

CHAPTER V

MATERIAL MANAGEMENT AND EXECUTION OF WORKS

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ULBs are responsible for maintenance of infrastructure, which enables the provision of services to the people, and also execution of various developmental works. For this, material required for maintenance and developmental work is to be assessed in advance for procurement and to be managed as per the prescribed procedures. The works are also to be executed according to the stipulated rules and codal provisions.

Irregularities noticed during the test check of 50 ULBs are enumerated below.

5.1 Tender procedures not followed

In terms of Rule 158 of the West Bengal Municipal (Finance and Accounting) Rules, 1999, open competitive tenders shall be called for from the public whenever the estimated cost of general works exceeds the financial limit of ₹ five lakh (other than plumbing and electrical works).

As per State Government notification No. 5400-F(Y), dated 25 June 2012, it was mandatory to publish NIT²⁹ of all purchases / works valued above ₹ one lakh in newspaper and for tender valued ₹ 50 lakh and above, in the centralised e-tender portal in addition to publication in print media.

Irregularities noticed in tender procedure in test check of seven ULBs involving an amount of ₹ 36.36 crore are given below.

Table 5.1

Name of ULB	Name of the work	Amount of work/material (₹ in lakh)	Irregularity
Birnagar	Laying of DI pipes	137.68	Municipality procured DI pipes worth ₹ 137.68 lakh but avoided the e-tender procedure by splitting the original work into separate works (keeping each below ₹ 50 lakh).
Habra	Procurement of Compact Fluorescent Lamps (CFLs)	13.23	The CFLs amounting to ₹ 13.23 lakh were purchased from a single supplier without inviting open tender.
	Construction of Hawkers Market	167.96	The initial project cost was ₹ 116.92 lakh and work was awarded to an agency. Further, it was revised to ₹ 167.96 lakh but no fresh tender was floated for the additional work amounting to ₹ 51.04 lakh.
Kalna	Purchase of cement, bricks, stone, sand, etc.	15.47	Municipality procured materials for building works aggregating ₹ 15.47 lakh without inviting tender.

²⁹ NIT- Notice Inviting Tender.

Name of ULB	Name of the work	Amount of work/material (₹ in lakh)	Irregularity
Konnagar	Procurement of medicine	7.73	The medicines were purchased for the <i>Matri Sadan</i> Hospital from one supplier without inviting open tender.
Rajpur-Sonarpur	Construction of Dwelling Units (DUs) under BSUP	3,090.00	Three NITs of ₹ 360 lakh for 300 DUs, ₹ 1,200 lakh for 1,000 DUs and ₹ 1,530 lakh for 900 DUs were invited during 2008-10 but the lowest bidder was not allocated with the work. Instead, the works were distributed among the different bidders.
South Dum Dum	Sale of Scrap	52.75	Instead of finalising the rates for each type of scrap separately based on the highest price quoted by different bidders, the authority decided to sell all the materials in one lot. Had the authority sold the separate material to respective highest bidders, Municipality would have the opportunity to get ₹ 69.22 lakh instead of ₹ 52.75 lakh.
Taki	Construction of common shelter for the old	19.00	All works were more than ₹ 10 lakh but NIT was not published in any newspaper.
	Construction of approach road to old age home	22.99	
	Construction of common shelter for the old	49.65	
	Observation point along the river embankment with protection work for security purpose.	34.65	
	Construction of community centre	25.01	
Total		3,636.12	

5.2 Irregular expenditure on works

As per section 73A of the West Bengal Municipal Act, 1993, if the estimated cost of work or purchase of materials exceeds ₹ 25 lakh, then approval of the State Government should be obtained. Audit scrutiny revealed the following irregularities.

Table 5.2

Name of ULB	Name of the work	Amount of work (₹ in lakh)	Irregularity
Haldia	Building work	1,473.00	Municipality started eight nos. of development work during 2009-11 aggregating an amount of ₹ 14.73 crore and the estimate of each work was more than ₹ 25 lakh. But the approval of the State Government was not obtained.
Mathabhanga	Construction of Black Top Road	178.51	Municipality was required to construct 13,650 square metre of new black top road with an estimated cost of ₹ 99.56 lakh but it repaired another 23,770 square metre black top road at the cost of ₹ 178.51 lakh without approval of the State Government.
Panihati	Installation of distribution line for water supply	218.88	DPR was approved for 'installation of distribution line for water supply' by laying of 100 mm dia CI pipe. But the Municipality used 34,902.50 metre DI pipe valuing ₹ 218.88 lakh in violation of the approved DPR.
Taki	Observation point tower for embankment protection and first floor of building at <i>Bidhan Saikat</i>	25.77	Estimate of the work was more than ₹ 25 lakh. But, the Municipality did not take approval from the State Government before execution.
Total		1,896.16	

5.3 Incomplete works

Works were started without assessing the availability of fund or the available fund was exhausted before completion of work resulting in works remaining incomplete for years as detailed in **Table 5.3**.

Table 5.3 : Details of incomplete works

Name of ULB	Brief description of work	Date of Commencement	Expenditure (₹ in lakh)	Present status
Kanchrapara	Construction of Central Bus Terminus	05.02.2010	29.71	The estimated cost of the project was ₹ 38.92 lakh. But after incurring an expenditure of ₹ 29.71 lakh, work was abandoned due to non-availability of funds.
Taherpur	Construction of community centre	2008-09	80.54	Remained incomplete after March 2013, due to escalation of prices of materials, etc.
Total			110.25	

These indicated lack of planning before commencement of works.

5.4 Procured items / completed works were not utilised properly

Four ULBs spent ₹ 72.95 lakh on development works / procurement of goods for various welfare purposes. Test check of records revealed that following works were completed / materials were procured (**Table 5.4**) by the ULBs but remained unutilised for years making the expenditure unproductive.

Table 5.4

Name of ULB	Brief of works / equipment	Expenditure (₹ in lakh)	Brief description
Mathabhanga	DI pipe	15.87	Municipality procured 2,489 metre of 100 mm dia DI pipe worth ₹ 15.87 lakh in October 2007 for implementation of water supply project but the stock remained unutilised for more than five years.
Nabadwip	Collection bin / bucket	24.88	Municipality procured 1,14,768 nos. of buckets/bins against the total requirement of 65,000 buckets/bins. Thus, 49,768 nos. of buckets/bins were procured in excess and the Municipality also incurred wasteful expenditure of ₹ 24.88 lakh (49,768 x ₹ 50).
Sainthia	Office building	18.10	An additional office building was constructed at a cost of ₹ 18.10 lakh in January 2010 but could not be put to use till April 2013.
South Dum Dum	Garbage container	14.10	Municipality procured 47 nos. of garbage containers worth ₹ 14.10 lakh before May 2010 but could not be used till February 2013.
Total		72.95	

5.5 Excess payment /procurement / issuance of material

Ten ULBs paid an excess amount of ₹ 47.37 lakh to contractors / suppliers during 2010-13 as shown in **Table 5.5** :

Table 5.5 : Details of excess payment / undue benefit to contractor / supplier

Name of ULB	Brief of works	Extra Payment (₹ in lakh)	Remarks
Bally	Construction of bituminous road	2.47	Excess payment of ₹ 2.47 lakh was made to contractor by allowing higher rate for bituminous work than the rate prescribed in Schedule of Rates of Public Works (Roads).
Bankura	Reconstruction of pucca surface drain	0.31	Excess payment of ₹ 0.31 lakh was made to contractor by allowing higher rate than the agreed one.
Bhadreshwar	Construction of bituminous road	0.11	Excess payment of ₹ 0.11 lakh was made to contractor by allowing higher rate for sand than the rate prescribed in Schedule of Rates of Public Works (Roads).
Birnagar	Construction / repairing of	0.81	Municipality recovered the hire charges of road roller from contractor at the rate of ₹ 700 per day instead of

	bituminous road		₹ 1,150 per day for 180 days, resulting in less recovery of ₹ 0.81 lakh. Municipality accepted the audit observation and assured that the same amount would be recovered from the contractor.
Habra	Water Supply Project	0.71	Municipality procured 17,011.50 metre of DI pipes instead of 16,912 metre of DI pipes as sanctioned in the DPR and distributed it to the contractors. Thus, the Municipality supplied excess DI pipes measuring 99.50 metre worth ₹ 0.71 lakh (99.50 x ₹ 718) to the contractors.
Haldia	Building works	33.61	Haldia Municipality allowed 10 <i>per cent</i> 'extra' over detailed estimate in respect of eight nos. of work involving ₹ 14.73 crore. This was in contravention of the PWD Building Schedule of Rates where five <i>per cent</i> of 'extra' over detailed estimate was allowed. The total amount of 'extra' erroneous estimate was for ₹ 60.15 lakh, of which ₹ 33.61 lakh was paid to the contractor for completed part of work.
Jangipur	Construction / repairing of bituminous road	1.61	Municipality recovered hire charge of road roller from contractor at the rate of ₹ 610 per day instead of ₹ 1,150 per day for 298 days, resulting in less recovery of ₹ 1.61 lakh. Municipality accepted the audit observation and assured that the same amount would be recovered from the contractor.
Kamarhati	Bituminous works	3.22	In rate analysis of bitumen and bitumen emulsion, the Municipality calculated carriage cost taking into consideration the distance between Uluberia and Kamarhati as 60 km. But the actual distance is 43 km. Thus, the Municipality made excess payment of ₹ 3.22 lakh.
Kolkata	Transportation of garbage	1.69	Municipal Corporation made overpayment of ₹ 1.69 lakh to a contractor for the transportation and disposal of garbage due to considering unit as 'MT' in place of 'kg' in the bill.
North Dum Dum	Pipeline work	2.83	Municipality recovered from contractor an amount of ₹ 66.35 lakh instead of ₹ 69.18 lakh for CI pipe. Thus, an excess payment of ₹ 2.83 lakh was made to contractor. Municipality admitted the overpayment and assured of the recovery.
Total		47.37	

Recovery of excess payment from contractors by the above ULBs had not been intimated to Audit till date. However, in case of Baranagar Municipality an excess amount of ₹ 0.30 lakh paid to carriage contractor engaged for collection of garbage, was recovered after being pointed out by Audit.

5.6 Payment without measurement

In terms of Rule 152(b) of West Bengal Municipal (Finance and Accounting) Rules, 1999 read with West Bengal Financial Rules (Volume-I), before all payments for works executed or supplies received, detailed measurement of the work in the measurement book is to be checked by the municipal authority but, three ULBs³⁰ made payment of ₹ 2.46 crore to the contractors / agency without detailed measurement.

5.7 Conclusion

Procurement of material without observing tender procedure and execution of works without approval of Government indicated violation of norms and lack of transparency. Non-completion of works within the stipulated date and non-utilisation of completed works / procured items blocked public funds and caused delay in providing intended services to the beneficiaries. Procurement of materials in excess of requirement and payment made to contractors over and above the admissible amount were indicative of absence of internal control in the ULBs.

5.8 Recommendations

- Assets may be put to use immediately on completion of works to deliver the intended benefits at the earliest.
- Internal control needs to be strengthened for ensuring issue of material as per requirement and regulating payments as per the applicable rates.

³⁰ Bally (₹ 163.62 lakh), Habra (₹ 61.91 lakh) and South Dum Dum (₹ 20 lakh).
