per business rules the recoveries had been handed over to Registration Department.

⁶ Revised to 7.5 *per cent* w.e.f. 1 April 2008 and 5.0 *per cent* w.e.f. 1 April 2011.

⁷ Article II of Table of Registration fee

⁸ Section 17 (d) of the Registration Act, 1908

⁹ CS: Alirajpur (06 shops), Dhar (26 shops), Panna (52 shops) and Vidisha (08 Shops), Civil Hospitals: Mahidpur under CMHO Ujjain (40 shops) and Zirapur under CMHO Rajgarh (39 shops); Superintendent T.B. Hospital Chhatarpur (10 shops).

The fact remains that failure of CSs and CMHOs in implementing provisions of IS Act and Registration Act deprived the Government of revenue of ₹ 52.13 lakh due to short levy of stamp duty and non-registration of lease deeds.

School Education Department

3.1.7 Non-remittance of Workers Welfare Cess to the State Board

Workers Welfare Cess amounting ₹ 87.92 lakh was not remitted to Madhya Pradesh Building and other Construction Workers Welfare Board, by District Project Co-ordinator, Zila Shiksha Kendra, Ujjain, Burhanpur, Indore and Jhabua.

In order to implement social security schemes providing financial assistance to the workers for the purpose of loans and advances for construction of houses, education of children, medical expenses for treatment of major ailments and other welfare measures, Government of Madhya Pradesh framed the Building and other Construction Workers (Regulation of Employment and Conditions of Service) Rules, 2002 in pursuance with the Central Act 1996. In April 2003, the Government constituted the Madhya Pradesh Building and other Construction Workers Welfare Board (Board), headed by a Chairman to be appointed by the State Government. In May 2003, Rural Development Department (RDD), Government of Madhya Pradesh made it mandatory to levy Workers Welfare Cess at one *per cent* on the amount related to the construction works of different types. The cess amount so collected by the concerned departments was to be remitted to the Board within one month of collection/deduction through demand draft for depositing in M P Building and Other Construction Workers Welfare Fund.

Para 3.2.3 of the Comptroller and Auditor General of India's Report No.3 of 2015 had highlighted non-remittance of Workers Welfare Cess to the State Board.

During test check of records (December 2014 to March 2015) and information made available by District Project Co-ordinator (DPC), Zila Shiksha Kendra, Ujjain, Burhanpur, Indore, and Jhabua it was noticed that an amount of ₹ 87.09 crore was released by these DPCs for 3,980 construction works during the period 2007-08 to 2013-14. An amount of ₹ 87.92 lakh was deducted (*as detailed in Appendix 3.6*) by these DPCs for workers welfare cess which was not deposited to MP Building and other Construction Workers Welfare Board, while this amount was required to be sent to Secretary, MP Building and other Construction Workers Welfare Board, Bhopal within 30 days, under the provisions. Thus, due to non-observance of provisions and Rules framed by the Government, the Board was deprived of cess amount ₹ 87.92 lakh.

On being pointed out, DPC Ujjain stated (December 2014) that as per instructions of the Rajya Shiksha Kendra (RSK), Bhopal amount were released to construction agencies by deducting one *per cent* amount for Building and other Construction Workers Welfare Board. Deducted amount is available with the district as it was not remitted to the Board. DPC Indore stated (February 2015) that after getting directions from higher authorities, action would be taken. DPC Burhanpur stated (March 2015) that amount of welfare cess would be deposited shortly. DPC Jhabua stated (February 2015)

that deducted amount would be remitted to the Board after getting directions from RSK, Bhopal.

Replies were not acceptable because as per provisions of the Cess Act, one *per cent* amount deducted for Workers Welfare Cess was to be remitted within 30 days to the Board, but the same was not remitted due to which the Board was deprived of the cess amount of ₹ 87.92 lakh. Further, RSK had also issued (April 2012) instructions to all District Project Co-ordinators, Zila Shiksha Kendras that for the proposed construction work one *per cent* provision, has been made in the estimates itself for the Workers Welfare Cess, which has to be utilized at district level for the said purpose.

The matter was reported to Government (May 2015); their reply has not been received (September 2015).

Panchayat and Rural Development Department

3.1.8 Irregular purchase of cement at higher rates

Irregular purchase of cement of ₹ 1.68 crore and avoidable excess expenditure of ₹ 52.29 lakh due to purchase at higher rates.

Rule 7 of Madhya Pradesh Store Purchase Rules (MPSPR) provides that the indenting officers in the case of purchase in India above ₹ 50,000 each in value must use the agency of the Director General of Supplies and Disposals (DGS&D) unless they can show that they can themselves purchase the materials more cheaply, or in a case of urgency, more expeditiously, provided that where purchases are made through Madhya Pradesh Laghu Udyog Nigam (MPLUN) Limited, the above restrictions would not apply. Further, Rule 14 of the MPSPR, provides that articles which are included in Annexure-B of the Rules were to be purchased only through MPLUN without obtaining tenders. Cement was not included in the Annexure-B, hence was not a reserve item.

The Development Commissioner issued instructions (September 2006) that cement was not a reserve item to be purchased through MPLUN, hence was to be purchased by adopting prescribed procedure and inviting competitive rates. Further, he issued instructions (October 2009) that cement would not be purchased through MPLUN until further orders.

Scrutiny of records (April 2014) of Executive Engineer (EE), Rural Engineering Services (RES), Division Shahdol revealed that 3,726.39 MT cement was purchased during the period 2010-11 to 2012-13 amounting to ₹ 168.29 lakh through MPLUN i.e. without obtaining the competitive rates or through DGS&D. The purchase made was against the provisions of MPSPR and instructions of the Development Commissioner.

On comparing the rates of purchases made through MPLUN with that of DGS&D rates, it was noticed that purchases made through MPLUN had resulted in excess expenditure of ₹ 52.29 lakh as detailed in *Appendix 3.7*. Neither the benefits of competitive rates nor the DGS&D rates was availed by the EE, RES, Shahdol. Thus, excess expenditure of ₹ 52.29 lakh was incurred

on purchase of cement amounting to ₹ 1.68 crore, due to non-compliance of the provisions of MPSPR and instructions issued by the Development Commissioner.

On this being pointed out, the Government replied (July 2015) that due to paucity of budget and non-provision of advance payment, option of purchase through DGS&D was not taken into consideration. Further, in the exit conference (September 2015), it was intimated that RES, Shahdol division was allowed (April 2010) to purchase cement through MPLUN under special circumstances to meet the immediate requirement, however, whether the purchases made in special circumstances or not would be examined and submitted to audit for verification.

The replies are not acceptable as the Rules clearly provide that cement was not a reserve item for purchase through MPLUN. Further, cement was continuously purchased during the period 2010-11 to 2012-13 through MPLUN by RES, Shahdol and there was nothing on record regarding justification for purchases made in special circumstances.

3.1.9 Irregular expenditure on deposit works

Irregular expenditure of ₹ 8.22 crore was incurred on deposit works by utilising the contribution received for one work to another work.

In order to keep technical and financial control on construction works undertaken by Rural Engineering Services (RES), the Government of Madhya Pradesh, Panchayat and Rural Development Department adopted (October 1980) the Madhya Pradesh Public Work Department (PWD) Manual and Central Public Works Account Code. As per paragraph 2.167 (e) of MP PWD Manual, the funds required for the execution of the work must preferably be paid into the treasury before the work is commenced, but if the Government is satisfied that the money will be forthcoming when required, it may authorise the recovery from the contributor by suitable instalments on fixed dates. No interest will be allowed on sums deposited as contributions for public works. Further, Para 2.167 (f) and Para 2.170 of PWD Manual respectively provide that expenditure in excess of the contribution received shall not be incurred without prior approval of the State Government and contribution received on account of one work should not be utilised for another work.

During scrutiny (July 2014) of Form-79 of Monthly Accounts in the O/o the Executive Engineer, RES, Division Khargone, it was observed that an expenditure of ₹ 8.22 crore was incurred by diverting the contributions received on various deposit works under 19 schemes without approval of the State Government as detailed in *Appendix 3.8*. We observed that during 2013-14, a sum of ₹ 94.97 lakh was received under three schemes i.e. M.P Fund, Rajya Sabha and NTPC Toilet, against which an expenditure of ₹ 1.08 crore was incurred. No funds were received during 2013-14 under remaining 16 schemes. Moreover, without receiving funds during April 2014 to June 2014,

the office had incurred an expenditure of ₹ 6.36 lakh on two schemes (M.P. Fund and 13th Finance Commission). We further noticed that during March 2013, the opening balance under Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) was ₹ 2.73 crore and allotment of ₹ 3.16 crore was received. Against total available allotment of ₹ 5.89 crore, an expenditure of ₹ 12.16 crore was incurred. Thus, excess expenditure of ₹ 6.27 crore was incurred on MGNREGS. There was no records/facts available relating to other schemes/works from which the funds were diverted and expenditure were met out. Thus, an irregular expenditure of ₹ 8.22 crore had been incurred by the office up to June 2014 by diverting the funds of other schemes, without obtaining prior approval of the State Government.

In the exit conference (September 2015), the Department accepted and verified the facts and figures; they also appreciated the audit for expediting the book adjustment process.

Public Health Engineering Department

3.1.10 Excess payment

Excess expenditure amounting to ₹ 108.48 lakh was incurred on maintenance of hand pumps in excess of limit fixed by the Government.

Public Health Engineering Department (PHE), Government of Madhya Pradesh approved (January 1991) financial limit of ₹ 500 per annum for maintenance of a hand pump. The financial ceiling for maintenance of hand pumps was revised (January 2014) to ₹ 1,600 per hand pump per year with the directions to ensure that expenditure on maintenance of hand pumps should not exceeded this limit.

During the scrutiny of records (January 2015) of office of the Executive Engineer (EE), PHE Dhar, related to maintenance of hand pumps i.e. progress report, voucher files etc. it was noticed that during the year 2013-14, total 15,723 hand pumps were maintained/repared by incurring an expenditure of ₹ 228.22 lakh against the prescribed limit of ₹ 119.74 lakh and thus an excess expenditure of ₹ 108.48 lakh was incurred on maintenance of hand pumps as shown in *Appendix 3.9*. We observed that up to 22.01.2014 EE, PHE, Dhar had incurred expenditure on maintenance of hand pumps @ ₹ 1,381.72 per hand pump and from 23.01.2014 to March 2014 @ ₹ 1,675 per hand pump as against the ceiling of ₹ 500 up to 22.01.2014 and ₹ 1,600 from 23.01.2014 fixed by the Government resulting in excess expenditure of ₹ 108.48 lakh.

We also observed that records related to complaints from various sources and rectifications of complaints were not maintained in the Division. Thus, no system was evolved by the Division/Department to ensure the receipts of complaints and compliance thereof. Thus, the actual number of complaints and number of hand pumps repaired could not be verified in audit.

On being pointed out, EE stated (January 2015) that limit of ₹ 500 was fixed by the Government about 18 years ago and the payment has to be made on

increased rate of material and labour hence the payment was not in excess. Further providing of drinking water in rural area is very essential, so complaints were attended on the basis of information received from nodal officers of Janpad Panchayats, CM Help Line and Lok Sewa Kendra and complaints received on mobile numbers of Asstt. Engineer/Sub Engineer/Technician.

The reply was not acceptable as the expenditure were incurred in excess of the ceiling limit fixed by the Government for the maintenance of hand pumps resulting in excess expenditure and there was no mechanism in place to record complaints for maintenance/repair of hand pumps.

The matter was reported to the Government (June 2015); their reply has not been received (September 2015).

Home Department

3.1.11 Excess expenditure due to purchase at higher rates

Irregular purchase of ₹ 2.15 crore, resulting in excess expenditure of ₹ 64.98 lakh on procurement of wireless sets and accessories due to purchase at higher rates.

Rule 9 (i) of Madhya Pradesh Financial Code provides that every Government employee is expected to exercise the same vigilance in respect of expenditure from public funds as a person exercises while incurring expenditure from his own money and purchases should be made in the most economical manner. According to Rule 160 of General Financial Rules 2005, bids received should be evaluated in terms of the conditions already incorporated in the bidding documents, no new condition which was not incorporated in the bidding documents should be brought in for evaluation of the bids.

Superintendent of Police (SP) Radio, Madhya Pradesh, Bhopal invited open tenders (technical and financial bids) in September 2011 for supply of 20/25 and 2/5 watt wireless sets and its accessories. As per conditions of the Notice Inviting Tenders (NIT), it was mandatory for all the bidders to provide a sample piece for technical examination before opening of the Technical Bids and if the sample was not found to the prescribed specification, then the Commercial Forms having the rates quoted of the unit was not to be opened. It was also provided that Commercial tender would be opened only after qualification of the Technical Bids.

During test check of records of the SP (Radio), Madhya Pradesh, Bhopal (November 2014), it was noticed that the Department had finalised the rates quoted by Firm 'A' at ₹ 10,122 per unit which was the sixth lowest bidder among the six bidders who were technically qualified in respect of 20/25 watt wireless sets. Supply order was issued for 1152 units to the firm at a cost of ₹ 117.00 lakh. Further, in respect of 2/5 watt wireless sets, the Department had finalised the rates quoted by firm 'C' at ₹ 9,324 per unit which was the eighth

lowest among the eleven technically qualified sets of seven bidders. The total cost for 1052 units was ₹ 98.08 lakh.

Further scrutiny revealed that Technical Evaluation Committee (TEC) recorded (November 2011) about the technically qualified firms that the models fulfilled the minimum parameters and were useful for the department. The firm 'A' was declared technically qualified and ultimately got the supply orders in respect of 20/25 watt wireless sets. While finalising the firms, the Central Purchase Committee (CPC) recorded (January 2012) that the firm 'B', which had quoted the lowest rate at ₹ 8,342 per unit, did not have local service centre. A certificate of sale of these models to police departments of other states, military forces was also not furnished by the firm. The model was not used by the department earlier, hence their performance could not be ascertained. Therefore, the CPC did not recommend this firm for purchase. Similar reasons were recorded for not recommending the other firms also as detailed in **Appendix 3.10**. CPC recommended to purchase the model of the firm 'A' which had quoted the sixth lowest rate (₹ 10,122).

In respect of 2/5 watt wireless sets, the committee recorded that the firm 'D' which had quoted the lowest rate at ₹ 5,096/-, offered China made model and had no local service centre. Hence the CPC did not recommend the model for purchase. Similar reasons were also given for not recommending the other firms for purchase as detailed in **Appendix 3.11**. CPC recommended the model of the firm 'C' which quoted the eighth lowest rate (₹ 9,324) for purchase.

Audit observed that the CPC brought in new conditions such as the firm had not local service centre, certificate for supply/sale to Police Departments of other state/armed forces was not furnished with the tender and the model was not used in the department earlier and their performance report was not received from any other sources, which were not incorporated in the bidding documents, for evaluation of the bids. The decision of the CPC to finalise the firm which quoted higher rates at ₹ 10,122/- per unit in comparison to the lowest rate of ₹ 8,342/- per unit in respect of 20/25 watt wireless set and ₹ 9,324 per unit of 2/5 watt wireless set in comparison to the lowest rate of ₹ 5,096/- per unit resulted in irregular purchase of ₹ 2.15 crore, which also resulted in extra expenditure of ₹ 64.98 lakh (₹ 20.50 lakh for 20/25 watt wireless sets and ₹ 44.48 lakh for 2/5 watt wireless sets).

On this being pointed out, the Department stated (December 2014) that the purchase of the wireless sets were made after approval of Director General of Police on the basis of recommendations made by the CPC.

The reply of the department was not acceptable because reasons recorded by CPC for not accepting the lowest bid were not part of the conditions of the NIT and was in violation of the provisions of the GFR 2005. The CPC ignored the recommendations of the TEC that the technically qualified models fulfilled the minimum prescribed parameters and were useful for the department and recommended the sixth and eighth lowest bidders.

The matter was reported to Government (May 2015); their reply has not been received (September 2015).

3.1.12 Short levy of composition amount due to application of pre revised rates

Levy of composition amount under Motor Vehicle Act, 1988 at pre revised rates resulted into less recovery of composition amount to the tune of ₹ 65.99 lakh.

Rule 29 of MPFC provides that subject to any special arrangement that may be authorised by competent authority with respect to any particular class of receipts, it is the duty of the departmental Controlling Officers to see that all sums due to Government are regularly and promptly assessed, realised and duly credited in the Consolidated Fund or the Public Account.

Under Section 200 of the Motor Vehicles Act, 1988 (the Act), any offence committed, which is punishable under different sections of the Act, can be compounded for such amount as the State Government may specify by notification in official gazette. In exercise of the powers, conferred by Sub-Section (1) of Section 200 of the Motor Vehicles Act, 1988 (No. 59 of 1988) and in supersession of Transport Department's Notification (August 2005), the Madhya Pradesh Government in the Official Gazette (March 2012), revised the rate of composition amount for different types of offences punishable under different sections¹⁰ of the Act, which was further revised (January 2013).

During test check of records of the Superintendents of Police (SP) of eight districts¹¹ it was noticed that in 20,128 cases registered for violation of provisions of law pertaining to motor vehicle and traffic, inspite of the fact that the rates of composition were revised by GoMP Official Gazette (March 2012 and January 2013), the composite amounts were levied at pre-revised rates which were less than the revised rates. This resulted in less levy of composition amount to the tune of ₹ 65.99 lakh. The district-wise details are shown in the *Appendix 3.12*.

On this being pointed out, SP, Shajapur (May 2015), SP, Shahdol, Anuppur, (January 2015), SP, Damoh, Sagar, Tikamgarh (February 2015), SP, Rewa (March 2015) and SP, Umariya (April 2015) stated that the instructions of revised rates were received late.

The reply of the Department was not acceptable as the amount of composition was to be recovered at the rate prescribed in the Official Gazette from the date of its notification. It further reflected absence of a suitable mechanism for ensuring immediate communication of such orders/notifications to implementing wings which resulted in short levy of ₹ 65.99 lakh towards composition amount.

¹⁰ Sections 124, 130, 177, 178, 179, 180, 181, 182, 183, 184, 186, 190, 192, 194, 196 and 198 of the Motor Vehicles Act, 1988.

¹¹ Shajapur, Sagar, Shahdol, Anuppur and Damoh (January 2015), Tikamgarh (February 2015), Rewa (March 2015) and Umariya (April 2015).

The matter was reported to Government (June 2015), their reply has not been received (September 2015).

Women and Child Development Department

3.1.13 Short recovery of cost of foodgrain

Short recovery of cost of foodgrain amounting to ₹ 4.82 crore from the Self Help Groups engaged in Sanjha Chulha programme for distribution of cooked food.

According to the instructions issued (October 2009) by GoMP, Women and Child Development Department (WCDD), for supply of 'Nutritional Food' to the children of age group three to six years, the Project Officer (PO) would issue quarterly release order (RO) of foodgrain¹² to Self Help Groups (SHGs) according to the average attendance of beneficiaries in the last three months. SHGs would then lift the foodgrain from Public Distribution System (PDS) shops according to the RO.

In July 2010, the Department issued instructions that the cost¹³ of foodgrain would be made available in advance to Madhya Pradesh State Civil Supplies Corporation (MPSCSC) at district level by District Project Officers (DPO), so that the SHGs would get the foodgrain free of cost from the PDS shops. At the end of every month, the SHGs would claim the payment @ ₹ 4/- per child both for breakfast and lunch for the cooked food. The recovery of the cost¹⁴ of foodgrain would be made from bills submitted by SHGs to DPO. Further, GoMP, WCDD issued instructions (February 2014), that the foodgrain would be made available free of cost to SHGs through PDS shops, according to the procedure as in the Mid-Day-Meal Scheme, i.e. recovery of cost of foodgrains from SHGs would not be done.

Scrutiny of related records and further information collected in the O/o the five DPOs¹⁵ and Project Officer (PO), Block, Phanda district Bhopal (March 2015) revealed that the DPOs/PO had paid ₹ 21.92 crore to MPSCSC for supply of foodgrain during the period July 2010 to December 2013. Hence, an amount of ₹ 23.62 crore (₹ 21.92 crore + ₹ 1.70 crore - on account of other charges) was to be recovered from the bills of 6,029 SHGs up to December 2013. On further scrutiny, we noticed that payment up to March 2014 was done to the SHGs. The DPOs/PO recovered only ₹ 18.95 crore up to March 2014. Thus an amount of ₹ 4.82 crore was short recovered by DPOs/PO. The details are shown in the *Appendix 3.13*.

¹² Wheat and Rice

¹³ Wheat @ ₹ 463 per Quintal, Rice @ ₹ 607 per Quintal

¹⁴ Wheat @ ₹ 500 per Quintal, Rice @ ₹ 650 per Quintal including ₹ 37 and ₹ 43 per quintal respectively on account of transportation charges of Lead Societies, administrative charges of societies and commission of Fair Price Shops.

¹⁵ Balaghat (May 2013 and May 2014), Raisen (October 2013 May 2014), Chhindwara (February 2015 and May 2015), Panna (February 2014 and June 2014), Umaria (January 2014 and December 2014),

On this being pointed out in Audit, DPOs/PO¹⁶, stated that recovery would be made and intimated to Audit. Further, DPO, Raisen and Balaghat intimated (September and November 2014) that the entire outstanding amount has been recovered from the bills of SHGs. Thus an amount of ₹ 3.56 crore was still outstanding for recovery.

Replies of the DPOs were not acceptable, since recovery of cost of foodgrain by DPOs/POs should have been made from the bills upto March 2014. Further, as per revised instructions (February 2014), foodgrain would be provided free of cost to SHGs and as payment to SHGs have been made up to March 2014, recovery from the SHGs would become difficult.

However, after being pointed out in audit the Directorate, Integrated Child Development Service have issued (June and July 2015) instructions for recovery of the cost of foodgrains and is monitoring the recovery.

The matter was reported to Government (June 2015), their reply has not been received (September 2015).

3.2 Failure of oversight/administrative control

The Government has an obligation to improve the quality of life of the people for which it works towards fulfillment of certain goals in the area of health, education, development and upgradation of infrastructure and public service *etc.* However, Audit noticed instances where the funds released by Government for creating public assets for the benefit of the community remained unutilised/ blocked and/or proved unfruitful /unproductive due to indecisiveness, lack of administrative oversight and concerted action at various levels. A few such cases have been discussed below:

AYUSH Department

3.2.1 Non-operation of Drug Testing Laboratory

Unfruitful expenditure of ₹ 82.72 lakh due to non-operation of Drug Testing Laboratory at Government Ayurvedic College, Gwalior funded by GoI.

A Centrally Sponsored Scheme to strengthen State Drug Testing Laboratories and Government pharmacies of Indian System of Medicine and Homeopathy (ISM&H) was introduced (November 2000) by Department of ISM&H, Ministry of Health and Family Welfare, Government of India for quality control of drugs. The scheme envisaged one time central assistance up to rupee one crore for strengthening of laboratory, which was to be run by the State Government on their own resources with three Scientific officers and four supporting staff. The laboratory was to become fully operational in two years' time and meet the target of testing 500 drug samples per year.

¹⁶ Balaghat (May 2013); DPO, Raisen (October 2013), DPO, Chhindwada (February and May 2015); DPO, Panna (February and June 2014); DPO, Umaria (December 2014), and PO, ICDS Block, Phanda, District Bhopal (February 2015)

Directorate of AYUSH¹⁷ (Ayurveda, Yoga & Naturopathy, Unani, Siddha and Homeopathy) Government of Madhya Pradesh sent proposal (July 2001) for strengthening of Drug Testing Laboratory (DTL) in Government Ayurved College (GAC) Gwalior. On the basis of proposal of the Directorate of AYUSH, GoMP, Department of ISM&H, Ministry of Health and Family Welfare, GOI sanctioned¹⁸ rupee one crore¹⁹ to be utilised for strengthening of DTL for ISM&H drugs at GAC, Gwalior. Further, Parliamentary Standing Committee recommended additional ₹ 35 lakh for strengthening of DTL, GAC Gwalior. GoI sanctioned (September 2008) ₹ 15.69 lakh by deducting ₹ 19.31 lakh as unspent amount from the earlier grant. Thus a total of ₹ 1.16 crore was released by GoI for strengthening of DTL.

During test check of records (October 2014) in the O/o Principal, Govt. Autonomous Ayurved College, Gwalior it was noticed that expenditure of ₹ 22.44 lakh was incurred on construction of building, ₹ 54.57 lakh on purchase of 'machinery and equipment' and ₹ 3.68 lakh on furniture. Utilisation certificate of ₹ 80.69 lakh was sent (June 2006) to GoI. Further an amount of ₹ 2.03 lakh was incurred towards purchase of books, stationery and electrical fittings upto December 2008. However, balance amount of ₹ 33.28 lakh of grant-in-aid remained unutilised till date and was kept in the bank accounts of the Directorate of AYUSH. The machinery and equipment purchased were not installed and were kept idle (November 2014) for more than nine years.

It was also noticed that GAC Gwalior submitted proposals (October 2002, May 2004) to the Director, ISM&H, Madhya Pradesh, Bhopal for creation of posts for DTL and subsequently proposals for creation of two posts of Scientific Officer and four posts of supporting staff were sent (September 2003, June 2005 and February 2008) by Director AYUSH to the GoMP for functioning of DTL. GoMP sanctioned two posts of Scientific Officers and four posts of supporting staff in January 2009. However, these posts were lying vacant and were yet to be filled (October 2014).

In the exit conference (September 2015), the Government accepted the audit observation and verified the facts and figures. It also intimated that the recruitment of staff is in process, after that the DTL would be made operational.

The fact remains that the DTL could not be made operational even after ten years. Further, sanction of post was received in 2009, but the posts are yet to be filled. Hence, expenditure of ₹ 82.72 lakh incurred on strengthening of DTL proved unfruitful.

¹⁷ Directorate of Indian System of Medicine and Homeopath (ISM&H) was renamed as Directorate of AYUSH in September 2008.

¹⁸ First installment of ₹ 95 lakh was sanctioned by GOI in March 2002 and balance ₹ 5 lakh was provided in October 2004.

¹⁹ Building: ₹ 25 lakh; Machinery/Equipment: ₹ 65 lakh; Contractual Manpower: ₹ 10 lakh

Higher Education Department

3.2.2 Unfruitful expenditure on construction of girls' college building

Non-utilisation of Girls' College Building constructed at a cost of ₹ 1.28 crore resulted in unfruitful expenditure.

Madhya Pradesh Public Work Department (PWD) Manual, Para 2.031 provides that the site for a public building will be selected by a committee consisting of the Collector, the Executive Engineer, PWD, a representative of the local administrative body, a senior representative of the concerned department and Deputy Director, Town and Country Planning. Further, in terms of para 2.034 of PWD Manual, it will be the responsibility of the department concerned to get the land acquired and handed over to the Public Works Department.

Test check of the records (July 2014) of the Government Girls' College (GGC), Khargone revealed that a plot of seven acre of land was donated by a private person in 1992 for construction of the GGC Building at Khargone which was running in the premises of Government Higher Secondary School (GHSS), Khargone. The Principal of the college intimated (June 1992) to the Joint Director, Higher Education that the plot was not suitable for GGC as it was situated in desolated area and was located about two Kms. away from the city without any approach road. Collector, Khargone inspected (August 1992) the site alongwith Principal GGC, Executive Engineer, Public Works Department, Khargone and local Member of Legislative Assembly and recommended (September 1992) the site for construction of GGC building. The Government of Madhya Pradesh granted Administrative approval (February 1996) of ₹ 76.80 lakh and further granted (February 2003) revised Administrative approval of ₹ 1.04 crore for construction of the GGC Building at Khargone. GGC Building was constructed at a cost of ₹ 84.20 lakh by the PWD, Division Khargone and was taken over by the Principal of the college in December 2009. In addition to the above expenditure, ₹ 13.20 lakh²⁰ was also incurred on work of electric connection, water tube well and maintenance (2010). The Principal of the GGC again (November 2010) intimated the Commissioner, Higher Education Department regarding the unsuitability of newly constructed GGC building and stated that Jan Bhagidhari Samiti of College has unanimously rejected the proposal of shifting of College to new building. Principal, GGC further intimated (January 2011) the Collector, Khargone that present premises (GHSS) could accommodate only 410 students which was very small for 1195²¹ students even though the College was running in two shifts and requested for alternative arrangement. However, an amount of ₹ 14.05 lakh was further incurred on construction of quarters,

²⁰ ₹ 9.20 (Electric connection) + ₹ 4.00 (Maintenance) = ₹ 13.20 lakh

²¹ As of August 2015, total enrolled students were 1613 and GGC was running in the same building.

laboratory, stage and ramp which was provided by University Grant Commission during 2011-12. An E-learning resource center was established during 2012-13 in new building at the cost of ₹ 16.60 lakh and the equipment i.e. computers, photocopier, projector etc. were installed which were also lying idle due to non-transfer of college to the new building.

Thus, despite expenditure of ₹ 128.05 lakh²², the newly constructed building located in a desolated area without any approach road and transportation facility was lying unutilised for five years, and besides unfruitful expenditure on the unutilised building and other facilities, this ill planned decision of Department has been adversely affecting education of girls enrolled in the GGC.

In the exit conference (September 2015), the Government verified the facts and figures and intimated that construction of boundary wall would be completed by December 2015 and GGC would be shifted in new building in January 2016.

Tribal Welfare Department

3.2.3 Cost escalation due to lack of control mechanism

Cost escalation of ₹ 95.68 lakh on construction of residential school building for Tribal Students due to failure of control mechanism, which also led to inordinate delay in completion of the building.

Government of India sanctioned (December 2005) ₹ 1.00 crore as advance for establishment of Eklavya Model Residential Schools (EMRS). The non-recurring expenditure for construction of the school would be limited to ₹ 2.50 crore. Government of Madhya Pradesh (GoMP) (March 2006) issued administrative approval for establishment of EMRS with conditions that, (a) monetary ceiling for construction of building would be limited to ₹ 2.50 crore; (b) there would be no change in the layout of the building approved by the GoMP; (c) time period for construction would be 24 months; (d) construction work would be carried out as per MPPWD Manual and its technical specifications; physical and financial progress of the construction work would be appraised to the Department by the construction agency on regular basis; supervision, quality control and valuation of work along with review of physical and financial progress would be done by an agency appointed by the Commissioner, Tribal Department (CTD). Further, provision of one *per cent* would be included in the construction cost and would be paid to the supervising agency by the construction agency/contractor.

Test check of records related to construction of EMRS (December 2013) and further information collected (December 2014), in the O/o the Assistant Commissioner, Tribal Development, Umaria (ACTD) revealed that the CTD appointed (June 2006) Madhya Pradesh Housing Board (MPHB) as the construction agency.

²²

₹ 84.20+ ₹ 13.20+ ₹ 14.05+ ₹ 16.60 = ₹ 128.05 lakh

MPHB issued (August 2006) technical sanction for construction of EMRS for ₹ 2.50 crore and appointed MPHB, Katni Division for construction of EMRS. MPHB (Katni) issued work order (May 2007) on Current Schedule of Rates (CSR) 1999. The construction work was awarded to a contractor in two parts at contracted price of ₹ 96.23 lakh and ₹ 110.57 lakh with completion period of nine months and ten months respectively for completion including rainy season. As per conditions of sanction, CTD did not appoint any agency for supervision, quality control, review of physical and financial progress of the work. It was also noticed that provision of one *per cent* supervision charges was also not included in the technical sanction to be provided for the agency appointed by CTD.

However, Collector, Umaria inspected (April 2008) the site of construction work and found that the work carried out was of inferior quality and was not according to the norms. He issued orders to suspend the construction work and formed a Committee for preparing a detailed report. The Committee furnished the report (August 2008) to the Collector which stated that the deficiencies in construction of the building should be corrected first and then remaining construction work should be carried out. Collector accordingly issued instructions to complete the work.

Meanwhile the construction work remained suspended for a period of 19 months (April 2008 to September 2009). ACTD issued sanction (October 2009) for resuming the remaining construction work to MPHB (Katni). The first contractor refused to resume the construction work stating delay and increase in the cost of construction. MPHB (Katni) as per clause 3 (a) of the agreement rescinded the contract (February 2009). However, payment of ₹ 60.44 lakh was made to the contractor for the work done by him and an amount of ₹ 1.43 lakh was recovered from the contractor.

Further, MPHB allotted (November 2009) the remaining work based on 2009 CSR to another contractor allowing further completion period of 10 months including rainy season. Despite, MPHB's regular pursuance for smooth flow of funds for construction work, the same was not provided and EE, MPHB intimated the fact to Dy. Commissioner, MPHB, Rewa that due to lack of regular flow of funds, the construction work was again discontinued for a period of eight months. The CTD on the basis of revised estimates of ₹ 331.70 lakh from MPHB, sanctioned additional funds of ₹ 96.29 lakh (October 2012), without actually ascertaining the remaining construction work.

Thus in all payment of ₹ 346.29²³ lakh has been made to MPHB. Further information collected (October 2015) from MPHB revealed that an amount of ₹ 345.68 lakh has been incurred on the construction of the building. Thus, the delay in construction led to cost escalation amounting to ₹ 95.68 lakh caused mainly due to non-appointing of an agency for supervision, quality control etc.

²³ ₹ 50 lakh (November 2007), ₹ 50 lakh (October 2009), ₹ 75 lakh (April 2010), ₹ 66 lakh (October 2010), ₹ 09 lakh (November 2010), ₹ 96.29 (October 2012).

On this being pointed out in audit (December 2013), ACTD stated that due to inferior quality work the work was suspended. He further stated that after ensuring quality, the work was resumed due to which the cost was revised, which was sanctioned by CTD. The ACTD further stated (December 2014) that the building has been completed in December 2014, sanction for boundary wall had been received and school would be shifted in the new building after construction of boundary wall.

The reply is not acceptable, as CTD ignored the conditions of grant issued by GoI and the State Government. Further, had the CTD appointed an agency for supervision, quality control, review of physical and financial progress of the work, the quality of construction could have been maintained and the work could have been completed in due time i.e. by March 2008. Further, due to lack of monitoring at all levels, the completion of building was inordinately delayed, due to which the work was to be carried out by another contract, which was sanctioned, based on increased rates as per 2009 CSR, resulting into cost escalation of ₹ 95.68 lakh²⁴. The building was completed after six years of schedule date of completion and it was yet to be handed over to the Tribal Department.

The matter was reported to Government (June 2015); their reply has not been received (September 2015).

3.2.4 Unfruitful expenditure on pay and allowances

Unfruitful expenditure of ₹ 1.85 crore on pay and allowances due to non-functioning of Training Cum Production Centre.

Government of Madhya Pradesh, Scheduled Castes and Scheduled Tribes Welfare Department established (1963-64) a Training Cum Production Centre (TCPC) at Bhind for imparting employment oriented training to SC/ST/OBC candidates in four trades viz. Carpenter, Tailoring, Blacksmith and Masonry. The Centre was being run by the District Organiser Tribal Welfare (DOTW), Bhind. Seventeen posts in different cadres²⁵ were sanctioned for the TCPC and training to 12 candidates in each trade was to be imparted.

Test check of records (April 2014, April 2015 and further information collected in September 2015) of the Office of the DOTW, Bhind revealed that the TCPC was not functional and training had not been conducted since 2008-09. During the period 2008-09 to 2015-16 (up to August 2015), 12 staff were posted in TCPC and an expenditure of ₹ 1.85 crore was incurred on account of their pay and allowances. We further observed that during the period 2008-09 to 2015-16 (up to August 2015), no allotment was made by the Department for raw material and stipend to be utilised in the training and no action was taken by DOTW to make TCPC functional. It was also observed that all the staff of TCPC was posted and working in DOTW office in addition to the staff already deployed in the office of the DOTW.

²⁴ ₹ 345.68 lakh - ₹ 250.00 lakh

²⁵ Sanctioned posts : Manager- 1, Trainer -4, Semi-skilled artisan - 4 , Accountant - 1, Assistant Grade 3 -2, Peon - 5

Thus an expenditure of ₹ 1.85 crore incurred on pay and allowances of the staff posted at TCPC was unfruitful.

On this being pointed out in audit, DOTW accepted (April 2014) the facts and further stated (April 2015) that the staff posted in TCPC is deployed against the vacant posts in various sections of DOTW office.

The reply of the DOTW was not acceptable as there were no vacant posts available in the office against whom these staff could be posted. Hence, the fact remains that the staff of TCPC was posted in addition to the sanctioned strength in the office of the DOTW and since the TCPC was not functional since 2008-09, the pay and allowances paid to the staff remained unfruitful and the objective of opening of TCPC was defeated.

The matter was reported to Government (June 2015), their reply has not been received (September 2015).

Gwalior
The

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Madhya Pradesh

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