

Chapter - 3

Compliance Audit

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Compliance Audit

EDUCATION DEPARTMENT

3.1 Providing additional classrooms, laboratories and basic facilities in schools of rural Punjab

Deficient project management led to time overrun and cost overrun of ₹ 11.18 crore, creation of infrastructure without requirement, failure to provide the requisite furniture to schools and non-procurement of laboratory equipment, denying intended benefits of the project to the rural students.

With a view to enhance the learning capability of the children by providing proper accommodation in schools, proper space for storing teaching and learning material for better teaching methodology in secondary and senior secondary schools, the Detailed Project Report (DPR) for ₹ 141.45 crore was prepared by the Government of Punjab (GOP), Department of Education on sharing basis in the ratio of 15:85 between GOP and National Bank for Agriculture and Rural Development (NABARD). NABARD approved (November 2007) the DPR with its share of ₹ 112.89 crore against its envisaged share of ₹ 123.00 crore, thereby increasing the GOP share from ₹ 18.45 crore to ₹ 28.56 crore for development of infrastructure in 351 rural schools of the then existing 20 districts of Punjab under Rural Infrastructure Development Fund (RIDF)-XIII. The project which was to be completed by 31 March 2009, was still in progress (November 2013). Further, to promote science education in these 351 schools, NABARD sanctioned (June 2010) another project of ₹ 14.40 crore (loan from NABARD-₹ 12.24 crore and State share- ₹ 2.16 crore) for purchase of laboratory equipment under RIDF-XVI.

Audit was conducted to assess the efficiency and effectiveness of financial management, implementation of the project and optimum utilization of the infrastructure created under the project, by selecting five districts¹ representing all the three geographical strata i.e. *Doaba*, *Majha* and *Malwa* and 60 schools with maximum expenditure out of the existing 151 schools in these selected districts. The records of the implementing agency i.e. the Director Public Instructions (Secondary Education), Punjab {DPI (SE)} and 14 divisions of the executing agency i.e. the Chief Engineer, Public Works Department (Buildings & Roads) {PWD (B&R)} were test checked between May 2013 and October 2013.

Audit findings

3.1.1 Financial management

- The Finance Department released (February 2008 to September 2011)

¹ (i) Amritsar including Tarn Taran; (ii) Ferozepur; (iii) Gurdaspur; (iv) Jalandhar; and (v) Ropar including Mohali.

₹ 141.05 crore (NABARD loan of ₹ 112.49 crore and State share of ₹ 28.56 crore) to the Chief Engineer, PWD (B&R), Punjab (CE) who further released ₹ 140.49 crore² to various divisions under his control for execution of the project. The Executive Engineer, Provincial Division, Mohali (EE) transferred (between 2008 and 2010) ₹ 22.31 crore to DPI (SE) for purchase of furniture and disbursement of consultancy fee to the architect. An amount of ₹ 4.09 crore³ was lying (November 2013) with DPI (SE) and three divisions of PWD (B&R) for making payments of pending bills of contractors.

➤ Of ₹ 22.31 crore transferred between December 2008 and December 2010 to DPI (SE), EE, instead of keeping the amount under Miscellaneous Public Works Advances (MPWA) till final adjustment on the basis of vouchers, booked the same as expenditure in the accounts of the division without having detailed classification and vouchers in support thereof, leading to wrong booking of expenditure. Consequently, expenditure on the project was overstated to the extent of ₹ 4.02 crore as out of ₹ 22.31 crore booked to the accounts, only ₹ 18.29 crore were actually spent by the DPI (SE).

On this being pointed out (October 2013), EE stated (October 2013) that the matter was being taken up with DPI (SE) for obtaining the utilisation certificate. DPI (SE) stated (November 2013) that the vouchers were retained in his office as some funds were lying unspent out of the total released money and now vouchers along with utilisation certificates were being sent to the executing agency.

3.1.2 Time and cost overrun

The project was to be completed by 31 March 2009 within ₹ 141.45 crore as approved by NABARD. However, audit examination of records showed that:

➤ Works costing ₹ 6.37 crore⁴, as per DPR, were not executed and the works valuing ₹ 113.82 crore⁵ were executed at a cost of ₹ 125 crore (including ₹ 0.57 crore for making pending payments to the contractor) resulting in cost overrun of ₹ 11.18 crore.

➤ Execution in respect of 56 works was delayed ranging between one and 50 months in 56 out of 60 test checked schools, thereby delaying accrual of intended benefits to the students in rural areas of the State.

On this being pointed out, CE attributed (November 2013) the excess expenditure to work site condition and design finalised by the architect in addition to revision of premium of Common Schedule of Rates; and

² ₹ 0.56 crore were not released by the treasury.

³ DPI (SE)-₹ 3.52 crore (including interest of ₹ 0.28 crore); Executive Engineers of (i) Construction Division-I, Ferozepur-₹ 33.90 lakh; (ii) Provincial Division, Jalandhar-₹ 2.51 lakh; and (iii) Provincial Division, Mohali-₹ 20.51 lakh.

⁴ (i) Additional Class Rooms: $2 \times 3.73 = 7.46$ lakh; (ii) Toilet Facility: $115 \times 1.16 = 133.40$ lakh; (iii) Boundary Wall (Rft.): $226517 \times 216 = 489.28$ lakh; and (iv) Drinking Water Supply System: $13 \times 0.50 = 6.50$ lakh.

⁵ ₹ 120.19 crore (DPR cost of works to be executed by PWD) minus ₹ 6.37 crore (works not executed at all).

non-execution of already available facilities in the schools. The reply indicated that proper survey was not conducted before preparing the DPR.

3.1.3 Non-utilization of infrastructure

From the information supplied (May-June 2013) by 60 test checked schools, it was observed that the infrastructure provided under the project was not being utilized at all or under-utilized due to various reasons as discussed below:

- In Government Senior Secondary School (GSSS), Chohla Sahib, Amritsar, six classrooms constructed at a cost of ₹ 22.38 lakh were not being used since handing over of these rooms in April 2009 to the school authorities due to non-enrolment of students and non-availability of teachers.
- In GSSS, Mehta Nangal and GSSS, Taragarh in Amritsar district and GSSS, Ferozshah in Ferozepur district, 14 toilets constructed at a cost of ₹ 16.23 lakh were not being utilized (May 2013) due to lack of necessary equipment; improper drainage and breakage of urinals; and non-fitting of toilet seats, respectively. This rendered the expenditure ungainful, besides denying the facilities to the students.
- In GSSS, Pandori Nijran, a building having seven rooms, two science labs and one other room was constructed at a cost of ₹ 38.85 lakh without requirement. As a result, the building was not being used. Similarly, in GSSS, Dolike Duhre, seven rooms, two science labs, eight toilets and one other room constructed at a cost of ₹ 48.12 lakh were lying idle since August 2011 due to non-enrolment of students in commerce, science and vocational streams.

On this being pointed out, DPI (SE) stated (November 2013) that information regarding non-utilisation of infrastructure had been called for from concerned schools. Thus, non-utilization of the created infrastructure in these schools indicated that the requirement projected in the DPR was inflated as it was not based on demand driven assessment.

3.1.4 Short supply/non-utilisation of furniture

(i) As per DPR, provision of ₹ 18.45 crore was made for furniture to be purchased by DPI (SE) who issued (January 2008) supply orders to 17 firms on rate contract with the Controller of Stores for supply up to 6 January 2009. As per Section 14 of Schedule B of the rate contract, if the contractor fails to deliver or dispatch any consignment within the period prescribed, the delayed consignments were subject to two *per cent* penalty per consignment per month or a part thereof on the value of the store supplied. Further, as per Section 14(c) of the rate contract, the risk purchase at the cost of the supplier was to be made by inviting short term quotations from the registered and other known suppliers within three months after the stipulated date of supply if the supplier fails to make supplies within the stipulated delivery period.

It was noticed in audit (May and November 2013) that out of 112041 furniture items to be purchased as per DPR, 99230 items were actually purchased (November 2013) and remaining 12811 (11 *per cent*) furniture items valuing ₹ 1.88 crore were yet not supplied by the firms even after lapse of 58 months

from the stipulated date of supply. Though the Department levied and collected penalty of ₹ 1.07 lakh for delayed supply of items, but did not take any action to cancel the supply orders and to make the risk purchase of the pending supplies at the cost of the defaulting suppliers, as provided in the rate contract, thereby denying the rural students of the intended facilities.

On this being pointed out, the DPI (SE) did not furnish any reply.

(ii) In 60 test checked schools, it was noticed (June 2013) that against requirement of 16961 furniture items as per DPR, 13660 items were actually supplied to these schools leaving shortage of 3301 items (19 *per cent*). Further, it was noticed that in 29 schools, 3745 items were short supplied which was 22 *per cent* of the projected requirement whereas in seven schools, 444 items (three *per cent*) were supplied in excess of the projected requirement.

On this being pointed out, DPI (SE) stated (November 2013) that the detailed position had been called for from all 351 schools and the furniture items would be shifted to the schools where required.

(iii) It was noticed that in Ferozepur district, 1283 dual desks were supplied to four schools (GSSS, *Arniwala Sheikh*, GSSS, *Mahmu Joyia*, GSSS, *Sayadwala*, GSSS, *Waryam Khera*) out of which only 605 desks were put to use and the remaining 678 desks (53 *per cent*) valuing ₹ 9.63 lakh were stored in improper manner and their condition was deteriorating with the passage of time as is evident from the photographs given below:



**Furniture lying in depleted condition
in GSSS *Waryam Khera*, Ferozepur
(22 May 2013)**



**Furniture lying in depleted condition in
GSSS *Arniwala Sheikh*, Ferozepur
(16 May 2013)**

On this being pointed out, DPI (SE) stated (November 2013) that the concerned schools had been asked (October 2013) to clarify the reasons for non-utilisation of furniture and the Department would shift the unutilised furniture where it was required.

3.1.5 Non-supply of laboratory equipment

In order to promote science education in 351 schools covered under the project, NABARD sanctioned (June 2010) another project (RIDF XVI) for purchase of laboratory equipment at a cost of ₹ 14.40 crore (loan from NABARD-₹ 12.24 crore and State share-₹ 2.16 crore). It was, however,

observed (June 2013) that purchase of the laboratory equipment/material had not been finalised (November 2013).

On this being pointed out, DPI (SE) stated (November 2013) that purchase of material could not be effected due to expiry of rate contract and lapse of funds in 2011-12; and non-according of administrative approval by the Department during 2012-13. Now, after sanction of the funds (August 2013) by Punjab Government, constitution of purchase committee was under consideration (November 2013).

The reply of the Department can be viewed in light of the fact that in 60 test checked schools, 130 laboratories constructed at a cost of ₹ 7.02 crore were non-functional due to non-availability of laboratory material rendering the expenditure of ₹ 7.02 crore unfruitful, besides denial of intended benefits of laboratory equipment for senior secondary classes to the science students.

The matter was referred to the Government in July 2013; reply was awaited (December 2013).

3.2 Excess payment of interest to provident fund subscribers

Punjabi University, Patiala paid interest at rates higher than those fixed by Government of Punjab resulting in overpayment of interest of ₹ 10.78 crore.

Section 8(2) of the Provident Fund Act, 1925 (Act) provides that the appropriate Government may, by notification, direct that the provisions of the Act shall apply to any Provident Fund established for the benefit of the employees of any institution, and, on making of such declaration, the Act shall apply accordingly, as if such Provident Fund were a Government Provident Fund and the authority having custody of the Fund were the Government. The University Grants Commission also, in consultation with the Government of India, Ministry of Human Resources Development, clarified (April 2004), in case of Central Universities, that since Provident Fund regulations of these Universities were notified under the Provident Fund Act, 1925 in terms of section 8(2), it was mandatory to follow the rate of interest notified by the Government.

The provisions of the Act were applied to the Provident Fund established for the benefit of the employees of Punjabi University, Patiala vide notification issued by the Education Department of the Government of Punjab in November 1962. It was, thus, mandatory for the University to follow the rate of interest notified by the Government of Punjab from time to time, in terms of section 8(2) of the Act.

Audit of General Provident Fund (GPF)/Contributory Provident Fund (CPF) records of Punjabi University, Patiala (September 2013) for the period 2008-13 showed that the University was paying interest, for the GPF/CPF subscriptions, at rates higher than those notified by the Government of Punjab, as detailed in **Table 3.1**.

Table 3.1: Details of excess payment of interest on GPF/CPF

Year	Interest rate notified by the Government (per cent)	Interest rate allowed by the University (per cent)	Amount of interest credited to subscribers' account	Amount of interest required to be credited as per rate notified by the Government	Excess interest paid
			(₹ in crore)		
2008-09	8	9.50	7.61	6.41	1.20
2009-10	8	9.50	7.81	6.58	1.23
2010-11	8	12	9.19	6.13	3.06
April 2011 to November 2011	8	10.75	6.10	4.54	1.56
December 2011 to March 2012	8.6	10.75	3.05	2.44	0.61
2012-13	8.8	12	11.70	8.58	3.12
Total			45.46	34.68	10.78

Source: Departmental data and rates fixed by Government of Punjab

The higher rates of interest allowed than those fixed by the Government of Punjab resulted in excess payment of interest of ₹ 10.78 crore to the GPF/CPF subscribers of the University.

On being pointed out (September 2013), the Registrar, Punjabi University, Patiala stated (November 2013), that no instructions were received from the State Government regarding rate of interest to be given to the employees of University as the same was decided by the Syndicate⁶ as per provision made in the University Calendar. It was further stated that as the issue related to all the Universities of the State, the matter regarding fixing of rate of interest would now be taken up in the co-ordination committee of the Vice-Chancellors of universities and the decision of the co-ordination committee would be considered before the syndicates of the universities.

The reply was not acceptable as the University Calendar itself lays down that the Syndicate would make ordinances consistent with the provisions of Provident Fund Act, 1925 for the conduct of the business of the fund and the Act provides that the conduct of the fund would be regulated as if such fund were a Government Provident Fund, which in no way allow the Syndicate to override the powers of Government regarding fixing the rate of interest.

The matter was referred to the Government in October 2013; reply was awaited (December 2013).

ELECTIONS DEPARTMENT

3.3 Unauthorized expenditure on honorarium

Payment of honorarium in excess of the limit prescribed in the rules rendered the expenditure of ₹ 1.05 crore as unauthorized.

As per Rule 5.55 of Punjab Civil Services Rules read with Rule 15.1, a competent authority may grant or permit a Government employee to receive an honorarium maximum of ₹ 200 if the services rendered fall within the

⁶ The Syndicate is the principal executive body of the University responsible for the management and administration of the revenue of the University.

course of the ordinary duties and in other cases up to ₹ 2000 in each individual case during a financial year.

Examination of records of District Election Officers (September 2012-March 2013) and the Chief Election Officer, Punjab (July 2013) showed that elections of Shiromani Gurdwara Parbandhak Committee (SGPC) were held in Punjab in September 2011. The Commissioner, Gurdwara Elections, Punjab (Commissioner) allowed (December 2011 and February 2012) honorarium equal to one month's basic pay with grade pay to the officers/officials deputed for conducting elections, on the ground that quantum of work for SGPC elections was similar to Lok Sabha and Vidhan Sabha elections.

Audit observed that honorarium of ₹ 1.24 crore was paid (January 2012-March 2012) to the officers/officials for conducting SGPC elections in excess of the prescribed limit by ₹ 1.05 crore without obtaining relaxation of Rules *ibid*, as Government of India specifically allowed (June 1998) payment of honorarium in excess of the prescribed limits for Lok Sabha and Vidhan Sabha elections only.

On this being pointed out (April 2013), the office of the Commissioner stated (May 2013) that honorarium was paid with the approval of the Commissioner, Gurdwara Elections but *ex-post facto* approval of the competent authority would be solicited and conveyed to Audit in due course. In their subsequent reply (July 2013), the office of the Commissioner stated that the case for relaxation in rule had been submitted (June 2013) to Finance Department; reply was still awaited (December 2013).

Thus, payment of honorarium by the Commissioner for conducting SGPC elections, in excess of the prescribed limit without obtaining relaxation of the Rules, rendered the expenditure of ₹ 1.05 crore as unauthorised.

The matter was referred to the Government in August 2013; reply was awaited (December 2013).

FORESTS AND WILDLIFE PRESERVATION DEPARTMENT

3.4 Irregular retention and utilization of CAMPA funds

Non-adherence to the guidelines resulted in irregular retention of ₹ 53.95 crore of CAMPA funds and blockade of material valuing ₹1.09 crore.

In pursuance of the Supreme Court's order (April 2004), Government of India (GOI), Ministry of Environment and Forests (MoEF) constituted a Compensatory Afforestation Fund Management and Planning Authority (CAMPA) for management of money collected towards compensatory afforestation, net present value (NPV) etc., while according approvals for use of forest land for non-forest purposes, under the Forest (Conservation) Act, 1980 (Act). The Supreme Court observed (May 2006) that CAMPA had still not become operational and ordered the constitution of an ad-hoc body (known as 'Ad-hoc CAMPA'), till CAMPA became operational. Further, in

accordance with the guidelines of MoEF (July 2009), the State Government constituted (September 2009) Punjab Compensatory Afforestation Fund Management and Planning Authority (PUNCAMPA). As per the guidelines, the State CAMPA receives money collected from user agencies towards compensatory afforestation (CA), additional compensatory afforestation, penal compensatory afforestation, NPV and all other amounts recovered from such agencies under the Act. The amount so received by PUNCAMPA is transferred to Ad-hoc CAMPA maintained by GOI and the Ad-hoc CAMPA releases a sum of about ₹ 1,000 crore per year, for the next five years, in proportion of 10 *per cent* of the principal amount pertaining to the State on the basis of Annual Plan Operation (APO) submitted by PUNCAMPA. Against the deposit of ₹ 356.27 crore with Ad-hoc CAMPA, PUNCAMPA received ₹ 100.97 crore and earned interest of ₹ 4.35 crore as of March 2013. Out of total available funds of ₹ 105.32 crore, PUNCAMPA incurred an expenditure of ₹ 102.78 crore on afforestation and allied activities leaving ₹ 2.54 crore unutilized.

Audit of records relating to PUNCAMPA (September-December 2012) in 19⁷ (out of 39) units and information collected subsequently (up to January 2014) showed the following irregularities:

- Government of Punjab framed (November 2011) a State policy for purchase of non-forest land. Under this policy, Punjab State Forest Development Corporation (PSFDC) was to receive funds from user agencies on account of diversion of forest land for non-forestry purpose. Audit observed that PSFDC, during 2010-13, received ₹ 64 crore from user agencies on this account, which, as per CAMPA guidelines, was required to be credited to Ad-hoc CAMPA fund. The PSFDC incurred an expenditure of ₹ 10.05 crore on purchase of land and retained the balance amount of ₹ 53.95 crore as of March 2013. The CCF stated (January 2014) that these funds did not relate to CAMPA funds. The reply was not acceptable as the funds were to be credited to Ad-hoc CAMPA fund as per CAMPA guidelines.
- The material valuing ₹ 1.09 crore (out of ₹ 1.65 crore) purchased by Forest Division, Patiala for construction of chain link fencing during 2010-12 remained unutilized (December 2013), leading to blockade of funds. The Chief Conservator of Forests, Punjab (CCF) attributed (January 2014) the delay to finalization of tenders for execution. The fact, thus, remained that the material could not be utilized even after lapse of more than 21 months.
- Forest Division, Hoshiarpur constructed 115 running kilometre (RKM) single live hedge at a cost of ₹ 0.35 crore in 2010-11 against estimated cost of ₹ 0.07 crore for construction of 125 RKM resulting in excess expenditure of ₹ 0.28 crore besides short achievement of physical target by 10 RKM. The CCF stated (January 2014) that the expenditure was incurred after the issue

⁷ District Forest Officers (i) Amritsar; (ii) Bathinda; (iii) Dasuya; (iv) Hoshiarpur; (v) Ludhiana; (vi) Pathankot; (vii) Patiala; (viii) Ropar; and (ix) Sangrur; Chief Wildlife Wardens (x) Bathinda, (xi) Mohali; and (xii) Patiala; (xiii) Field Director, Chhatbir Zoo; (xiv) Principal Chief Conservator of Forests (PCCF), Punjab; (xv) Additional PCCF(D), Mohali; (xvi) Conservator of Forests (CF), Extension, Mohali; (xvii) CF (Monitoring and Evaluation), Mohali; (xviii) CF (PPP), Mohali; and (xix) CF (Research and Training), Hoshiarpur.

was examined by a high level technical committee. The reply of CCF was not convincing as the revised estimate was required to be approved by the Steering Committee of PUNCAMPA as per the guidelines.

➤ As per guidelines (September 2009), CAMPA fund was meant for maintenance and protection of forests and wildlife after approval of APO. Audit, however, observed that Forest Divisions, Hoshiarpur and Jalandhar incurred expenditure of ₹ 0.10 crore on purchase of two vehicles⁸ not provided for in APO. The CCF stated (January 2014) that vehicles were purchased out of the total provisions made in APOs. The reply was not acceptable as the vehicles were purchased without having provision in APOs.

➤ Forest land measuring 558 kanal 3 marla under the jurisdiction of Forest Division, Amritsar was unauthorisedly occupied by the private parties and was being used for non-forestry purposes. Accepting the facts, Divisional Forest Officer, Amritsar stated (November 2013) that efforts were being made to get the forest land vacated from unauthorised occupants.

The matter was referred to Government in January 2014; reply was awaited (January 2014).

GENERAL ADMINISTRATION DEPARTMENT

3.5 Avoidable payment of interest on Government borrowings

Retention of undisbursed amount of productivity bonus outside Government account in violation of instructions of the Finance Department led to avoidable payment of interest of ₹ 3.11 crore on Government borrowings.

The Finance Department (FD), Government of Punjab, released (September 2010) ₹ 117.12 crore to Agriculture Department under the State Plan Scheme⁹ during 2010-11 to compensate the farmers of the State by paying productivity bonus (bonus) effective from 22 January 2010, equal to the amount of electricity bills deposited by them. The Director, Agriculture, Punjab (Director) drew (September 2010) ₹ 117.12 crore from treasury and transferred (between September and November 2010) ₹ 94.32 crore to the Deputy Commissioners (DC) of 20 districts for disbursement to the farmers during 2010-11.

Keeping in view the difficulties¹⁰ being faced in disbursement of bonus causing resentment among the existing farmers, the scheme was withdrawn by the Government on 3 November 2010. The Agriculture Department refunded the balance amount of ₹ 22.80 crore in Government account on 2 December 2010. Accordingly, FD advised (March 2011) DCs to pay bonus up to 31 March 2011 and deposit the undisbursed amount in Government account.

⁸ Hoshiarpur Division purchased multi-utility vehicle (₹ 4.73 lakh) not provided for in the budget and Jalandhar Division purchased one jeep (₹ 5.41 lakh) against budget provided for mini truck and tools for field work in APO.

⁹ AGR-18 "Provision of productivity bonus to the farmers of the State".

¹⁰ Most of the farmers having electricity connection in their names were not available.

Audit of records (April-May 2013) of 20 DCs and information collected subsequently showed that ₹ 47.22 crore were disbursed till 31 March 2013. Of the undisbursed amount of ₹ 48.07 crore (including interest earned amounting to ₹ 0.97 crore), DCs refunded ₹ 42.59 crore between April 2011 and May 2013 with delay ranging between 29 and 730 days leaving a balance of ₹ 5.48 crore which was still lying undisbursed with DCs¹¹ (May 2013).

Meanwhile, the State Government was paying interest at the rate of 7.96 and 7.79 *per cent* on the Government borrowings during 2011-12 and 2012-13, respectively. Had the respective DCs deposited the unspent balances on time, the same could have been made available for productive use and avoided outgo of ₹ 3.11 crore¹² on account of interest on Government borrowings to that extent.

On this being pointed out (April-May 2013), 12 DCs¹³ attributed short-disbursement to death of most of the farmers having electricity connection in their names and migration of some farmers outside Punjab or India; seven DCs¹⁴ intimated that the matter would be looked into; and DC Patiala assured to refund the undisbursed amount. The replies of DCs were not acceptable as the amount of bonus was to be paid up to 31 March 2011 and the amount remaining undisbursed thereafter was to be deposited in Government account.

The matter was referred to Government in July 2013; reply was awaited (December 2013).

HEALTH AND FAMILY WELFARE DEPARTMENT

3.6 Collection, storage and distribution of whole human blood and its components by blood banks

70 out of 99 blood banks in the State were functioning without valid licences. State Blood Transfusion Council did not adhere entirely to the objectives of National Blood Policy. Equipment costing ₹ 0.22 crore for establishing Blood Component Separation Unit were lying idle since September 2009. Monitoring and quality assurance mechanism was inadequate.

Human blood, an essential element of human life occupies a vital space in any health service delivery system. National Blood Policy (NBP) 2007 stipulates a

¹¹ (i) Amritsar: ₹ 1,92,516; (ii) Barnala: ₹ 12,701; (iii) Ferozepur: ₹ 3,50,65,736; (iv) Gurdaspur: ₹ 2,216; (v) Jalandhar: ₹ 13,67,381; (vi) Mansa: ₹ 2,91,389; (vii) SAS Nagar: ₹ 3,893; (viii) Patiala: ₹ 32,17,509; (ix) Sangrur: ₹ 6,93,728; (x) SBS Nagar: ₹ 1,39,34,188; and (xi) Tarn Taran: ₹ 43,236.

¹² Interest calculated on balance amount of ₹ 12.73 crore as on 31.03.2013 (₹ 5.48 crore as on May 2013 *plus* ₹ 7.25 crore deposited by three DCs during April-May 2013).

¹³ (i) Barnala; (ii) Bathinda; (iii) Faridkot; (iv) Fatehgarh Sahib; (v) Hoshiarpur; (vi) Jalandhar; (vii) Ludhiana; (viii) SAS Nagar; (ix) Mansa; (x) Roopnagar; (xi) Sangrur; and (xii) SBS Nagar.

¹⁴ (i) Amritsar; (ii) Ferozepur; (iii) Gurdaspur; (iv) Kapurthala; (v) Moga; (vi) Sri Muktsar Sahib; and (vii) Tarn Taran.

comprehensive, efficient and a total quality management approach within a nation-wide system to ensure easy access to adequate and safe blood supply. As against the available funds of ₹ 3.82 crore with State Blood Transfusion Council (SBTC), expenditure of ₹ 1.55 crore was incurred during 2010-13. Out of total 99 blood banks (BBs)¹⁵ in the State, functioning of 24 BBs¹⁶, selected by Stratified Random Sampling Without Replacement method, was reviewed during May - July 2013 covering the period 2010-13.

Audit findings

3.6.1 Licensing and renewal of license

State Drugs Controller (SDC) and Central Drugs Standards Controlling Organisation grant license to operate BB after conducting joint inspection about availability of prescribed infrastructure and manpower. License once granted is valid for five years, thereafter it requires renewal.

Audit of records of SDC (June 2013) showed that out of 99 BBs, only 29 were operating with valid license. Three BBs continued to function for three to 11 years without renewal of license and finally closed¹⁷ due to insufficient infrastructure. Sixty seven BBs (68 *per cent*) were running without renewal of license (45 BBs for non-removal of deficiencies, 17 BBs for want of inspection and five BBs for want of authorisation) for a period ranging between one month and 16 years.

State Drugs Controller stated (July 2013) that BBs had been directed to remove deficiencies and licenses would be renewed thereafter. SDC also assured to conduct joint inspection in due course.

3.6.2 Management of equipment

Drugs and Cosmetics Rules prescribe availability of equipment for BBs, which should be standardised and calibrated as per schedule.

Analysis of data/information collected (June-July 2013) from 24 selected BBs showed that in 22 BBs, a number of prescribed equipment were not available (*Appendix 3.1*) and in 11 BBs some of the available equipment (*Appendix 3.2*) were not functioning for a period ranging between one month and 10 years. Further, calibration of equipment was not done in BBs at Civil Hospital, Ludhiana, Barnala and Banga, during 2010-13 whereas no information was furnished by BB at Civil Hospital, Bathinda. Thus, the quality of blood distributed by these BBs could not be ensured.

State Blood Transfusion Council assured (July 2013) to take up the matter with State Government and further stated that general instructions had been

¹⁵ 49 in Government Sector and 50 in Private/Charitable Sectors.

¹⁶ In case of private/charitable BBs, data has been collected through SBTC in structured data format.

¹⁷ BBs at Civil Hospital at (i) Mandi Gobindgarh (31 December 2012); (ii) Phillaur (23 June 2009); and (iii) Samrala (02 January 2011).

passed on to all BBs by Punjab State AIDS Control Society to strictly adhere to instructions/guidelines of the Rules regarding equipment.

3.6.3 Shortage of manpower

Punjab Health Systems Corporation (PHSC) issued guidelines (July 2010) on requirement of staff on the basis of monthly blood collection by BBs falling under its jurisdiction.

Audit of records of 12 BBs¹⁸ showed that in 11 BBs¹⁹, there was shortage of staff as 39 Laboratory Technicians (63 *per cent*) and 9 Staff Nurses (47 *per cent*) were working against required strength of 62 and 19 respectively. BB at Civil Hospital, Moga was operating without any Medical Officer. The concerned BB authorities stated (June 2013) that the demand for staff had been sent from time to time. The reply was not convincing as the shortage of manpower was still persisting.

3.6.4 Collection of blood from donors

(i) Drugs and Cosmetics Rules provide that blood donor's records in each BB indicating serial number, name, address and signature of the donor along with other particulars like age, weight, haemoglobin, blood group, blood pressure, signature of the Medical Officers etc. should be maintained. Further, blood should be accepted from voluntary, non-remunerative, low risk, safe and healthy donors within the age group of 18-65 years, weight not less than 45 kg and haemoglobin not less than 12.5 gm/dl.

Analysis of data/information collected (June-July 2013) from 24 selected BBs (for 38,385 donors registered in June 2010, November 2011 and February 2013) showed the following deficiencies:

➤ Age (5,438 cases in 11 BBs), weight (10,511 cases in 15 BBs) haemoglobin (11,925 cases in 12 BBs), blood group (2,059 cases in 10 BBs), blood pressure (12,543 cases in 15 BBs), signature of the Medical Officers (12,004 cases in 13 BBs) and signature of donors (12,720 cases in 15 BBs) were not recorded.

➤ Blood was collected from two under-aged donors and three over-aged donors in three BBs, six under-weight donors in two BBs and 342 donors with haemoglobin less than 12.5 gm/dl in five BBs.

Thus, standards, as prescribed in Drugs and Cosmetics Rules, were not complied with and donor safety was compromised. Concerned authority of BBs attributed (June 2013) non-compliance to shortage of staff and rush of work.

¹⁸ BB at Civil Hospital, Samrala has been closed.

¹⁹ Civil Hospital, (i) Moga; (ii) Nakodar; (iii) Pathankot; (iv) Gurdaspur; (v) Banga; (vi) Ludhiana; (vii) Bathinda; (viii) Sri Muktsar Sahib; (ix) Malerkotla; (x) Barnala; and (xi) Mansa.

(ii) As per objective 1.2.1 of NBP, SBTCs should gradually phase out the practice of replacement donors in a time bound programme. Audit noticed that as against the target of 75 *per cent* (2010-11) and 90 *per cent* (2011-13) for voluntary blood collection fixed by SBTC, National AIDS Control Organization (NACO) supported BBs²⁰ collected 63 to 82 *per cent* of blood units from voluntary donors during 2010-13. However, in 14 test checked BBs of Government Sector, percentage of voluntary collection of blood ranged from 70 to 80 *per cent* during 2010-13.

On this being asked, SBTC stated (July 2013) that efforts would be made to achieve the target in successive years.

(iii) It was seen that out of 11 lakh blood units collected during 2010-13 in the State, 56,617 units had been discarded on account of expiry of shelf life and other reasons. In 24 tests checked BBs, 6,670 blood units (4,647 in Government and 2,023 in private sector BBs) were discarded due to expiry of shelf life and other reasons.

3.6.5 Separation of blood components

As per objective 5.6 of NBP, availability of blood components should be ensured through a network of BBs by creating adequate number of Blood Component Separation Units (BCSU). Such facilities are required for separation of whole blood into its constituent components – red cells, platelets and plasma for use when only these specific components are required.

(i) Audit of records showed that 36 BBs (Government/Defence Sector: 20 and Private/charitable: 16) out of 99 BBs in the State, had BCSU. Further, records of the BB at Civil Hospital, Banga showed that five equipment²¹ costing ₹ 0.22 crore, received during August-September 2009 for establishing BCSU were lying idle for want of license and other necessary equipment. It was also noticed that the condition of these equipment was deteriorating with the passage of time.

State Blood Transfusion Council stated (July 2013) that BBs with annual collection of more than five thousand blood units would be encouraged to have BCSU and efforts would be made to provide required infrastructure at Banga.

(ii) State Blood Transfusion Council provided targets for separation of blood components from whole human blood only for four²² BBs, out of 36 BBs having BCSU. However, as against the target of 65 *per cent* (2010-11) and 80 *per cent* (2011-13), these four BBs separated blood components from the total blood units ranging from 48 to 59 *per cent* during 2010-13.

²⁰ Three BBs in the medical colleges, one BB in hospital under Bhakra Beas Management Board, 40 BBs in civil hospitals under Punjab Health Systems Corporation and one BB under Red Cross Society were supported by NACO.

²¹ (i) Deep Freezer (-800C); (ii) Cryo Fuge, (iii) Deep Freezer (-400C); (iv) Manual Plasma Expresser; and (v) Rem Platelets Incubator.

²² (i) Blood Banks at Sri Guru Nanak Dev Hospital, Amritsar; (ii) Guru Gobind Singh Medical College & Hospital, Faridkot; (iii) Civil Hospital Ludhaina; and (iv) Rajendra Medical College & Hospital, Patiala.

Further, records of 15 BBs out of 24 test checked BBs where BCSU was available, showed that only 37 *per cent* of the whole blood units were separated into blood components. This was well below the World Health Organisation's recommendation that the ratio of use of blood components and whole blood should be 90:10 since only limited categories of clinical intervention require whole blood.

State Blood Transfusion Council (July 2013) stated that efforts would be made to increase awareness among blood users by conducting training regarding rational use of blood at BB level.

3.6.6 Non-adherence to National Blood Policy

State Blood Transfusion Council did not adhere to the following objectives of NBP:

- Separate cadre for Medical and Para Medical staff (objective 6.7 of NBP) was not created.
- Corpus fund (objective 7.1 of NBP) to facilitate research in transfusion medicine and technology related to blood banking was not created.
- Rules for registration of nursing homes for affiliation with a licensed blood bank for procurement of blood for their patients (objective 8.6 of NBP) were not enacted by the State.
- Computer based information and management system (objective 7.5 of NBP) was not developed for use by BBs to facilitate networking to exchange information amongst BBs.
- Guidelines for management of blood supply during natural and manmade disasters (objective 5.9 of NBP) were not prepared.
- Quality Assurance Manager (QAM) to ensure quality of blood (objective 3.2 of NBP) was not designated at three²³ BBs collecting more than 15,000 units of blood per year.
- Vigilance Cell under State Licensing Authority (objective 3.1.4 of NBP) was not created.

State Blood Transfusion Council stated (July 2013) that matter would be taken up with Governing Body/Executive Committee. It also assured to prepare guidelines and issue instructions in this regard.

3.6.7 Training

Audit of records of SBTC showed that against the target of imparting training to 145 Medical Officers (MOs), 145 Laboratory Technicians (LTs) and 105 Staff Nurses (SNs) on 'Blood Safety (Induction and Refresher)', training was imparted to 102 MOs, 125 LTs and 80 SNs during 2010-13. On rational use of blood, training was imparted to 1223 MOs against target of 1475 MOs during 2010-13.

²³ (i) Dayanand Medical College & Hospital, Ludhiana; (ii) Rajindra Hospital, Patiala; and (iii) Sri Guru Nanak Dev Hospital, Amritsar.

State Blood Transfusion Council attributed (July 2013) shortfall to non-turning up of participants.

Monitoring and evaluation

3.6.8 Non-formation of Hospital Transfusion Committee

State Blood Transfusion Council, in view of NBP (objective 5.3.1 of NBP), issued guidelines (February 2010) to set up Hospital Transfusion Committee (HTC) in BBs equipped with BCSU to review appropriateness of policies of blood/red cells/components and summary report of usage statistics on issue of blood/ component etc.

Audit of records of 15 test checked BBs where BCSU was available showed that in three²⁴ BBs, HTC was not formed. In remaining 12 BBs, against the requirement of 372 meetings, only 140 (38 *per cent*) meetings were conducted during 2010-13. In reply, concerned authority of BBs attributed (July 2013) reasons of short/non-conducting of meetings to heavy work load/busy schedule and assured to conduct meetings in future.

3.6.9 Shortfall in conducting inspection of blood banks

Drugs and Cosmetics Rules provide that subject to the instructions of the controlling authority, it is duty of an Inspector authorised to inspect the manufacture of drugs²⁵ not less than once a year, all premises licensed for manufacture of drugs to satisfy himself that condition of the license and provisions of Rules were being observed.

Audit of records (June 2013) of SDC showed that shortfall in conducting inspections ranged between 53 and 61 *per cent* in Government BBs and between 56 and 83 *per cent* in private/charitable BBs during 2010-13. The SDC attributed (July 2013) shortfall to shortage of Drug Inspectors.

3.6.10 Shortfall in number of meetings of Governing Body and Executive Committee

Rules and Regulations of SBTC provide that Governing Body should meet at least twice a year and Executive Committee once in three months or more often, if necessary. Audit of records of SBTC showed (July 2013) that Governing Body and Executive Committee met only twice during 2010-13. In reply, SBTC assured (July 2013) to make efforts to meet at least once in a year in successive years.

The matter was referred to the Government in August 2013; reply was awaited (December 2013).

²⁴ BBs at Civil Hospital, (i) Barnala; (ii) Mansa; and (iii) Sri Muktsar Sahib.

²⁵ Human blood is categorized as 'drug' under the Drugs and Cosmetics Act.

3.7 Non-functional additional bed capacity of hospitals

Expenditure of ₹ 6.40 crore incurred on construction/renovation of seven hospitals rendered unproductive as the intended purpose to enhance the bed capacity remained unfulfilled for want of manpower and other infrastructure.

(a) Government of Punjab, Department of Health and Family Welfare, keeping in view the higher bed occupancy rate, number of admissions, population base at which the hospitals were serving, etc. accorded (August 2008) administrative approval to the proposal of Punjab Health Systems Corporation (PHSC) for upgradation of Mata Kaushalya Hospital (MKH), Patiala (₹ two crore)²⁶ and Sub-Divisional Hospital (SDH), Pathankot (₹ 1.50 crore). The proposal *inter alia* included to upgrade the existing functional bed capacity of MKH, Patiala (154 to 250 beds) and SDH, Pathankot (100 to 130 beds).

Audit of records (February 2013) of PHSC and the information collected subsequently showed that the works of MKH, Patiala and SDH, Pathankot commenced in September 2009 were completed in February 2011 and March 2011, with an expenditure of ₹ 3.45 crore and ₹ 1.37 crore, respectively. PHSC handed over the upgraded buildings of MKH, Patiala and SDH, Pathankot to the hospital authorities in June 2011 and March 2011, respectively. However, additional bed capacity could not be made functional due to non-providing of required manpower and allied infrastructure though the same was planned as per Indian Public Health Standards at the time of initiating the proposal.

On being enquired (September 2013), PHSC stated (October 2013) that the position of manpower and infrastructure to run the hospitals up to the desired level would be assessed and provided in due course.

(b) The Ministry of Health and Family Welfare, Department of AYUSH, GOI sanctioned ₹ 3.16 crore for upgradation of five ayurvedic hospitals²⁷ at district/sub-district level and released (February 2010) grant-in-aid of ₹ 2.69 crore i.e. 85 *per cent* of the grant as its share and balance ₹ 0.47 crore i.e. 15 *per cent* share was to be provided by the State Government.

Audit of records (January and May 2013) of Directorate of Ayurveda, Punjab (DoA) showed that out of ₹ 2.69 crore, ₹ 1.85 crore²⁸ were released between June 2010 and February 2011 to PHSC for construction/renovation work in five ayurvedic hospitals. The work of all the five hospitals was completed between February 2011 and May 2011 by incurring an expenditure of ₹ 1.58 crore²⁹ and the same were handed over to the hospital authorities

²⁶ Revised to ₹ 3.70 crore in March 2013 on the basis of rough cost estimate and increase in scope of work.

²⁷ ₹ 63.36 lakh each for Ayurvedic Hospitals at (i) Amritsar; (ii) Hoshiarpur; (iii) Jalandhar; (iv) Ludhiana; and (v) ₹ 62.56 lakh for Ayurvedic Hospital, Bathinda.

²⁸ Jalandhar (₹ 37.50 lakh in June 2010); at Verka in Amritsar (₹ 37.50 lakh in June 2010); Bathinda (₹ 37.50 lakh in September 2010); at Datarpur in Hoshiarpur (₹ 37.50 lakh in October 2010); and Ludhiana (₹ 35.14 lakh in February 2011).

²⁹ Out of ₹ 1.85 crore transferred to PHSC, ₹ 1.58 crore had been paid to contractors and the final bills were yet to be prepared.

between March 2011 and May 2012. However, the intended purpose to enhance indoor facilities in these hospitals could not be achieved due to non-providing of requisite staff (September 2013).

On being pointed out, DoA stated (September 2013) that the hospitals would function properly after deployment of requisite staff.

The matter was referred to the Government in April 2013 and July 2013; reply was awaited (December 2013).

3.8 Non-setting up of Blood Storage Units

Due to lack of commitment of the Department, the Blood Storage Units could not be set up even after lapse of more than two years, thereby rendering the expenditure of ₹ 0.29 crore unproductive and depriving the patients of the facility of readily available blood at the time of emergency.

Blood Storage Unit (BSU) is one of the critical determinants besides 24 hours delivery services and other emergency facilities to make First Referral Units (FRU)³⁰ fully functional. As per guidelines (2007)³¹, setting up of Blood Storage Centres would make blood readily available at the time of emergency, especially to women during and after childbirth to bring down maternal mortality rate.

Audit of records of the State Health Society³², Punjab (SHS) (August 2012) and Punjab Health Systems Corporation (PHSC) (January 2013) showed that Government of India (GOI) provided funds of ₹ 1.49 crore³³ during 2008-2011 in the Programme Implementation Plans (PIP) of SHS under National Rural Health Mission (NRHM) for setting up of 99 BSUs at FRUs in the State. SHS transferred (June 2011) entire funds of ₹ 1.49 crore to PHSC. Accordingly, PHSC invited (August 2011) tenders for the supply of 119 Ice Lined Refrigerators (ILR) for 119 FRUs³⁴ considering a better and safe option in case of electricity failure up to 24 hours and placed (August 2012) supply order for procurement and installation of 29 ILRs at a cost of ₹ 0.29 crore at 29 FRUs in first phase selected on the basis of higher number of caesarian deliveries. However, ILRs installed at 29 FRUs³⁵ during November-December 2012 could not be made functional (September 2013) for want of authorisation for operation of equipment from the State Drugs Controller and Licensing

³⁰ Community Health Centre, Sub-Divisional Hospital and District Hospital.

³¹ For setting up of Blood Storage Centres issued by National AIDS Control Organisation, Ministry of Health and Family Welfare, Government of India, New Delhi.

³² Established under National Rural Health Mission, Punjab.

³³ ₹ 0.53 crore for 35 BSUs (2008-09); ₹ 0.93 crore for 62 BSUs (2009-10); and ₹ 0.03 crore for two BSUs (2010-11).

³⁴ Eighty nine existing hospitals (two District Hospitals, seven Sub Divisional Hospitals and 80 Community Health Centres) and 30 upcoming Community Health Centre (CHCs) being constructed under core plan at that time, as decided in March 2011.

³⁵ **DHs:** (i) Nawanshahar and (ii) Faridkot; **SDHs:** (iii) Baba Bakala, (iv) Raikot, (v) Sardulgarh, (vi) Gidderbaha, (vii) Balachaur and (viii) Sunam; and **CHCs:** (ix) Jalalabad, (x) Jandiala, (xi) Kot Ise Khan, (xii) Bham, (xiii) Goniana, (xiv) Lopoke, (xv) Naushera Majha Singh, (xvi) Sham Chaurasi, (xvii) Nathana, (xviii) Amlloh, (xix) Tanda, (xx) Dhanaula, (xxi) Ghuman, (xxii) Ahmadgarh, (xxiii) Shahkot, (xxiv) Derabassi, (xxv) Ghariala, (xxvi) Mehraj, (xxvii) Nurpur Bedi, (xxviii) Ghanaur, and (xxix) Qadian.

Authority, Punjab. Further action to procure ILRs for remaining FRUs was not initiated (September 2013).

On being pointed out, PHSC stated (September 2013) that approval for setting up of BSUs had been applied and BSUs would be made functional shortly. The supply orders for remaining ILRs were yet to be placed. Further reply of the Department was awaited (December 2013).

Thus, due to lack of commitment of the Department, BSUs could not be set up even after lapse of more than two years despite availability of operational guidelines and funds. This rendered the expenditure of ₹ 0.29 crore incurred so far as unproductive and the balance amount of ₹ 1.20 crore also remained unutilised.

The matter was referred to the Government in April 2013; reply was awaited (December 2013).

3.9 Non-implementation of centrally sponsored programme through AYUSH intervention

Failure of the Department to implement centrally sponsored programme 'Anaemia-free Punjab' in a time bound manner not only resulted into forfeiture of central assistance of ₹ 1.83 crore but also denial of intended benefits to the people of Punjab.

In order to make the State of Punjab anaemia-free through network of Ayurvedic hospitals and dispensaries, the Directorate of Ayurveda, Punjab submitted (March 2010) a programme “Anaemia Free Punjab” to the Department of AYUSH, Ministry of Health and Family Welfare, Government of India (GOI) seeking grant-in-aid of ₹ 1.83 crore under the Centrally sponsored scheme 'Promotion of AYUSH intervention in public health initiatives'. The objectives of the programme were to prevent and eradicate anaemia from Punjab³⁶. GOI accorded (November 2010) sanction to the proposal of the Department for a total grant of ₹ 1.83 crore for two years and released first instalment of ₹ 1.10 crore to be utilised within one year of the date of issue of sanction.

Audit of records (January 2013) of the Directorate of Ayurveda, Punjab (DoA) showed that on receipt (December 2010) of first instalment of ₹ 1.10 crore, DoA invited tenders for procurement of machinery (February 2011) and raw medicines/packing material (April 2011) for manufacturing of medicines in Government Ayurvedic Pharmacy at Patiala, but the tenders were not finalised by the Committee till August 2011 and the same were abandoned being old. After lapse of 17 months from receipt of funds, DoA approached (May 2012) GOI to know about the component-wise cut imposed in the proposed grant (₹ 1.83 crore). In response, GOI asked (July 2012) DoA and the State Government (November 2012) to refund the amount of ₹ 1.10 crore along with 10 per cent interest thereon, as no work was started even after lapse of

³⁶ Married men aged 15-49 years (13.6 per cent); married women aged 15-49 years (38.6 per cent); pregnant women aged 15-49 (41.6 per cent); and children aged 6-35 months (66.4 per cent).

18 months of release of funds. Consequently, the DoA refunded (December 2012) the amount of ₹ 1.18 crore including interest earned of ₹ 0.08 crore to GOI.

On being pointed out, DoA stated (February 2013) that the programme was to be implemented in three years as per their proposal submitted to GOI, which did not impose any time limit while releasing the funds of ₹ 1.10 crore. The reply was not acceptable as the sanction of GOI clearly stipulated the time frame of two years in which the grant (₹ 1.83 crore) was to be utilised and the amount of ₹ 1.10 crore released in November 2011 (first installment) was to be utilised within one year of the date of issue of sanction.

The matter was referred to the Government in July 2013; reply was awaited (December 2013).

HOME AFFAIRS AND JUSTICE DEPARTMENT

3.10 Procurement, operation and maintenance of vehicles in Police Department

Conditions associated with purchase of vehicles were not adhered to. Allocation of available vehicles was uneven. Global Positioning System created at a cost ₹8.57 crore was non-functional for want of funds. Highway vehicles lacked functional equipment. Uneconomical departmental fuel pumps and unequipped workshops were never reviewed for their operational viability.

Punjab Police possesses a fleet of vehicles for discharging their duty. Vehicles needed to provide mobility to police are broadly of four categories i.e. heavy vehicle, (Bus, Truck and Troop Carriers), medium vehicles, light vehicles (Jeeps/Cars) and two wheelers. Apart from this, Punjab police also have Special Purpose Vehicles like riot control vehicles (*Vajras*), water cannon vehicles, recovery vans, ambulances, prisoner vans, etc.

Audit of procurement, operation and maintenance of vehicles by Punjab Police (District Police) for the period 2010-13 was conducted between January and December 2013 by examining the records of office of Director General of Police (DGP), Punjab and seven Senior Superintendents of Police³⁷ (SSP) offices, and one Commissioner of Police (CP), Ludhiana, selected by adopting Probability Proportional to Size method of random sampling. The audit was conducted to assess the efficiency in procurement, operation, maintenance of vehicles and monitoring. The audit findings were benchmarked against the criteria derived from the standing orders, guidelines issued by the State Government and DGP Punjab.

³⁷ (i) Barnala; (ii) Bathinda; (iii) Hoshiarpur (iv) Ludhiana (Rural); (v) Moga; (vi) SAS Nagar; and (vii) Tarn Taran.

Audit findings

Procurement of vehicles

3.10.1 Irregularities in procurement of vehicles

The DGP was delegated the powers to purchase equipment not available on rate contract of Controller of Stores, Punjab or DGS&D, New Delhi or with Defence Research Development Organization, through Departmental Standing Purchase Committee (directed in September 2002) having a technical member, expert about equipment and presence of Chairman and all the members was mandatory. Audit examination of purchase files (May-June 2013) showed that:

- DGP, instead of forming departmental standing purchase committee as directed by Government, formed new purchase committee on six occasions and purchased 352 vehicles³⁸ valuing ₹ 23.13 crore. The newly formed purchase committee did not have a technical expert also. Purchase of 216 vehicles (Mahindra Scorpio Getaway: 150 and Mahindra Xylo-D2-BSIII: 66) valuing ₹ 15.34 crore were finalized on two occasions without ensuring presence of representative of Controller of Stores; and
- on five occasions, 87 vehicles (Innova: 65 and Tavera: 22) valuing ₹ 6.52 crore, not on the DGS&D rate contract, were purchased from open market without resorting to tendering process.
- the department did not have fleet management policy to manage a total fleet of 3,134 vehicles. Despite the fact that prisoners' vans, light commercial vehicles (LCVs), water cannons and *Vajras* remained short of authorization, seven more ambulances despite already having in excess of the authorization were purchased during 2010-13. Authorization of vehicles was also not revised.

Director General of Police did not furnish any justification (August 2013) for deviations from the laid down procedure, however, as regards ambulances, stated (June 2013), that against 60 units, only 48 ambulances were sanctioned. Reply indicated the status of all the units including Battalions, etc. whereas audit covered only district police, having 34 ambulances as compared to authorisation of 24. Regarding non-procurement of prisoners vans, DGP stated that it was not on the Director General of Supplies and Disposal's (DGS&D) rate contract. Reply was not acceptable as DGP was fully authorized to procure vehicles through tenders from open market.

Operations

3.10.2(i) Uneven authorization and allocation of vehicles

Senior Superintendents of Police and Commissioners of Police (CP), heading police districts, had an authorised fleet of vehicles for maintaining law and order. However, criteria for authorisation were not made available to Audit. Audit noticed that:

- Headquarter office was holding 157 vehicles (78 cars, 68 jeeps and

³⁸ Mahindra Scorpio Getaway/LX-239; Tata Bus-5; Swaraj Mazda Bus-8; Hero Honda Karizma motor cycle-34 and Mahindra Xylo-66.

11 trucks) in excess of authorization whereas the district police had shortage of 120 vehicles (one car, 100 jeeps and 19 trucks); and

➤ distribution of available vehicles amongst the field (SSP and CP) offices was neither adhered to authorization nor shortages were evenly distributed, as given in **Table 3.2**:

Table 3.2: Showing uneven distribution of available vehicles

Type of vehicle	Authorization	Available	Number of SSsP having		Number of vehicles	
			shortage of vehicles	excess vehicles	short distributed	excess distributed
Car	57	56	8	6	11	10
Jeep	1439	1339	18	9	235	135
Bus	54	55	7	7	8	9
Truck	24	5	21	2	21	2
LCV	556	302	20	6	227	23
Recovery Van	24	26	2	4	2	4
Ambulance	24	39	3	12	3	18
Motor Cycle	1538	1261	18	8	500	223

Source: Departmental data

Director General of Police attributed (August 2013) reasons for shortage in field to shortage of funds and excess at Headquarters office to sensitive nature of duty. Uneven distribution was attributed to the recently created police districts, lack of funds, sensitive law and order situation, besides donation of vehicles. Reply was not acceptable as considering these parameters, authorisation should have been revised with the approval of the competent authority before allocation of vehicles.

(ii) Non-functioning of Global Positioning System

With the objective of having round the clock security cover for public, immediate and timely police response and to ensure accountable system of police working, Director General of Police approved (September 2009), a project for modernization of control rooms by installation of Global Positioning System (GPS) with auto-generated response at six locations³⁹ at a cost not exceeding ₹ 11.50 crore. Implementation of project was entrusted (September 2009) to Punjab Police Housing Corporation (PPHC) and ₹ 7.74 crore⁴⁰ were transferred to it. PPHC awarded (January 2010) the work of installation of GPS to a solution provider⁴¹. As per agreement (February 2010), the solution provider was to install GPS in 605 vehicles and install one range control system at each of the six identified locations. For operating this system, PPHC was to pay GPS rental quarterly to the solution provider.

Audit noticed (July-December 2013) that the solution provider supplied (January 2010) system costing ₹ 6.01 crore which included 605 GPS units for installation in vehicles and equipment for installation in control rooms. PPHC constructed these control rooms at a cost of ₹ 2.56 crore. Out of 605 GPS

³⁹ (i) Amritsar; (ii) Ludhiana; (iii) Jalandhar; (iv) Patiala; (v) Bathinda; and (vi) SAS Nagar.

⁴⁰ ₹ 7.50 crore in November 2009 and ₹ 0.24 crore in November 2010.

⁴¹ M/s HCL Infosys.

units, 508 GPS units were installed and commissioned in June 2010. Remaining 97 GPS units valuing ₹ 0.22 crore⁴² remained uninstalled (December 2013) due to its non-compatibility with batteries of the vehicles identified for their installation. The warranty of GPS units lapsed (June 2013) during storage itself. PPHC incurred an expenditure of ₹ 0.92 crore towards recurring charges (rental charges and overheads) up to March 2012, including ₹ 0.05 crore for the uninstalled GPS units. PPHC could not pay rental charges after March 2012 due to non-availability of funds. Resultantly, solution provider, after serving notice (July 2013), withdrew the services, rendering the entire system, set up at a cost of ₹ 8.57 crore⁴³ as non-functional.

(iii) Delayed/non-disposal of condemned vehicles

As per the instructions (August 1996) issued by Motor Vehicle Board, Punjab, condemned vehicles should be disposed of within three months of their condemnation. During test check of records of the office of DGP Punjab, it was noticed that:

- out of 50 vehicles condemned at Headquarters office during 2010-13, 41 vehicles having initial reserve price of ₹ 0.38 crore, were disposed of for ₹ 0.18 crore with delays ranging between 35 and 667 days beyond permissible time of three months, after re-fixing the reserve price at ₹ 0.15 crore. Reserve price of remaining seven condemned vehicles had been revised from ₹ 0.05 crore to ₹ 0.02 crore and were still awaiting disposal despite delay of up to 335 days (March 2013); and
- records of four SSP offices⁴⁴ and one CP, Ludhiana showed that 34 vehicles, having reserve price of ₹ 0.17 crore, were disposed of at ₹ 0.13 crore with delays ranging between 128 and 1436 days. In another three SSP offices⁴⁵, 21 condemned vehicles, having reserve price of ₹ 0.09 crore, were still to be disposed of despite delays ranging between 27 and 2,093 days (March 2013). The delay in disposal of condemned vehicles led to decrease in sale value resultantly causing loss to the Government.

Director General of Police and three SSsP⁴⁶ attributed (July-October 2013) the delay to lengthy process for the disposal of condemned vehicles. Replies were not acceptable as inordinate delay ranging between 35 and 1436 days beyond permissible time of three months could not be attributed to the process only.

3.10.3 Shortage of drivers

Director General of Police, with the aim to ensure proper use, care and maintenance of police motor vehicles, issued (June 1981) a Standing Order No. 10 (revised), which *inter alia* prescribed that only authorized drivers were permitted to drive police vehicles. It also prohibited driving of police vehicles

⁴² Cost of per GPS unit was ₹ 22,376.25 (₹ 19,890 + taxes).

⁴³ ₹ 6.01 crore (cost of 605 GPS units and other equipment) plus ₹ 2.56 crore (cost of construction of rooms).

⁴⁴ (i) Barnala; (ii) Hoshiarpur; (iii) Moga; and (iv) SAS Nagar.

⁴⁵ (i) Ludhiana (Rural); (ii) Moga; and (iii) SAS Nagar.

⁴⁶ (i) Barnala; (ii) Hoshiarpur; and (iii) SAS Nagar.

by officials and officers of all ranks. Audit noticed that sanctioned posts of drivers in district police were 927 (49 *per cent*) as against holding of 1,873 vehicles (March 2013).

3.10.4 Utilization of ordinary vehicles for carrying prisoners

Five⁴⁷ out of seven test checked SSP offices, due to shortage of prisoners' vans-specifically designed to ferry prisoners, were using ordinary vehicles for ferrying the prisoners/inmates from jails to and fro the courts. On this being pointed out, concerned SSsP⁴⁸ attributed it to shortage of prisoners' van and assured (January-September 2013) to take up the matter with the higher authority.

3.10.5 Un-equipped highway patrolling vehicles

As per DGP orders (December 2003), all highway patrolling vehicles were required to be mandatorily equipped with essential items and equipment⁴⁹ helpful in saving precious lives, conducting rescue operations and clearing of the tracks. Audit noticed (July-September 2013) that 19 out of 21 highway patrolling vehicles, in CP office and six⁵⁰ test checked SSP offices, were either not provided with all equipment or the equipment were not in working condition. Four SSsP⁵¹ and CP, while agreeing to the fact, stated (July-September 2013) that the matter would be referred to the higher authority for making the highway patrolling vehicles functional in all respects whereas, two SSsP⁵² stated (July 2013) to have already taken up the matter with the higher authority.

3.10.6 Non-reviewing the running of departmental petrol pumps

Out of eight test checked offices in audit, SSP, Bathinda, Hoshiarpur, Tarn Taran and CP Ludhiana were running a departmental fuel pump (petrol and diesel) each, whereas remaining were purchasing fuel from market. Audit of records (July-September 2013) showed that fuel from the departmental fuel pumps, on account of overhead charges, was costlier as compared to market rates thereby caused loss of ₹ 0.61 crore. These pumps, during 2010-13, also remained dry for 136 (petrol) and 77 (diesel) days at Hoshiarpur, 91 (petrol) and 137 days (diesel) at Tarn Taran and 152 (petrol) and 121 days (diesel) at Bathinda defeating the purpose of operating these pumps departmentally.

On being pointed out, SSsP assured (July-September 2013) to either look into the matter or take up the matter with the higher authority.

3.10.7 Non-obtaining of Pollution Under Control certificate

All motor vehicles are required⁵³ to carry a "Pollution Under Control" certificate issued by a government authorized agency. Audit noticed that no

⁴⁷ (i) Barnala; (ii) Hoshiarpur; (iii) Ludhiana (Rural); (iv) Moga; and (v) Tarn Taran.

⁴⁸ (i) Barnala; and (ii) Moga.

⁴⁹ First Aid Kits; ropes; stretcher; torches; saw; traffic-cones; warning triangles; public address system; speed radar; alco meter; camera; sirens of approved type, etc.

⁵⁰ (i) Barnala; (ii) Bathinda; (iii) Hoshiarpur; (iv) Moga; (v) Ludhiana (Rural); and (vi) Tarn Taran.

⁵¹ (i) Moga; (ii) Hoshiarpur; (iii) Ludhiana (Rural); and (iv) Tarn Taran.

⁵² (i) Barnala; and (ii) Bathinda.

⁵³ Under sub rule (7) of Rule 115 of Central Motor Vehicles Rules, 1989.

such certificate in respect of vehicles under the charge of any of the test checked SSP office had been obtained.

On being pointed out, SSsP of the test checked districts assured (January-September 2013) to take up the matter with the higher authority to get all vehicles examined for pollution.

Maintenance

3.10.8 Unequipped departmental workshops

Standing Order No. 10, issued by DGP (June 1981) *inter alia* prescribed that every district would have a unit workshop, duly equipped with machines, tools and at least four mechanics for carrying out repairs.

Though the DGP admitted that except for PAP Jalandhar, no district was sanctioned departmental workshop and posts of mechanics, yet test checked offices (July-September 2013) showed that five offices⁵⁴ were operating departmental workshops by deploying constabulary officials as mechanics. Besides, these workshops were not equipped with basic tools, spares and allied equipment.

SSsP/CP, while agreeing to the requirement of mechanics, stated (July-September 2013) that the matter would be taken up with the higher authority.

Thus, operating departmental workshops without spare parts, tools and equipment and even mechanics defeated the very purpose of running these workshops.

Monitoring and evaluation

3.10.9 Deficient monitoring and evaluation

It was noticed in audit that no instruction was issued or format prescribed to receive information from SSsP for monitoring the availability, operation and status of the vehicles. It was, however, noticed that DGP was receiving expenditure returns in respect of each vehicle from SSsP every month in varied format.

Audit examination (May-June 2013) of reports and returns files in the office of DGP showed that against the envisaged 288 monthly expenditure returns due during 2010-13 in respect of test checked offices, as much as 94 returns (33 *per cent*) were not received. Monthly abstract was not prepared by consolidating the available data, resultantly these returns were not analyzed by the management to derive information, which could be used in decision making.

3.10.10 Unreliable data base

Audit of records of DGP office showed a difference of two to 20 vehicles held by four SSsP⁵⁵ on 31 March 2013 as compared to records of DGP office. This indicated that data maintained in DGP office was not being updated to be

⁵⁴ (i) Barnala; (ii) Bathinda; (iii) Hoshiarpur; (iv) Ludhiana (CP); and (v) Tarn Taran.

⁵⁵ (i) Barnala; (ii) Ludhiana (Rural); (iii) SAS Nagar; and (iv) Tarn Taran.

consistent with the actual position. Reply of DGP was awaited (August 2013).

3.10.11 Excess consumption of fuel

Government of Punjab, Department of Finance (Finance Budget-I Branch) fixed (July 2012) norms for consumption of fuel by each vehicle, with the maximum ceiling of 261 litres per month. In the test checked six SSP offices, 397 vehicles in operation from July 2012 to March 2013 were found to have consumed 69187 litres (worth ₹ 0.35 crore) of fuel beyond the maximum limit. Though the consumption of fuel in excess of the norms was reported by SSsP concerned to DGP through monthly returns, yet no action had been taken to prevent recurrence of such excess expenditure in future.

On being pointed out, DGP while admitting the audit observation, stated (June 2013) that directions had since been issued to all the concerned.

The matter was referred to the Government in August 2013; reply was awaited (December 2013).

3.11 Unproductive expenditure on central armoury building

Construction of armoury building in the protected fort without permission of the Archaeology Department rendered the expenditure of ₹ 2.15 crore unproductive as it could not be put to use for the intended purpose.

The Government of Punjab, Department of Cultural Affairs, Archaeology and Museums declared (December 1992) Bahadurgarh Fort (fort) at Patiala a protected monument under the Punjab Ancient and Historical Monuments and Archaeological Sites and Remains Act, 1964 (Act). As per the Act, no person, including the owner or occupier of the protected area, shall construct any building within the protected area without the permission of the Government. The Commandant, 36th Battalion PAP (Commandant) and the Commandant, Commando Training Centre (CTC) were the occupiers of the fort.

Audit of records (September 2010) of the Commandant and information collected subsequently (between November 2010 and July 2013) disclosed that the Commandant, without taking into consideration the necessity to obtain prior permission of the Government for construction in the protected monument, mooted a proposal (May 2005) for construction of a new central armoury building in the fort as the existing armoury building was dilapidated and was insufficient to store arms and ammunition. The Director General of Police, Punjab (DGP) transferred (March 2006) ₹ 1.25 crore to Punjab Police Housing Corporation (PPHC) for execution of work. PPHC requested (January and March 2007) the Commandant and Inspector General of Police, Commando Punjab (IGP) for obtaining unsafe certificate for removal of old *astabal* causing obstruction to the proposed site. The Commandant intimated (August 2007) the IGP that the site had been shifted farther from the ancient *astabal* and permission for removal of the ancient *astabal* was no longer required from the Archaeology Department.

Meanwhile, on receipt (May 2007) of an intimation from Tourism Department

to vacate the fort for developing it as a tourist facility, it was decided (June 2007) in a meeting under the chairmanship of Chief Secretary that it would not be possible to vacate the fort as Police Department had built up huge infrastructure in it but no more building would be added. Despite this decision, Home Department issued (September 2007 and May 2009) administrative approval for ₹ 2.11 crore⁵⁶ for construction of armoury building in the fort. The Armoury building was completed (May 2009) at a cost of ₹ 2.15 crore.

The Commandant did not take charge (August 2009) of the armoury building as the ancient *astabal* was still obstructing the passage of vehicles even to reach the gate of the building. Thereafter, Commandant, CTC was directed (October 2010) to take over the charge of the armoury building for providing residential facility to trainees. However, the building, which was not conducive for residential purpose, was used only once during September to December 2010.

Thus, construction of armoury building in the protected fort without obtaining permission from the Archaeology Department rendered the expenditure of ₹ 2.15 crore unproductive, as it could not be put to use for the intended purpose.

The matter was referred to Government in April 2013; reply was awaited (December 2013).

IRRIGATION DEPARTMENT

3.12 Avoidable expenditure due to non-approval of tendered rates in time

Non-approval of tendered rates within the validity period and re-tendering led to avoidable expenditure of ₹ 2.43 crore.

With a view to overcome the problems of frequent silting, scouring, chronic shortage of water at tail ends, to take authorized discharge, to cater to keen demand of water at crop sowing time and for proper feeding of off taking channels, the National Bank for Agriculture and Rural Development (NABARD) sanctioned (July 2009) a loan of ₹ 49.11 crore for side lining of channels of Ghaggar Branch RD 0-1,72,000 in Patiala and Sangrur districts. The Project was to increase additional irrigation facilities for 14,885 hectares culturable command area, to which the Government of Punjab (GOP), Department of Irrigation, accorded (December 2009) administrative approval of ₹ 51.69 crore including State share of ₹ 2.58 crore.

Audit of records of three Executive Engineers (EEs)⁵⁷, showed that e-tenders for lining work from RD 81000-172000 (60 slices) were invited (August 2010) which were to be received up to 14 September 2010 with validity period of 90 days from the opening of the tenders. The technical and financial bids were opened on 16 October and 25 October 2010 respectively and the lowest

⁵⁶ ₹ 1.25 crore (September 2007) and ₹ 0.86 crore (May 2009).

⁵⁷ (i) Canal Lining Arrear Division, Ludhiana; (ii) Kotra Canal Lining Division, Sangrur; and (iii) Canal Lining Arrear Division, Patiala.

tendered rates were ₹ 25.41 crore⁵⁸. The validity period of tender was up to 24 January 2011. The Superintending Engineer (SE), Canal Lining Circle, Patiala, forwarded (20-24 December 2010) the tenders for approval of rates to the Chief Engineer/Lining, Irrigation Works, Punjab (CE) who approved the rates between 5 March and 15 March 2011 after lapse of the validity period of tenders. As the rates were approved by the CE after the validity period, the contractors refused to execute the work in view of increase in rates and lapse of validity period.

Tenders were re-invited (May 2011), opened (September 2011) and the lowest rates approved (November 2011) by CE were of ₹ 28.38 crore⁵⁹. The work was allotted (November 2011) and on completion (between December 2011 and April 2012), an amount of ₹ 27.84 crore was paid to contractors resulting in avoidable expenditure of ₹ 2.43 crore compared to the lowest tendered rates of ₹ 25.41 crore quoted in the earlier tender discharged.

On being pointed out (August 2013), CE stated (October 2013) that the then SE/EEs never specifically brought to the notice of the higher authorities, the reduction of validity period of tender rates from 180 to 90 days in tenders invited in August 2010, though a copy of NIT was enclosed at the time of submission of rates. They took a period of one and a half month in submitting tenders for approval. EE, Kotra Canal Lining Division, Sangrur, admitted the facts. No reply was, however, furnished by other two EEs till November 2013.

The reply of CE is not acceptable as non-approval of tendered rates of ₹ 25.41 crore within the validity period, on the first call by CE, led to re-tendering/acceptance of higher rates of ₹ 28.38 crore resulting in avoidable expenditure of ₹ 2.43 crore⁶⁰.

The matter was referred to Government in August 2013; reply was awaited (December 2013).

PUBLIC WORKS DEPARTMENT (BUILDINGS AND ROADS)

3.13 Avoidable payment of escalation on construction of rail over bridges/rail under bridges

Department's failure to adhere to codal provisions and to coordinate with the Railways led to delay in completion of rail over/under bridges and avoidable payment of escalation of ₹ 6.22 crore.

The Railways prioritizes and approves the construction of new rail over/under bridge (ROB/RUB) works on cost sharing basis with the State Government. For construction of ROB/RUB, the State Government process the proposals, give requisite undertaking for cost sharing and closures of level crossings to the Railways and sanction of work in the State Government Budget. The

⁵⁸ ₹ 8.15 crore (Ludhiana); ₹ 8.18 crore (Sangrur); and ₹ 9.08 crore (Patiala).

⁵⁹ ₹ 9.14 crore (Ludhiana); ₹ 9.15 crore (Sangrur); and ₹ 10.09 crore (Patiala).

⁶⁰ ₹ 27.84 crore (Paid on completion) minus ₹ 25.41 crore (tendered rates on first call) = ₹ 2.43 crore.

Punjab Infrastructure Development Board (PIDB) was declared Nodal agency for construction of ROBs/RUBs. Records relating to construction of ROBs/RUBs during 2010-11 to 2012-13 showed that during this period, 25 ROBs/RUBs were constructed at a cost of ₹ 430.67 crore as detailed in *Appendix 3.3*. Out of these, five works had already been commented upon in the paragraph 4.1.1 of the Report of the Comptroller and Auditor General of India on Social, General and Economic Sectors (Non-PSUs) for the year ended 31 March 2012-Government of Punjab. Of the remaining 20 completed works, 10⁶¹ works completed at a cost of ₹ 176.54 crore were selected by adopting Probability Proportional to Size (PPS) Method of Random Sampling.

During examination of records relating to construction of 10 ROBs/RUBs during April-May 2013, the following irregularities were noticed.

3.13.1 Irregular payment of escalation on lump sum contracts

Para 2.62 of Public Works Department (PWD) Code provides that contracts may be of three kinds viz. lump sum, scheduled and a combination of these two. Para 7.100 of Departmental Financial Rules (DFR) provides that in a lump sum contract, the contractor agrees to execute a complete work, with all its contingencies in accordance with the drawings and specifications for a fixed sum.

Audit of records of five⁶² Executive Engineers (EE) of PWD (B&R) showed that five works for construction of ROBs/RUBs were allotted at a cost of ₹ 82.03 crore on lump sum basis with scheduled period of completion of 14 to 15 months. Though the works were to be executed on lump sum basis, yet a price adjustment clause was included in DNITs and agreements, which states that contract price would be adjusted for increase or decrease in rates and prices of labour, material, fuel and lubricants. It was further noticed that a price escalation amounting to ₹ 2.75 crore was paid within the stipulated period of completion of works as detailed in *Appendix 3.4*. It was further observed that in four other lump sum contracts, works⁶³ were allotted during the same period by deleting the price adjustment clause and no escalation was paid. The inclusion of price adjustment clause in the agreements of lump sum contracts of five works was a favour to the contractual agencies and not in consonance with the provisions and spirit of PWD Code and DFR.

⁶¹ Construction of approaches on (i) ROB No. 2 at Morinda (₹ 16.12 crore); (ii) ROB 145-B at Sirhind (₹ 17.03 crore); (iii) ROB No. 2C/2T at Bathinda (₹ 33.65 crore); (iv) ROB A-34 at Jagraon (₹ 16.06 crore); (v) ROB B-30 at Malout (₹ 20.06 crore); (vi) ROB 194 at Budhlada (₹ 16.06 crore); (vii) RUB 240 at Malout (₹ 20.50 crore); (viii) ROB LC No. C 161 at Chawapayal (₹ 12.26 crore); (ix) ROB on LC 131-C at Shambo (₹ 16.06 crore); and (x) RUB 245A at Bathinda (₹ 8.74 crore)= (₹ 176.54 crore).

⁶² Executive Engineers, (i) Central works Division, PWD (B&R), Abohar; (ii) Construction Division No.1, PWD (B&R), Ludhiana; (iii) Construction Division No. II, PWD(B&R), Bathinda; (iv) Construction Division No I, PWD(B&R), Mohali; and (v) Construction Division, PWD (B&R), Sirhind.

⁶³ Construction of approaches on (i) ROB No. C-161 at Chawapayal (Construction Division No. 2, Ludhiana); (ii) LC No. C-194 at Budhlada (Provincial Division, Mansa); (iii) RUB No. B-240 at Malout (Construction Division No. 2, Bathinda); and (iv) ROB No. LC 131-C at Shambu (Provincial Division No. 2, Patiala).

On this being pointed out (July 2013) in audit, the Chief Engineer (Infrastructure Projects) stated (August 2013) that the provision of price adjustment clause was necessary to safeguard the ultimate interest of the Government by making a balanced contract for ensuring timely completion, smooth performance of contract and to avoid any potential disputes with the contractor. The reply was not acceptable as the insertion of price adjustment clause in the lump sum contract agreements by violating the codal provisions was irregular.

3.13.2 Avoidable payment of escalation due to delays attributed to Railways

The construction of ROB/RUB was a venture of the State Government and Railways. PIDB instructed (October 2008) the Chief Engineer (IP) that a written undertaking in respect of time schedule chart, acceptance of cost sharing and approved General Arrangement Drawings (GADs) must be obtained from the Railways before taking up the work for the smooth and timely completion of work. Audit of records of six works allotted to various agencies at a cost of ₹ 87.34 crore (five works- ₹ 82.03 crore as referred to in paragraph 3.13.1 and one work (Serial No. 6 of *Appendix 3.5*) allotted at a cost of ₹ 5.31 crore) the works were not completed within stipulated period and delay of 18 to 60 months occurred due to (i) delay in completion of Railway's portion of work, (ii) non-handing over obligatory span and common pier by Railways and (iii) non-approval of drawings and methodology by Railways. Due to delayed completion of works by Railways, the Department had to make avoidable payment of escalation amounting to ₹ 3.47 crore, as detailed in *Appendix 3.5*.

On this being pointed out (July 2013), the Chief Engineer (IP) stated (August 2013) that the works could not be completed within the stipulated time period due to non-completion of Railway's portion and on account of not handing over of common pier in time and non-shifting of utilities by Railways. The reply was not convincing as the delay was due to non-coordination with Railways for timely completion of the works.

The matter was referred to Government in July 2013; reply was awaited (December 2013).

3.14 Non-reimbursement of expenditure

Non-submission of claims for expenditure incurred on repair and maintenance of National Highways, as per prescribed procedure, resulted in extra burden of ₹ 3.93 crore on State exchequer.

The expenditure on construction and upkeep of National Highways is initially incurred by the concerned Executive Engineer (EE) of the State Public Works Divisions on an agency basis from the State balances and get it reimbursed from the Regional Pay and Accounts Officer (National Highways), Ministry of Road Transport and Highways, Government of India (MoRTH) through the concerned Accountant General. The Controller General of Accounts, Ministry of Finance (November 2001) and the Chief Controller of Accounts, Ministry of Road Transport & Highways, New Delhi clarified (December 2001) that all

claims for a particular financial year were to be got settled within the same financial year and the claims pertaining to previous year(s) should not be entertained during the current financial year as the expenditure on National Highways is of revenue nature.

Audit of records (May 2012) of the Executive Engineer (EE), Central Works Division, Ferozepur and further information collected (April 2013) from all the concerned 12⁶⁴ divisions showed that these divisions claimed a sum of ₹ 19.27 crore during the period from 2009-10 to 2012-13 on account of expenditure incurred on repair and maintenance of National Highways. MoRTH disallowed ₹ 3.93 crore due to the reasons that expenditure pertained to previous years, expenditure not shown in Form-27, expenditure booked in Form-64 and schedule dockets mismatched and did not tally with Form-27, non-supply of supporting documents etc. by the concerned Central Works Divisions of the State.

Thus, due to non-submission of claims within the prescribed time and non-supply of requisite documents, 12 EEs failed to get reimbursement of expenditure of ₹ 3.93 crore incurred on repair and maintenance of National Highways from the MoRTH, resulted into extra burden on the State exchequer.

On matter being referred to Government in June 2013, EE, Central Works Division, Ferozepur attributed the reasons for late submission of claims to late release of LOC by the treasury. EEs, Sangrur at Patiala and Amritsar-1 and Horticulture Division, Mohali (at Patiala) stated that due to lack of funds/LOC, payment could not be released during concerned year, EE, Abohar stated that payment was made in the next financial year. EEs, Central Works Divisions, Pathankot, Ropar, Hoshiarpur, Patiala, Bathinda and Mohali did not provide specific reasons. EE, Central Works Division, Ludhiana stated that reimbursable amount had been claimed within time frame. The reply of EE, Ludhiana was not acceptable as the works were completed between 29 September 2007 and 3 February 2009 whereas claims for reimbursement of expenditure were raised in December 2010.

The fact, however, remained that due to non-submission of claims within the prescribed period as per set procedure led to extra burden of ₹ 3.93 crore on the State exchequer.

The matter was referred to Government in June 2013; reply was awaited (December 2013).

⁶⁴ Central Works Divisions, (i) Abohar; (ii) No.1 Amritsar; (iii) Bathinda; (iv) Ferozepur; (v) Hoshiarpur; (vi) No.1 Ludhiana; (vii) SAS Nagar; (viii) Pathankot; (ix) Patiala; (x) Sangrur at Patiala; (xi) Ropar; and (xii) Horticulture, SAS Nagar.

3.15 Blockade of funds

Blocking of ₹ 1.97 crore in construction of bridge remaining without usage due to delay in acquisition of land for approach road.

The Government of Punjab, Public Works Department (PWD) accorded (June 2008) administrative approval of ₹ 2.11 crore for construction of high level bridge of 75.51 meter span over *Pawittar Bein* including approaches and link road of 0.45 KM length in district Kapurthala with the aim to connect roads leading to Industrial Focal Point, Goindwal Sahib and historical place of Sultanpur Lodhi. The work was technically sanctioned by the Chief Engineer, PWD (B&R) in October 2008.

Audit of records (September 2012) of the Executive Engineer (EE), Construction Division No. 2, PWD (B & R), Kapurthala showed that the work was allotted (January 2009) at a cost of ₹ 2.24 crore on lump sum basis with a time limit of 12 months. The land measuring 1.04 acre was required for alignment of approaches of the bridge, out of which 0.54 acre belonged to Gram Panchayat and 0.50 acre was of land owners. The Gram Panchayat gave (January 2009) its consent for use of its land for construction of bridge but the remaining land measuring 0.50 acre pertaining to private land owners remained un-acquired for construction of approach road. The bridge portion was completed (March 2011) at an expenditure of ₹ 1.97 crore without construction of approach road to the bridge.

On being pointed out (September 2012) and information collected subsequently, EE stated (August 2013) that the earth work in the portal on approaches where panchayat land was available had been completed, bridge had been put to traffic for local vehicles and bituminous approach road would be completed soon. It was further stated (November 2013) that notification under Section 6 for acquisition of land had been published.

The reply was not convincing as non-acquisition of private land prior to taking up the construction work led to non-construction of approach road. This had resulted not only in blockade of funds of ₹ 1.97 crore spent on construction of bridge without its usage for vehicular traffic for more than 32 months but the intended purpose to link the Industrial Focal Point Goindwal Sahib and historical place of Sultanpur Lodhi was also not achieved (November 2013).

The matter was referred to Government in July 2013; reply was awaited (December 2013).

PUBLIC WORKS (BUILDINGS & ROADS), IRRIGATION, RURAL DEVELOPMENT & PANCHAYATS AND WATER SUPPLY & SANITATION DEPARTMENTS

3.16 Non-clearance of Miscellaneous Public Works Advances

Lack of control over maintenance of suspense head ‘Miscellaneous Public Works Advances’ led to accumulation of ₹ 168.36 crore and irregular debit of items related to Cash Settlement Suspense Account, unsanctioned estimates and funds received for deposit works under the head.

Miscellaneous Public Works Advances (MPWA) is a suspense head of account under the major head of account concerned. It is intended to record transactions, the allocation of which is not known or which cannot be adjusted until recovery or settlement is effected or write off ordered. A mention was made in paragraph 4.4 of Report of the Comptroller and Auditor General of India for the year ended 31 March 2002 (Civil)-Government of Punjab on Miscellaneous Public Works Advances. Public Accounts Committee (PAC) in their Report No. 173 and 175 presented to Vidhan Sabha on 25 March 2010 took a serious view of non-clearance of outstanding MPWA and recommended *inter alia* that the departments must clear the long outstanding items immediately. With a view to further assess the position of outstanding balances under MPWA, audit was conducted between May and July 2013 by collection and analysis of the data of outstanding items of MPWA as of March 2013 in respect of 48⁶⁵ out of 188 divisions of four departments selected by adopting Probability Proportional to Size With Replacement Method of Random Sampling. Out of 48, Four ⁶⁶ divisions did not supply the item-wise/period-wise details of ₹ 8.64 crore outstanding under MPWA.

Audit findings

3.16.1 Outstanding amount

The position of total outstanding MPWA as on 31 March 2013 in the selected 48 divisions showed (*Appendix 3.6*) that ₹ 168.36 crore consisting of 2,496 items were lying outstanding under MPWA. Of these, ₹ 0.02 crore ⁶⁷ pertained to the period even prior to re-organisation (November 1966) of the State. Non-clearance/adjustment of MPWA was persisting despite being

⁶⁵ 13 out of 54 (24 per cent) divisions of PWD (B&R); 21 out of 83 (25 per cent) divisions of Irrigation Department; 11 out of 43 (26 per cent) divisions of Water Supply & Sanitation Department; and three out of eight (38 per cent) divisions of Rural Development & Panchayats Department.

⁶⁶ (i) Warehouse Division, Ranjit Sagar Dam, Shahpurkandi-₹ 2.17 crore; (ii) Water Supply and Sanitation Division (WSSD) No. 2, Ropar-₹ 0.33 crore; (iii) Drainage Division, Ludhiana-₹ 0.04 crore; and (iv) WSSD (Mechanical), Patiala- ₹ 6.10 crore.

⁶⁷ (i) Madhopur UBDC Division, Gurdaspur-₹ 6,587 (14 items); (ii) Bist Doab Division, Jalandhar-₹ 52,584 (12 items); (iii) Sidhwan Canal Division Ludhiana-₹ 5,755 (two items); (iv) Drainage Division, Ludhiana-₹ 76,495 (27 items); (v) Mechanical Drainage Construction Division, Ferozepur-₹ 1,757 (one item); (vi) Provincial Division, Bathinda-₹ 76,361 (two items); (vii) WSSD No. 3, Ludhiana-₹ 250 (one item); and (viii) WSSD No. 2, Sri Muktsar Sahib-₹ 3,530 (four items).

pointed out by PAC. It was noticed that MPWA were lying outstanding against the contractors, suppliers, departmental employees, other divisions/offices as detailed in **Table 3.3** and items on account of irregular debits to MPWA as discussed in paragraph 3.16.2.

Table 3.3: Category-wise details of outstanding Miscellaneous Public Works Advances

Particulars	(₹ in crore)					
	Before re-organisation of the State			After re-organisation of the State		
	No. of divisions	No. of items	Amount	No. of divisions	No. of items	Amount
Outstanding against contractors and suppliers	--	--	--	32	414	17.30
Outstanding against other States	--	--	--	5	14	10.70
Outstanding against other divisions/offices	--	--	--	41	887	88.93
Outstanding against departmental employees	6	52	0.02	45	812	15.21

Source: Compiled from Departmental data

(i) Outstanding against contractors and suppliers

PAC observed (March 2010) that inordinate delay in receipt of material and adjustment of advances resulted in contractors being unduly benefited and connivance of the departmental employees with the contractors/suppliers could not be ruled out and recommended to recover the Government dues from the contractors/suppliers at the time of making their final payments. Audit, however, noticed that in 32 selected divisions, 414 items valuing ₹ 17.30 crore were outstanding for the period from March 1968 to March 2013 against various contractors/suppliers on account of short/non-supply of material, advance payments, excess payments, non-deduction of cess, *minus* bills, penalties, mobilization advances, rejected material etc. However, the irregularity was still persisting despite PAC's recommendation.

(ii) Outstanding against other States

In five⁶⁸ selected divisions, 14 items involving ₹ 10.70 crore were lying outstanding against other States viz. Jammu and Kashmir (₹ 4.83 crore), Haryana (₹ 0.20 lakh) and Himachal Pradesh (₹ 5.87 crore) for the period from March 1973 to June 2009 on account of payment for land compensation, advance payment for execution of various works etc. As such, proper account of State funds could not be ensured due to non-recovery/adjustment of the amounts since long.

(iii) Outstanding MPWA against other divisions/offices

In 41 selected divisions, ₹ 88.93 crore relating to 887 items for the period from July 1967 to March 2013 were pending for adjustment/recovery on

⁶⁸ (i) Mechanical Drainage Construction Division, Ferozepur-₹ 0.21 lakh (2 items); (ii) Project Repair and Maintenance Division, Ranjit Sagar Dam, Shahpur Kandi-₹ 1018.07 lakh (8 items); (iii) Shahpur Kandi Dam Division No. 4, Shahpur Kandi-₹ 35.17 lakh (1 item); (iv) Communication Division, Ranjit Sagar Dam, Shahpur Kandi-₹ 0.14 lakh (1 item); and (v) Water Supply and Sanitation Division (Mechanical), Patiala-₹ 16.78 lakh (2 items).

account of supply/transfer of material, transfer of funds, works done by these divisions on behalf of other divisions/offices etc. Due to delay in recovery/adjustment, diversion/mis-utilisation of funds could not be ruled out.

(iv) Outstanding against departmental employees

In 45 selected divisions, ₹ 15.23 crore (consisting of 864 items including 52 items amounting to ₹ 0.02 crore for the period prior to re-organisation of the State) were outstanding against the departmental employees for the period from July 1958 to March 2013 and included items on account of unauthorized payments, diversion of funds, excess payments, shortage of material, non-accountal of stock, irregular payments, non-receipt of vouchers, advance payments, execution of works below specification, losses etc.

On being pointed out (August 2013), two Executive Engineers⁶⁹ (EE), stated (August and October 2013) that ₹ 1.26 crore had been adjusted/cleared/recovered. Other two EEs⁷⁰ stated (October 2013) that they had initiated the cases for writing off the irrecoverable amounts. EE, Mechanical Drainage Division, Amritsar, admitted that ₹ 0.34 lakh were outstanding against expired/retired employees. Whereas, the other EEs assured (May-October 2013) to clear the outstanding amounts at the earliest.

Thus, non-recovery/adjustment of the amounts for longer period would further result in more and more amounts becoming irrecoverable as the concerned employees would retire with the passage of time thereby causing permanent loss to the State exchequer. The irregularity was persisting despite recommendation of PAC to recover the Government dues from the employees.

3.16.2 Irregular debits to MPWA

(i) Irregular debit of items of Cash Settlement Suspense Account

The Government of Punjab, Department of Finance introduced (March 2006) the system of cash and carry for settlement of inter divisional transactions and dispensed with the operation of suspense head “Cash Settlement Suspense Account” (CSSA) and the items lying outstanding there under were to be cleared immediately.

It was, however, noticed that instead of clearing outstanding items under CSSA by settlement in accordance with the orders of March 2006, nine divisions transferred (between January 2007 and January 2009) 64 items involving ₹ 5.05 crore⁷¹ to MPWA. This was not only against the spirit of the

⁶⁹ (i) EE, Construction Division No. 1, PWD (B&R), Kapurthala (₹ 0.03 crore); and (ii) EE, Construction Division No. 2, PWD (B&R), Jalandhar (₹ 1.23 crore out of ₹ 2.10 crore).

⁷⁰ (i) EE, Shah Nehar Extension (Civil) Division, Hoshiarpur; and (ii) EE, Madhopur UBDC Division, Gurdaspur.

⁷¹ (i) Mechanical Drainage Division, Amritsar-₹ 260.94 lakh (33 items); (ii) Faridkot Drainage Construction Division, Gidderbaha-₹ 2.10 lakh (4 items); (iii) Madhopur UBDC Division, Gurdaspur-₹ 0.12 lakh (1 item); (iv) Canal Lining Division, Rampura Phul-₹ 107.07 lakh (2 items); (v) Electrical Division, Chandigarh-₹ 2.70 lakh (5 items); (vi) Construction Division, Malerkotla-₹ 86.98 lakh (1 item); (vii) Central Works Division, Patiala-₹ 7.38 lakh (6 items); (viii) WSSD, Fazilka-₹ 5.08 lakh (2 items); and (ix) WSSD, Gurdaspur-₹ 32.97 lakh (10 items).

orders of the Government to dispense with the operation of CSSA but also resulted in delay in recovery of amount lying under CSSA.

On this being pointed out (August 2013), EE, WSSD No. 2, Amritsar stated (August 2013) that efforts were being made to clear these balances. Other divisions did not furnish replies.

(ii) Debit of expenditure incurred on works relating to unsanctioned estimates

Article 57 of Account Code, Volume-III provides that no charges should be debited to MPWA on the ground of absence or insufficiency of sanction or appropriation.

In six⁷² selected divisions, ₹ 4.97 crore in 38 cases were debited to MPWA on account of unsanctioned estimates during the period from July 1974 to July 2010 in departure to the provision of Article 57 *ibid*. On this being pointed out (August 2013), EE, Bist Doab Division, Jalandhar stated (August 2013) that now the estimate of the work had been sanctioned and the amount cleared from outstanding MPWA. EE, Phagwara Drainage Division, Jalandhar assured (September 2013) that the amount would be cleared on receipt of budget from the Government. The replies indicated departure from the codal provisions.

(iii) Funds received for deposit works debited to MPWA

Article 73 of the Account Code, Volume III provides that the funds received for execution of deposit works should be classified under the head “Public Works Deposits” and entered in the Deposit Register. Only the amount spent in excess of the deposits received is to be debited to MPWA.

It was, however, noticed that in six⁷³ selected divisions, 10 items involving ₹ 26.82 crore for deposit works were debited to MPWA during the period from April 1994 to March 2013 instead of Public Works Deposits as prescribed. Further, 11 petty payments of ₹ 1.92 lakh in respect of Irrigation Department (seven items-₹ 0.13 lakh), PWD (B&R) (two items-₹ 0.20 lakh) and Water Supply and Sanitation Department (two items-₹ 1.59 lakh) made to banks for release of documents, account opening, bank charges etc. were also being shown under MPWA against banks whereas the same should have been charged to the works concerned.

On this being pointed out, Executive Engineer, Panchayati Raj Division, Ludhiana stated (June 2013) that funds received for deposit works were being

⁷² (i) Madhopur UBDC Division, Gurdaspur- ₹ 0.04 crore (19 items); (ii) Phagwara Drainage Division, Jalandhar-₹ 0.34 crore (one item); (iii) Bist Doab Division, Jalandhar- ₹ 1.29 crore (one item); (iv) Drainage Division, Ludhiana- ₹ 3.08 crore (15 items); (v) Sidhwan Canal Division, Ludhiana-₹ 0.20 crore (one item); and (vi) Canal Lining Division, Rampura Phul - ₹ 0.02 crore (one item).

⁷³ (i) Panchayati Raj Division, Bathinda-₹ 493.34 lakh (3 items); (ii) Panchayati Raj Division, Ludhiana-₹ 1177.45 lakh (1 item); (iii) Provincial Division, Bathinda- ₹ 415.90 lakh (1 item); (iv) Construction Division No. 2, Jalandhar-₹ 193.74 lakh (3 items); (v) Construction Division No.1, Jalandhar-₹ 0.20 lakh (1 item); and (vi) Construction Division No. 2, Kapurthala-₹ 401.72 lakh (1 item).

kept under MPWA for completing accounting entries. EE, Panchayati Raj Division, Bathinda stated (October 2013) that misclassification had now been rectified. EE, Construction Division No. 2, PWD (B&R), Jalandhar stated (October 2013) that out of ₹ 1.94 crore, ₹ 1.26 crore had been adjusted/cleared up to August 2013 and the balance would be adjusted soon.

(iv) Credit balances under MPWA

Credit balances represent the amounts received in excess of the funds advanced and thus, should be classified under the head Public Works Deposits-miscellaneous deposits which is meant to accommodate all items of receipt, the classification of which cannot be determined at once.

In 26 selected divisions, credit/*minus* balances of ₹ 3.32 crore (*Appendix 3.7*) representing 144 items pertaining to the period from September 1970 to March 2013 were outstanding under MPWA as on 31 March 2013. Keeping the credit balances under MPWA is not only against the rules but also nullify the other items of MPWA in the divisional records which ultimately lead to not presenting the true and fair position of this suspense head in the State's Accounts. Besides this, non-clearance/adjustment of credit balances for such a long time may lead to its misappropriation.

On this being pointed out (August 2013), EE, WSSD No. 2, Amritsar noted (August 2013) the observation for future compliance. EE, WSSD (Mechanical), Patiala stated (August 2013) that the amounts were placed under MPWA inadvertently and necessary rectification would be done. EE, Construction Division No. 2, PWD (B&R), Jalandhar stated (October 2013) that these items would be cleared in due course.

(v) Difference of the totals of Monthly Abstract and Form 32 again booked to MPWA

As per para 5.14 of Departmental Financial Rules, any amount becoming irrecoverable should be got written off with the orders of the competent authority. However, in three⁷⁴ divisions, ₹ 2.44 lakh on account of difference in figures of totals of monthly abstract of MPWA and Form 32 appended to monthly accounts was again debited to MPWA as a single entry without any reference to the original items. This practice would not only limit the scope of recovery or settlement of these items permanently but also lead to erosion of accountability for siphoning of Government money.

3.16.3 Variation in figures in monthly accounts and MPWA Registers

In 18 selected divisions, there was an overall difference of ₹ 5.66 crore (*Appendix 3.8*) between the figures reported by the divisions through Form 32 appended to the monthly accounts and those appearing in MPWA Registers of the divisions. In eight divisions, the figures reported by the Executive Engineers through Form 32 were less by ₹ 1.24 crore than the figures

⁷⁴ (i) Investigation Division (J), Hoshiarpur- ₹ 0.46 lakh; (ii) Electrical Division, PWD (B&R), Chandigarh- ₹ 1.57 lakh; and (iii) Construction Division No. 1, PWD (B&R), Jalandhar- ₹ 0.41 lakh.

appearing in the MPWA Registers whereas in 10 divisions, these were reported in excess by ₹ 4.42 crore.

On this being pointed out, EE, Canal Lining Division, Sri Muktsar Sahib stated (August 2013) to have rectified the difference in figures. Whereas, five⁷⁵ EEs stated (May-October 2013) that the difference would be reconciled and adjusted.

The matter was referred to the Government in July 2013; reply was awaited (December 2013).



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The

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Countersigned



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⁷⁵ (i) Construction Division No. 2, Kapurthala; (ii) Provincial Division, Nawanshahar; (iii) Shah Nehar Extension (Civil) Division, Hoshiarpur; (iv) WSSD No. 2, Amritsar; and (v) Construction Division No. 2, PWD (B&R), Jalandhar.