

CHAPTER-III

COMPLIANCE AUDIT

3.1 Audit paragraphs

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SCHOOL EDUCATION & LITERACY AND PLANNING-CUM-FINANCE DEPARTMENTS

3.1.1 Avoidable expenditure and excess procurement of desk-cum-benches

Purchase of desk-cum-benches at rates above DGS&D rates in violation of financial rules led to avoidable expenditure of ₹ 2.28 crore. Besides, 1,087 desks-cum-benches worth ₹ 81.54 lakh, procured in excess of requirement, were lying idle.

Rule 131E of the Bihar Financial Rules (BFR¹) stipulates that in case a Department directly procures Central Purchase Organisation (e.g. DGS&D²)/State Purchase Organisation rate contracted goods from suppliers, the prices for such goods shall not exceed those stipulated in the rate contract. Further, Finance Department (FD) instructions (February 2011) stipulates procurement of goods valued above ₹ 1.50 lakh by open tender through wide circulation.

The District Education Officer (DEO), West Singhbhum submitted (December 2013) requirement of 16,416 desk-cum-benches (DBs) worth ₹ 12.32 crore for 76 high schools to District Planning Officer (DPO), West Singhbhum for inclusion in the Work Plan (2013-15) under Additional Central Assistance for Left Wing Extremist affected districts. The DEO proposed procurement of 216 DBs each from Godrej Company for 76 high schools which did not have DBs and students were sitting on the floor. The District-level Committee³, West Singhbhum approved (January 2014) the proposal and constituted a purchase committee⁴ headed by the Deputy Development Commissioner (DDC), West Singhbhum. The Deputy Commissioner (DC), West Singhbhum directed (February 2014) DEO, West Singhbhum to procure the DBs by June 2014. The DEO procured (between March 2014 and January 2016) 16,213⁵ DBs and paid (between March 2014 and February 2016) ₹ 12.16 crore to the supplier.

¹ Adopted by Government of Jharkhand on 15 November 2000

² Directorate General of Supplies & Disposal

³ The District Level Committee headed by Deputy Commissioner with Superintendent of Police and District Forest Officer as members approves the Work Plan for the district under ACA.

⁴ Constituted by DC having DDC as Chairman, District Account Officer, Assistant Commissioner, Commercial Taxes, Chaibasa, General Manager, District Industry Centre and District Education Officer, Chaibasa as members and District Planning Officer, Chaibasa as Co-ordinator.

⁵ Against the order of 16,429 DBs (13 DBs extra from the balance fund), payment was not made for 216 units as in Project High School Goilkera, as the DBs were not fitted (as of October 2018) by the supplier.

Audit scrutiny (between November 2017 and June 2019) revealed the following:

- Justification for the decision to procure the DBs from Godrej company or the basis for assessing the requirement of 216 DBs per school were not available on record.
- Though DEO, West Singhbhum invited (12 February 2014) tenders for the procurement of DBs and received three bids, the purchase committee, convened for opening of the bids, cancelled (19 February 2014) the tender on the grounds of insufficient time for bidding. The purchase committee, instead of re-tendering, decided (19 February 2014) to procure the DBs through quotations from authorised dealers of Godrej and six quotations were obtained. The decision of the purchase committee to do away with the tender requirements was in violation of FD directions. Further, there was nothing on record to suggest that the purchase committee had ensured that the rates quoted by the bidders were the most economical in the market including the DGS&D rate.
- Though the DBs were under rate contract of DGS&D during the period, the DEO did not fix the DGS&D rate as price ceiling of the DBs. Resultantly, the purchase committee approved (March 2014) procurement of DBs at the rate of ₹ 7,501 per unit⁶ against the prevailing DGS&D rate of ₹ 6,097 per unit⁷. This resulted in avoidable expenditure of ₹ 2.28 crore⁸ on the purchase of 16,213 DBs.
- The DEO, as per instructions of DC, was to conduct need assessment for procurement of DBs as per actual enrolment in the schools. Audit cross-checked (February 2018) the need of DBs against enrolment of students in 22 out of the 76 schools and observed that in 18 schools, 1,765 DBs worth ₹ 1.32 crore were purchased in excess of enrolled students while in the balance four schools, 1,249 DBs were additionally required to accommodate the enrolled students. Thus, the procurements were not based on actual requirement.
- Upon joint physical verification (June 2019) by Audit with officials of DEO Singhbhum it was seen that 1,087 DBs worth ₹ 81.54 lakh procured were lying idle since their procurement three years ago (*Appendix 3.1.1*).

The DEO, West Singhbhum stated (March 2018) that a tender was invited and DBs were purchased from the bidder (an authorised Godrej dealer) who quoted the lowest price as per the decision of the purchase committee. The

⁶ ₹ 6,580 per unit plus 14 per cent VAT

⁷ ₹ 5,348 per unit plus 14 per cent VAT

⁸ ₹ 7,501 minus ₹ 6,097 i.e. ₹ 1,404 per DBs x 16,213 units

reply was factually incorrect as the purchases were made through quotations and not by tender. Further, the DEO could neither justify procurement without considering DGS&D rate nor give reasons for not transferring the excess DBs to the schools which needed these.

The matter was referred to Government (June 2019); their reply had not been received (October 2019).

ROAD CONSTRUCTION DEPARTMENT

3.1.2 Idle expenditure on construction of bridge

Commencement of bridge work over Sanjay River without acquisition of required land for approach roads resulted in the bridge lying idle for three years rendering expenditure of ₹ 7.36 crore idle besides non-achievement of the objective to ensure safe and smooth movement of traffic throughout the year.

According to Rule 132 of Jharkhand Public Work Department Code, except in the case of emergent work such as repair of breaches, etc., no work should be started on land which has not been duly made over by the responsible Civil Officers.

Construction of high level RCC bridge over Sanjay River at 7th km of Saraikella-Kharsawan Road along with approach roads including cost of land acquisition⁹ was administratively approved (AA) and technically sanctioned (TS) by Road Construction Department (Department), Government of Jharkhand in November 2012 for ₹ 6.93 crore. The proposed bridge was to replace the existing narrow and inadequate submersible bridge in view of the manifold increase in traffic due to commissioning of a Steel Plant in the locality and also to ensure safe and smooth movement of traffic throughout the year. The work was to be executed by the Executive Engineer (EE), Road Construction Division (Division), Saraikela-Kharsawan.

On tendering (March 2013), the work (construction of bridge and approach roads) valued at ₹ 8.19 crore¹⁰ was awarded (April 2013) to a contractor for completion by November 2014. The bridge work was completed (August 2016) and payment of ₹ 6.15 crore was released (May 2017) to the contractor. In addition, ₹ 1.06 crore¹¹ was paid (December 2013 and August 2015) to the District Land Acquisition Officer (DLAO), Saraikela-Kharsawan for acquisition of 0.83 acre¹² land for construction of the approach roads which

⁹ ₹ 0.11 crore

¹⁰ 7.23 per cent above of the Bill of Quantity of ₹ 7.63 crore prepared on the revised schedule of rates

¹¹ On demand (December 2013 and August 2015) of DLAO Saraikela-Kharsawan

¹² Kolburudih *mauja*: 0.32 acre and Govindpur *mauja*: 0.51 acre

was beyond the amount provided (₹ 11 lakh) in the AA and TS for land acquisition. Further, payment (March 2014) of ₹ 15 lakh for utility shifting, not included in the AA/TS was made to the Energy Department. Both these payments were yet to be regularised by issue of the revised AA (September 2019).

Audit observed (May 2017 and May 2019) from the records of the EE that the DLAO again demanded (May 2017) additional compensation of ₹ 29.49 lakh¹³ for rehabilitation and re-settlement of the affected land owners upon Social Impact Assessment. However, the EE could not release (September 2019) the amount to the DLAO as a revised estimate prepared (July 2017) by the EE for ₹ 12.40 crore¹⁴ factoring in deviations from the TS including cost of land acquisition and utility shifting (₹ 5.28 crore¹⁵) was approved by the Chief Engineer (CE), Central Design Organisation (CDO) only in June 2019 after a delay of almost two years after being pointed out by Audit. Further, the revised AA has not been issued by the Department as of September 2019.

Thus, the land for the approach roads could not be acquired and the bridge could not be put to use for almost three years since its completion in August 2016 rendering the expenditure of ₹ 7.36 crore incurred on the bridge work idle besides non-achievement of the objective to ensure safe and smooth movement of traffic throughout the year.



Photographs showing bridge over Sanjay river lying idle in absense of approach road

In reply (September 2019), the Joint Secretary, RCD stated that the work would be completed upon receiving the revised AA.

¹³ As per articles 27 (₹ 26.41 lakh) and 31 (₹ 3.08 lakh) of the Act.

¹⁴ Revised to ₹ 12.20 crore in February 2019

¹⁵ Variation in quantity: ₹ 1.03 crore, variation in rate: ₹ 2.79 crore, price adjustment: ₹ 5.18 lakh, increase in CNC: ₹ 1.97 lakh, increase in land acquisition: ₹ 1.23 crore and for utility shifting (extra item): ₹ 15.21 lakh

ROAD CONSTRUCTION AND DRINKING WATER & SANITATION DEPARTMENTS

3.1.3 Expenditure on idle pipes

Closure of work of traffic rotary midway by Road Construction Department and failure to utilise DI water supply pipes by Drinking Water and Sanitation Department for eight years despite several opportunities to use them led to expenditure on idle pipes worth ₹ 2.56 crore besides blocking of ₹ 1.65 crore.

Jharkhand Public Works Account Code¹⁶ provides for acquisition of land prior to finalisation of tender process and approval of detailed estimates.

Construction of traffic rotary and improvement of wing roads at Kanta Toli Chowk, Ranchi to ease traffic congestion was administratively approved (August 2010) by Road Construction Department (RCD), Government of Jharkhand for ₹ 18.63 crore. The work included construction of traffic rotary (₹ 7.15 crore), shifting of water supply pipelines (₹ 4.10 crore), shifting and installation of electric lines (₹ 0.40 crore) and acquisition of 0.53 acre of land (₹ 6.94 crore).

Before transferring funds to District Land Acquisition Officer (DLAO), Ranchi for acquisition of the required land, the work¹⁷ of traffic rotary valued at ₹ 6.74 crore was put (October 2010) to tender by RCD and awarded (March 2011) to a contractor for completion by September 2011. Further, the Executive Engineer (EE), RCD, Road Division (RD), Ranchi transferred (between December 2010 and March 2011) ₹ 6.76 crore to three offices¹⁸ for land acquisition, shifting and installation of water supply pipelines and shifting of electric lines.

Audit observed (December 2017) from the records of the EE, RCD, RD, Ranchi that the contractor executed road and drain works¹⁹ adjoining the proposed traffic rotary up to October 2013 and was paid ₹ 1.34 crore. Thereafter, the work was closed (December 2013) on the orders of the Principal Secretary, RCD as the required land could not be acquired by the

¹⁶ Annexure 'A'- Cabinet Secretariat and Co-ordination Department (Vigilance Cell) resolution no. 948 dated 16 July 1986, Para-4.5 and 7.5 of Bihar Public Works Account Code as adopted by Government of Jharkhand.

¹⁷ Construction of rotary, wing roads and drain work.

¹⁸ District Land Acquisition Officer (DLAO): ₹ 2.37 crore; Executive Engineer, Drinking Water and Sanitation (DWS), Subnarekha Distribution Division (DWSSDD) Ranchi: ₹ 3.99 crore and Electrical Superintending Engineer, Electric Supply Circle Ranchi: ₹ 40 lakh.

¹⁹ Earth work, Pavement in Cement Concrete, Reinforcement in Cement Concrete and bituminous work

DLAO Ranchi due to procedural delays in declaration of *panchat*²⁰ within the specified timeline of two years from the date of notification (March 2012). However, DLAO, Ranchi refunded ₹ 2.37 crore to EE, RCD only in August 2019 after being pointed out by Audit.

Meanwhile, the EE, DWS, Subernarekha Distribution (SD) division, Ranchi also awarded (July 2011) the work of shifting and installation of water supply pipelines valued at ₹ 3.86 crore to another contractor on turnkey basis for completion by November 2011 without ensuring availability of land. The contractor procured (September 2011) 3,406²¹ metres of DI K7 pipes, and was paid ₹ 2.74 crore up to July 2016. This work was also closed in June 2016 by the DWS Department due to non-availability of land. Of the procured pipes, only 114 metres were laid (November 2011) while 3,292 metres²² of pipes worth ₹ 2.56 crore was lying idle (September 2019) in the premises of Subernarekha Distribution division for eight years from the date of procurement and three years from the closing of the agreement.

Audit examined (March 2019) utilisation of DI K7 pipes in two²³ DWS divisions and observed that though similar types of 150 mm and 200 mm pipes were used by these divisions including Subernarekha Distribution division in different schemes between December 2016 and January 2018 (*Appendix-3.1.2*), the pipes which were lying idle were not utilised.

Audit further noticed that Urban Development and Housing Department approved (July 2016) construction of a flyover for ₹ 51.70 crore through JUIDCO²⁴ at the same site. This work also involved utility shifting which required laying of DI K7 pipes²⁵ as per the detailed estimates given by DWS Department. However, the idle pipes were again not factored in for reasons not on record.

The EE, DWS, SDD, Ranchi stated (April 2018) that if pipes of the same specification are required in future in any other scheme, they would be utilised. The reply was an afterthought after Audit flagged the issue as the EE, DWS, SD Ranchi could not provide any justification for not utilising these pipes till March 2018 either in the works of the above two divisions or in the utility shifting works of the flyover.

²⁰ Means: Award i.e., finalisation of total compensation to be paid to an individual *raiyyat* for acquisition of land.

²¹ 150 mm: 788 metres, 200 mm: 1000 metres and 750 mm: 1618 metres: Total 3,406 metres

²² 150 mm: 788 meter, 200 mm: 1000 meter and 750 mm: 1504 meter, Total 3292 meter lying idle.

²³ DWSD, Ranchi West and DWSSDD, Ranchi

²⁴ Jharkhand Urban Infrastructure Development Company Ltd

²⁵ 900 mm, 750 mm, 150 mm, 100mm-1500 metres; 600mm-490 metres; 200 mm- 30 metres

Thus, commencement of work of traffic rotary by RCD and shifting of utility services by DWSD without acquisition of required land besides failure to utilise the idle pipes by DWSD despite several opportunities to use them led to pipes worth ₹ 2.56 crore remaining idle for almost eight years. In addition, this also resulted in blocking of ₹ 1.65 crore with the concerned offices²⁶ for more than eight years as these works could not be executed in the absence of hindrance-free land.

After the matter was reported (July 2019) to the departments, the Engineer-in-Chief issued (August 2019) show cause notice to the EE, DWS, SD division, Ranchi for not utilising the pipes for three years and instructed him to take remedial action in consultation with Superintending Engineer and Regional Chief Engineer (RCE). The Secretary DWS department, while accepting the facts, stated (September 2019) that the RCE has been instructed to ensure utilisation of the pipes. Further action is awaited. Reply from RCD has not been received (September 2019).

ART, CULTURE, SPORTS & YOUTH AFFAIRS AND RURAL DEVELOPMENT DEPARTMENTS

3.1.4 Unfruitful expenditure on construction of stadium

Construction of stadium without the play-ground due to deficient technical sanction resulted in unfruitful expenditure of ₹ 1.28 crore on the idle structures.

Rule 126 of Jharkhand Public Works Department (JPWD) code stipulates that technical sanction (TS) amounts to a guarantee that the estimates are accurately calculated and based on adequate data. JPWD code further provides that an estimate should include a site report detailing the condition of the proposed site and confirmation that it is suitable for the purpose.

Construction of an outdoor stadium at Technical College²⁷, Garhwa was administratively approved (AA) in December 2008 for ₹ 1.08 crore²⁸ by the Department of Art, Culture, Sports and Youth Affairs (Department), Government of Jharkhand and technically sanctioned (July 2009) by the Chief Engineer (CE), Rural Development Special Zone, Ranchi for ₹ 1.10 crore. The Executive Engineer (EE), Rural Development Special Division No.2, Garhwa was nominated (March 2009) by the Deputy Commissioner (DC) Garhwa as executing agency for the construction work which included construction of

²⁶ ₹ 40 lakh (Electrical supply circle, Ranchi) and ₹ 1.25 crore (residual fund with EE, DWSSDD)

²⁷ Late Gopinath Singh Jan Sewa Trust Technical College

²⁸ Revised (March 2013) to ₹ 1.42 crore

playground (preparation of the field by landscaping and levelling), pavilion building, gallery, boundary walls and water supply and electrification. Upon tendering (August 2009), the work valued at ₹ 1.06 crore was awarded (January 2010) to a contractor with the stipulation to complete the work by April 2011.

Audit observed (December 2017 and May 2019) from the records of the division that the proposed construction site was strewn with rocks. However, neither the EE who prepared (July 2009) the estimate nor the CE who granted TS to the estimate worked out the quantity of rocks required to be extracted from the site to level the ground. Only a meagre lump-sum amount of ₹ 0.22 lakh was provided in the estimate for removing the rocks. Thus, the EE and the CE failed to comply with the provisions of JPWD code. The site verification report, if any, was not furnished to audit.

Resultantly, the contractor could not commence (October 2019) work of landscaping and levelling of the playground area and only completed (July 2012) the pavilion building, gallery and boundary walls (partially) at a cost of ₹ 1.28 crore²⁹. Though the work of removing rocks from the site of the pavilion building and gallery was executed as an extra item and the contractor was paid (March 2013) ₹ 32.83 lakh, the work of removing rocks from the playground was not entrusted.

The EE had intimated (August 2012) the Deputy Commissioner, Garhwa and the Department of Art, Culture, Sports and Youth Affairs (November 2015 and September 2016) regarding requirement of levelling of the playground. However, a separate estimate of ₹ 1.24 crore for the residual work of playground area³⁰ and protection wall, could be prepared by the EE and submitted for approval to the Department only in January 2018 i.e., after more than eight years of sanction of the original estimate. Moreover, the revised estimate was not approved (October 2019) by the Department.


Thus, ₹ 1.28 crore incurred on the idle structures was rendered unfruitful as the stadium could not be put to use without completing the work of the playground.

²⁹ ₹ 95.57 lakh in December 2012 and ₹ 32.83 lakh in March 2013.

³⁰ ₹ 54.76 lakh.

On being pointed out by Audit (June 2019), the Rural Development Department (the executing department) instructed (September 2019) the Joint Secretary, Rural Works Wing to fix responsibility on the concerned EE and CE. The Art, Culture, Sports and Youth Affairs Department stated (October 2019) that the work will be taken up as soon as the technical sanction of the revised estimates is received from the Rural Development Department.

Ranchi
The 20 July 2020


(INDU AGRAWAL)
Principal Accountant General (Audit)
Jharkhand

Countersigned

New Delhi
The 29 July 2020


(RAJIV MEHRISHI)
Comptroller and Auditor General of India

