

AUDIT OF TRANSACTIONS

- 3.1 Fraud and detection of fraud
- 3.2 Non-compliance with rules and regulations
- 3.3 Audit against propriety and cases of expenditure without adequate justification
- 3.4 Failure of oversight/governance

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

3.1 Fraud and detection of fraud

Audit of financial transactions, test checked in some departments of the Government and their field functionaries showed instance of fraudulent payments. The cases of fraudulent payments are discussed in the following paragraphs:

HOME DEPARTMENT (POLICE)

3.1.1 Fraudulent drawals from the treasury

Rupees 71 lakh was fraudulently drawn from the Treasury at Rae Bareli as the prescribed system was not adhered to in the office of the Commandant, 25th Battalion, Provincial Armed Constabulary, Rae Bareli.

As per General Provident Fund (GPF) Rules, 1985, GPF accounts of the employees of Group C category is maintained by the Office of AG (A&E), Allahabad. The maintenance of GPF accounts of employees of Group D category is the responsibility of the Heads of Offices. In case, a Group D category employee is promoted to the Group C category, the balances of his GPF accounts should be transferred to the office of AG (A&E), Allahabad for maintenance. Besides, as per provisions contained in the Budget Manual¹, the Drawing and Disbursing Officer (DDO) must reconcile each drawl by obtaining DDO Reconciliation Statement from the treasury and endorse the variations/ additional drawls to the Treasury Officer in the verification note.

The head constables and constables of Provincial Armed Constabulary (PAC) are employees of Group C and D categories respectively.

Scrutiny of the records of the office of the Commandant, 25th Battalion, PAC, Rae Bareli revealed (June 2012) that there were 116 head constables in the Battalion as of May 2013, who were promoted from the post of constables. However, the outstanding balances of GPF of 82 out of 116 head constables were not transferred on their promotion to the post of Group C category by the Commandant to the office of AG (A&E), Allahabad for maintenance of their GPF accounts.

¹ The drawing and disbursing officer must obtain reconciliation statement in Form B.M. 5 (in triplicate) duly signed by the Treasury Officer by the 5th of the ensuing month and reconcile every drawal (voucher) from the treasury. The reconciliation statement must contain voucher number, date, grant number and all level of heads of accounts including the standard object of expenditure.

Further, it was also observed that the Commandant sanctioned permanent advances of ₹ 1.07 crore to the constables during September 2011 to April 2012² for withdrawals from GPF accounts maintained by him. The head constable of the Battalion, holding the charge of Treasury *Hawaldar*, prepared bills during the same period for withdrawals of these advances from the treasury at Rae Bareli and fraudulently added his own name (in 12 cases)/ the name of his son (in one case)/ the names of other employees (in three cases) and thus inflated the amount of the bill by ₹ 71 lakh to ₹ 1.78 crore. The inflated bills bearing overwritings and cuttings over the amounts were sent to the treasury at Rae Bareli during October 2011 to April 2012 for payments. The Treasury Officer, Rae Bareli without taking cognizance of the overwriting and cuttings over the amounts of the bills, in disregard of the provisions contained in the Financial Handbook³, passed the bills for payments of ₹ 1.78 crore and issued individual treasury cheques. These cheques were deposited in the banks. The details of amounts sanctioned, amounts drawn from the treasury etc. are given in **Appendix-3.1**.

Further, the Commandant received DDO Reconciliation Statement pertaining to September 2011 to April 2012 from the treasury for verification. However, the Commandant sent the verification note to the Treasury Officer, at Rae Bareli without reconciling the fraudulent drawls of ₹ 71 lakh from the treasury and as such these drawals remained undetected.

On this being pointed out in audit (27 June 2012), the Commandant, 25th Battalion, PAC, Rae Bareli lodged (29 June 2012) a First Information Report with the police against the head constable. The police, on investigation noticed involvement of an Assistant Sub Inspector also and seized ₹ 54.53 lakh, besides a car and a bike from them. The police also filed (September 2012) a case in the court where it was in progress as of July 2013. The departmental enquiry was also in progress (as of July 2013). The seizures confirm that ₹ 71 lakh was withdrawn fraudulently from the treasury due to failure to adhere to the prescribed system.

In reply, the Government confirmed (September 2013) the facts and figures. During discussion (December 2013), the Government assured that departmental action will be taken against the erring officials.

PUBLIC WORKS DEPARTMENT

3.1.2 Fraudulent payment of salary

Failure to follow financial rules and the exercise of required internal control/checks led to fraudulent payments of salary of ₹ 10.36 lakh to two beldars due to stayal in service beyond the date(s) of superannuation.

As per para 136 of Supplementary Rules (SR) of Financial Hand book Vol-II, a service book shall be maintained for a Government Servant from the date of his appointment by the Head of office who must ensure that all entries are

² Out of period of March 2009 to May 2012 covered in audit.

³ In terms of Appendix XXIII [Para 428 (I)] of Financial Handbook Volume V Part II, the treasury officer is responsible to ensure the bills/vouchers do not contain erasures and cuttings therein have been properly attested.

duly made and attested and that the service book contains no erasure or overwriting. According to Government Order (October 1994) the recovery of payments, made for overstayal i.e. service period after the age of superannuation, will be made from responsible officer instead of the concerned employee(s).

Scrutiny of the records (March 2013) of the Executive Engineer (EE), Provincial Division, Lakhimpur Kheri revealed that two employees, Sri Itwari s/o Sri Chauthi and Sri Prabhu s/o Sri Puttu, were appointed as Beldar (March 1977). Their dates of birth were certified by the Chief Medical Officer (CMO), Lakhimpur Kheri as 32 years on 17.4.1980 and 16.6.1980 respectively. Accordingly, they were to retire on 30.04.2008 and 30.06.2008 respectively on superannuation. However, both the employees were not retired on their due dates of retirement by the division and both of them continued to draw salary till September 2011. On the request (September 2011) made by employees for Voluntary Retirement, it came to notice (October 2011) of the division that their dates of birth were entered in service book as 17.4.1958 and 16.6.1958 by overwriting on the dates of 17.4.1948 and 16.6.1948 respectively. In the period of 31 years upto the date of retirement, the department did not carry out the prescribed checks, verification and correction of the wrong and overwritten date of birth of employees' service books, which showed that the Head of the office viz. EE did not comply with the provisions of financial rules regarding service books. This led to overstayal in service by these employees by 39 and 41 months respectively, resulting in payment of ₹10.36 lakh as pay and allowances. They were however retired retrospectively from their due dates of retirement (30.4.2008 and 30.6.2008 respectively) on 22.10.2011 by EE. An enquiry committee, formed (October 2011) and later reconstituted (September 2012) by EE, held responsible, in its report, establishment clerks for manipulation in service books.

On this being pointed in audit, EE stated (March 2013) that report of inquiry committee is awaited and action will be taken as per the direction of higher authorities. Further, EE communicated (September 2013) that enquiry has been completed and overpayment was recovered from the concerned officials. The reply confirms the facts. Thus, non-adherence to the provisions of financial rules regarding necessary checks of service books and system failure resulted in overstayal of Beldars in service and over payment to them as pay and allowances. Further, recovery was made (July to September 2013) from the two beldars, (when the matter was pointed in the audit in March 2013), against the recovery to be made by the department from the responsible officer(s) as required under the Government Order (October 1994). Further, no action had been initiated against the erring officials.

The Government, during discussion (January 2014), confirmed the facts and figures and stated that the amount of overpayment was recovered from the concerned officials and action was being taken against the erring officials/officers.

3.1.3 Suspected fraud and misappropriation

Payment of ₹ 4.31 crore in violation of the financial rules, accounting system and Government orders led to fraud and misappropriation.

As per provisions of Financial Hand Book Vol.-VI⁴, Government order (July 1991) and Circular (July 1991) of Engineer-in-Chief, Public Works Department, no drawls from treasury were to be made without bills; daily transactions were to be entered in the cash book and verified regularly. Disbursing officers are expected to tally each entry of payment in the cash book against vouchers and the entries of cheques entered in cheque issue register must be verified. Disbursement of payments is to be made only after these checks have been exercised. Works abstract posted with the vouchers must be completed daily, tallied with cash outlay and the monthly account must be prepared factoring in the works abstract and counter checked with entries in cash book. Monthly account, containing classified abstract of expenditure and schedule of works expenditure, must be sent to the office of Accountant General every month. Divisional Officer will, before submitting the monthly accounts, carefully examine the books, returns and records from which these are compiled. The divisional officer is responsible for the correctness, in all respect, of the original records of cash and stores; receipts and expenditure; and the completeness of vouchers.

Scrutiny of the records (February 2013) of Executive Engineer (EE), Provincial Division, PWD, Amethi, revealed that during September, October, November, December 2012 and January 2013 ten cheques aggregating ₹ 4.31 crore⁵ were issued to a contractor M/s Hind Construction Enterprises which were encashed during September 2012 to January 2013, in the respective months of the issue of these cheques, without supporting vouchers and entries in the cash book and cheque issue register. Cheques of preceding and succeeding numbers were however, entered in the cash book. Monthly closing of cash book was not done since September 2012 till 18 February 2013. The monthly accounts of these months were prepared and sent to the Office of the Accountant General (A&E) excluding the details of drawls/ payments of ₹ 4.31 crore. It was further found that the payments against these cheques were included in the accounts for March 2013 through transfer entry order (TEO) by adjusting minus balances of the amounts shown in Form-51 of February 2013. Adjustment through TEO was not in order as drawals of minus cheques, shown in TEO, were not as per financial rules. These were debited as miscellaneous advance against the contractor. As such, the accounting system, financial rules and regulations, the Government Orders and departmental circulars were violated by making fraudulent payment of ₹ 4.31 crore to favour a contractor. Entry of the issue of the cheques was not made in the cheque issue register, cash book and works abstract. Monthly account (February 2013) was prepared and sent (March 2013) to the Accountant

⁴ Article 153, 157, 159, 160, 161 and 163.

⁵ Cheque No: 0785060 dated 01-09-12: ₹ 1.15 crore; 0785257 dated 26-10-12: ₹ 0.40 crore; 0785296 dated 05-11-12: ₹ 0.60 crore; 0785374 dated 16-11-12: ₹ 0.63 crore; 0785612 dated 24-12-12: ₹ 0.18 crore; 0785617 dated 04-01-13: ₹ 0.20 crore; 0785618 dated 05-01-13: ₹ 0.28 crore; 0785633 dated 09-01-13: ₹ 0.25 crore; 280365 dated 10-12-12: ₹ 0.10 crore and 280353 dated 12-10-12: ₹ 0.52 crore.

General without incorporating these payments. The transfer entry was carried out (March 2013) in the monthly account for March 2013.

On this being pointed out in audit, the then EE stated in his reply (February 2013) that payments were made to the contractor against agreements entered into for construction of residential colony for the staff of PWD and payment was covered against bank guarantee, the entry of which in the cash book was not made due to transfer and retirement of many senior clerks and ill health of cashier. But, present EE stated (13 August 2013) that the payments were made without agreements and supporting vouchers consequent to which a departmental proceeding was instituted (July 2013) against EE and FIR was lodged (July 2013) against him for financial irregularities and loss to the Government. The reply confirms (July 2013) the audit findings that the payments were made in violation of financial rules and regulations. Thus, the serious financial irregularities of suspected fraud and misappropriation in payments to favour a contractor resulted in loss of ₹ 4.31 crore to the Government.

The Government in its reply stated (July 2013) that the concerned EE has been suspended, FIR lodged against him and an inquiry set up (July 2013) under UP Government servant (Discipline and Appeal) Regulation, 1999, against EE.

The Government, during discussion (January 2014), confirmed the facts and figures and stated that the enquiry report against the concerned EE was awaited. Necessary action would be taken as per rules on receipt of the enquiry report.

3.2 Non-compliance with rules and regulations

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

HOME DEPARTMENT (POLICE)

3.2.1 Non-observation of the prescribed purchase procedure led to excess expenditure

As the prescribed purchase procedure was not followed, the Government was deprived of the benefit of competitive prices. Further, the violation of the principles of Financial Discipline and Management resulted in excess expenditure of ₹ 1.40 crore.

As per the Chapter XIX of the Budget Manual of the State Government relating to the Principle of Financial Discipline and Management, every public officer is expected to exercise the same vigilance in respect of expenditure from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money. Further, the Finance Department also issued an order in September 2008 for mandatory invitation of tenders for purchase of material valued above ₹ one lakh.

Scrutiny of the records in Central Audit of vouchers at Accountant General (A&E) office and further information collected (December 2012) from the office of the Additional Director General of Police, Police Headquarters (ADGP, PHQ), Allahabad revealed (November 2012) that the Government, to control riots in the State after the judgment (30 September 2010) of the Hon'ble High Court on *Ram Janam Bhumi* and *Babri Masjid*, sanctioned (August 2010) ₹ four crore for purchase of 80,000 pieces of torch⁶ for use by the homeguard volunteers with the condition that these would be purchased in accordance with the prescribed procedure. However, ADGP, PHQ, Allahabad ordered (September 2010) to purchase the torches from the Uttar Pradesh *Rajya Karamchhari Kalayan* Nigam, despite the fact that this was not one of the reserved items authorised for purchase from it, without inviting quotations/tenders in contravention of the aforesaid order (September 2008) of the Finance Department. This deprived the Government of the benefit of competitive prices. The purchase orders were accordingly, issued (September 2010) to the Nigam. However, before the supplies of the torches commenced, the law and order situation of the State changed and the Principal Secretary, Homeguard, Government of UP, intimated (October 2010) ADGP, PHQ, Allahabad that the purchase of such a large number of torches were not required in view of the changed circumstances. Instead of cancelling the aforesaid purchase order, ADGP, PHQ, Allahabad received the supplies (January 2011 to March 2011) from the supplier which were arranged through a private firm⁷ and paid ₹ 2.80 crore (February 2011 and March 2011). The remaining amount of ₹ 1.20 crore was surrendered (March 2011) to the Government. The torches purchased were allotted (March 2011) to the District Commandants, Homeguards.

Audit compared the market price of the torches and also ascertained their end use. It revealed that the market price of the torch per piece was lower than the rate at which the Nigam had supplied⁸. This led to excess expenditure of ₹ 1.40 crore. Further, in one district⁹ where 2,200 torches were delivered, 1,200 were made available to the police stations for use by police and only the balance 1,000 to the District Commandant, Homeguards for homeguard volunteers. In nine districts¹⁰, where 17,015 torches were supplied, 13,280 were lying in stock¹¹ as of May 2013 since March 2011 (when these were delivered).

⁶ At the rate of ₹ 500 per torch.

⁷ Rishi Enterprises, Lucknow.

⁸

Specification	Make & Model	Body	Type	Type of Bulb	Length	Rate
As per supply order dated 18-09-2010	Not specified	Plastic	3 cell	LED	Not specified	₹ 300 (cost of free items excluded)
As per web site www.eveready industries.com and www.infibeam.com on 28 May 2013	Eveready/D L10	Plastic	3 cell	LED	7.92 inch	₹ 125
Difference	₹ 175*80,000 = ₹ 140 lakh					

⁹ Allahabad.

¹⁰ Moradabad: 1,700, Kanpur: 3800, Faizabad: 1,400., Lucknow: 2,550, Varanasi: 2,000, Aligarh: 1,595, Bareilly: 2120, Jhansi: 1,100 and Azamgarh: 750.

¹¹ Moradabad: 1,465, Kanpur: 3,595, Faizabad: 1,400, Lucknow: 1,657, Varanasi: 1,700, Aligarh: 694, Bareilly: 1,082, Jhansi: 1,100 and Azamgarh: 587.

Thus, as the prescribed purchase procedure was not followed, the Government was deprived of the benefit of competitive prices. Further, the violation of the principles of Financial Discipline and Management resulted in excess expenditure of ₹ 1.40 crore. These torches were supplied to the police for whom these were not purchased and were also lying unused in the offices of the District Commandants.

Special Secretary, Government of UP stated (April 2013) that the torches were required urgently to control riots in the State. The reply was not acceptable because the supplies of torch were received quite sometime after the judgment and after the intimation (October 2010) of Principal Secretary, Homeguard, Government of UP that such large number of torches were not required in view of the changed circumstances.

The matter was referred to the Government in May 2013. However, reply has not been received (February 2014).

HOUSING AND URBAN PLANNING DEPARTMENT

3.2.2 Retention of large funds outside the Government Accounts

Failure of the Government to observe codal provisions led to retention of ₹ 233.12 crore outside the Government account in a scheduled bank for over 36 months already.

Paragraph 174, Chapter XV of the State Budget Manual forbids withdrawal of funds from the treasuries unless required for immediate use.

The Government created a ‘Permanent Corpus’ with the objective to maintain a monument¹² in Lucknow out of the interests earned on the amounts and sanctioned (2007-09) ₹ 161.28 crore¹³. The amounts were drawn from the treasury and deposited in an account opened in a scheduled bank¹⁴. The Vice Chairman, Lucknow Development Authority was responsible for operation of the account.

Scrutiny of the vouchers in Central Audit for the month of November 2011 and further information collected (October 2012 and June 2013) from the office of *Smarkonm Sangrahalayon, Sansthaon, Parkon Evam Upvanon Aadi Ki Prabhandhan Suraksha Evam Anurakshan Samiti*, Lucknow (*Samiti*¹⁵) revealed that the Government, in February 2009, created a another Corpus Fund for maintenance of six monuments¹⁶ out of the interest earned on the deposits and also constituted (May 2009) a ten-member committee under the chairmanship¹⁷ of the Principal Secretary, Department of Housing and Urban Planning for management of the Corpus Fund and execution of the maintenance works. The Government instructed (May 2009) that the amounts

¹² Doctor Bhim Rao Ambedkar *Samajik Parivartan Sthal*, Lucknow.

¹³ August 2007: ₹ 1.28 crore, March 2008: ₹ 80 crore and July 2008: ₹ 80 crore.

¹⁴ Saving Bank Account number 5050 in Indian Overseas Bank, Gomti Nagar Branch, Lucknow in favour of Bhim Rao Ambedkar *Samajik Parivartan Sthal*, Lucknow.

¹⁵ The *Samiti* was registered in June 2009 under the Society Registration Act, 1860.

¹⁶ Doctor Bhim Rao Ambedkar *Samajik Parivartan Sthal*, Lucknow, Kanshi Ram Ji *Smarak Sthal*, Lucknow, *Bodh Vihar Shanti Upvan*, Lucknow Ambedkar Maidan, Smiriti Upvan, Lucknow and Kanshi Ram Ji *Sanghrallya*.

¹⁷ Other members were: Vice Chairman, Lucknow Development Authority, Managing Director, UP Rajkiya Nirman Nigam, Lucknow and Finance Controller, Lucknow Development Authority, Lucknow etc.

lying in the 'Permanent Corpus' will be transferred to this Corpus Fund. Accordingly, ₹ 161.28 crore with an interest of ₹ 16.42 crore was transferred to the bank account of the *Samiti* in November 2009. Out of the interest earned, ₹ 6.20 crore was spent¹⁸ during 2009-13.

In September 2010, the Government decided to utilize the interest earned on the Corpus Fund in celebration of births etc. of legendary people and to provide grants-in-aid annually from its budget to the *Samiti* for maintenance of the monuments. Accordingly, the Government sanctioned ₹ 25.84 crore during 2011-12. Of ₹ 25.84 crore, ₹ 25.29 crore was spent on the management and maintenance of monuments during the same period and the remaining ₹ 55 lakh was surrendered (March 2012) without assigning any reason.

As of June 2013, ₹ 233.12 crore, lying in the Corpus Fund, was invested in the Term Deposit Receipt/Flexi Account for one year to earn an interest of ₹ 21.52 crore upto May 2014.

In reply, the Government stated (October 2013) that the amounts were retained in the banks after obtaining consent of the Finance Department to earn maximum interest. The reply confirms that the funds were not required for immediate use. During discussion (February 2014), the Government, confirming the facts and figures, stated that further action will be taken after consultation with the Finance Department.

Thus, the Government, in disregard of the codal provisions, retained ₹ 233.12 crore, for more than 36 months already, outside the Government account in bank in the form of Term Deposit Receipt. Further, frequent changes in the decisions by the Government with regard to source of funding for maintenance of the monuments and ultimately adopting the budgetary route was indicative of lack of decisiveness on the part of the Government.

IRRIGATION DEPARTMENT

3.2.3 Undue favour to the contractors

Non-compliance to the Government notification for deduction of Cess by the Head Works Division, Agra Canal, resulted in undue financial aid of ₹ 1.26 crore to the contractors.

With a view to regulate the employment and conditions of service of building and other construction workers and to provide for their safety, health and welfare the Government of India (GoI) enacted 'The Building and Other Construction Workers Welfare Cess Act, 1996' which came into force on the 1 March 1996. The Government of Uttar Pradesh (GoUP) also implemented the Act vide a notification¹⁹ (February 2009) and subsequently constituted²⁰ (November 2009) UP Building and other Construction Workers Welfare Board (Board) in compliance to GoI's Act. Further, GoUP issued (November

¹⁸ Maintenance works: ₹ 2.93 crore; Salaries and wages: ₹ 27.86 lakh; Electricity: ₹ 1.20 crore; Decoration: ₹ 1.19 crore; Security: ₹ 9.14 lakh; and Other expenses: ₹ 51.47 lakh.

¹⁹ Notification No. 143 dated 04.02.2009.

²⁰ Notification No.1411 dated 20.11.2009.

2009) instructions²¹ to all executive agencies for deduction of Cess at the rate of one *per cent* of the total cost of the construction incurred by an employer as envisaged in the Act. Accordingly, all the Government departments and the public sector undertakings, engaged in construction works, were required to deduct Cess at the rate of one *per cent* from the bills of the contractors and deposit the same to the Board through a crossed demand draft payable in favour of "UP Buildings and other construction workers Welfare Board". Subsequently, the Chief Secretary, GoUP also issued directions (February 2010) to all the departments for compliance of the Government notification of February 2009.

During scrutiny of the records (June 2012) of the Executive Engineer (EE), Head Works Division, Agra Canal, Okhla, New Delhi, Irrigation Department U.P. we observed that the Superintending Engineer, Executive Engineer and Assistant Engineers executed 939²² agreements amounting to ₹ 160.97 crore during the period April 2010 to May 2012 for various works. They paid ₹ 168.20²³ crore (May 2013) to the contractors, but deduction on account of Cess amounting to ₹ 1.68²⁴ crore (one *per cent*) as envisaged in the notification, was not made. Amount of ₹ 0.42 crore was however recovered from the bills of contractors after the issue was raised in audit (May 2013).

On this being pointed out in audit EE stated (June 2012) that as the division was not aware of the Government Order relating to deduction of Cess, it did not make provisions for the same in the approved estimates. However, it was seen in audit that the Government Order for deduction of Cess was received in division on 10 December 2010. Thus, non-compliance to the Government notification in respect of deduction of Cess, applicable in all the States' and the Central Government departments or of a Public Sector Undertaking, resulted in undue financial aid of ₹ 1.26 crore to the contractors.

The Government, during discussion (November 2013), while accepting the facts and figures, stated that action would be ensured against the concerned officers by fixing the responsibility and direction was given to recover the balance labour Cess from the contractors.

3.2.4 Loss to the Government

Non-adherence to the financial rules and Government orders for levying of centage charges led to loss of ₹ 13.22 crore, till April 2013, to the Government.

Financial Rules²⁵ stipulate provision of centage charges on deposit works. The Government also directed (February 1997 and January 2011)²⁶ the executing agencies to levy centage charges at the rate of 12.5 *per cent*

²¹ Notification No. 1412 dated 20.11.2009.

²² SE-14 no. of agreements, EE- 71 no. of agreements and AEs- 854 no. of agreements.

²³ ₹ 54.20 crore for completed agreements numbering 932 and ₹ 114.00 crore for ongoing agreements numbering seven agreements.

²⁴ One *per cent* of ₹168.20 crore.

²⁵ Para 635 and 636 of Financial Hand Book Volume-VI.

²⁶ No.A-2-87/Dus-97-17(4)-75 dated 27/02/97 & Government order dated 25-01-2011.

including one *per cent* audit and accounts fee on deposit works carried out by Public Works Department/Irrigation Department for the works of non-government organisation, and local bodies.

During scrutiny of the records (June 2012) of the Executive Engineer (EE), Head Works Division, Agra Canal, (HWDAC) Okhla, New Delhi we observed that on being asked for by New Okhla Industrial Development Authority, Gautam Budha Nagar (NOIDA), the division took up the works relating to widening of Yamuna Marginal Bund and construction of four lane road from Km 0.000 to Km 11.200, in Gautam Budh Nagar, as deposit work. The administrative approval and financial sanction to the work was accorded (June 2009) by NOIDA at ₹ 99.68 crore. The Chief Engineer (Ganga), Meerut executed a Memorandum of Understanding (MoU) with Chief Engineer, Project, NOIDA for the work in July 2010. The Superintending Engineer, 3rd Circle Irrigation Works, Agra executed (July 2010) an agreement²⁷ with M/s NKG Infrastructure, Ghaziabad for ₹ 97.27 crore with scheduled dates of commencement and completion as 1 November 2010 and 31 October 2011, respectively. We further observed, that in violation of the terms of the financial rules and Government orders, centage charges²⁸ was not levied on the works executed for NOIDA by the division due to non-inclusion of the clause relating to levy of centage charges in the MoU, signed between Chief Engineer (Ganga), Meerut and Chief Engineer, Project, NOIDA. NOIDA allotted (March 2013) ₹ 110.41 crore to the division (HWDAC) for the work. The work was incomplete and an expenditure of ₹ 105.73 crore had been incurred without levy of centage charges till April 2013.

On this being pointed out in audit, EE stated (June 2012) that as per the decision of the higher authorities and conditions of MoU, centage charges were not levied. It was further stated that both the departments were under the State Government. The reply was not correct as NOIDA claims to be a self-financed autonomous body, not receiving any grants from the Government and all senior positions in it are manned by senior Government officers. Moreover, as per the Government orders (February 1997 and January 2011) centage charges @ 12.5 per cent on deposit works, carried out by Public Works/Irrigation Departments for the works of non-Government organisation and local bodies are to be levied and therefore, centage charge should have been levied as envisaged in the financial rules and Government orders.

The Government, during discussion (November 2013), while accepting the facts and figures, stated that action would be ensured against the concerned officers by fixing their responsibility and direction was given to recover the centage charges from NOIDA authority.

Thus, non-adherence to the financial rules and Government orders had already led to loss of ₹ 13.22 crore²⁹ to the Government due to non-levy of centage charges till April 2013. It would increase further as expenditure progresses.

²⁷ 06/SE/10-11 dated 24-07-2010.

²⁸ In deposit works, amount chargeable as establishment, tools and plant and audit and account charges if any, is treated as *percentage* /centage charges.

²⁹ 12.5 *per cent* of ₹ 105.73 crore = ₹ 13.22 crore.

3.2.5 Loss to the Government

Purchase of high density polyethylene/polypropylene bags, in violation of financial rules and the Government orders, led to loss of ₹ 1.18 crore to the Government.

Para 523 of Financial Hand Book Vol VI envisages that to facilitate the preparation of estimates a Schedule of Rates (SoR) for each kind of work, commonly executed, should be maintained and kept up to date. The rates mentioned in the estimates should generally agree with the scheduled rates. Further, the Government orders³⁰ stipulate that Superintending Engineer (SE) is authorised to purchase materials only up to ₹ one lakh in a calendar month, on the basis of quotation/tender. For any procurement above ₹ one lakh, invitation of tenders is mandatory. The Government order (October 2007) also provided that purchases ranging from ₹ 1.5 crore to ₹ six crore be made only through Departmental Purchase Committee.

Scrutiny of the records (November 2012) of the Executive Engineer (EE), Flood Division, Badaun revealed that 28 lakh new HDPE/PP bags were to be purchased for two flood protection projects³¹. We observed that these bags were purchased by the Superintending Engineer, Flood Works Circle, Bareilly (SE) in May and June 2012 at ₹ 2.64 crore beyond his financial powers for purchase of materials. Of the seven supply orders placed for the bags, six were on a single firm³². No tenders were invited by SE and the purchase was made on the basis of quotations in violation of Government orders. Moreover, during the scrutiny of sanctioned estimates³³ of these projects and Schedule of Rates (SoR) prescribed for Badaun district, it was found that against the rate of ₹ 5.20 per bag, supply orders for the bags were placed @ ₹ 9.40 to ₹ 9.47 per bag, which was higher by ₹ 4.20 to ₹ 4.27 per bag. The division paid ₹ 2.64 crore (May 2013) for supply of 27.98 lakh bags. Thus, placing supply orders, beyond financial powers and without inviting tenders, at higher rates by the SE, in violation of the Government orders and financial rules, led to loss of ₹ 1.18 crore to the Government (*Appendix-3.2*).

On this being pointed out in audit, EE stated (November 2012) that the quotations were invited by SE after the approval of Chief Engineer (East Ganga) Irrigation Department, UP, Moradabad and supply orders were placed at the minimum rates. The reply confirms that the supply orders were placed on quotation basis by SE, beyond his financial limit in a calendar month and also at rates higher than those prescribed in SoR, without inviting tenders, for purchase. Further, the procurement was also not made through the required Departmental Purchase Committee, as envisaged in the Government order for procurements between ₹ 1.50 crore to ₹ 6.00 crore.

³⁰ No. 2997 dated 16.10.2007 and A-1-864 dated 23.09.2008.

³¹ Flood protection works of Jauri nagla Tat Bundh from Km 1.750 to Km 4.810 and Ushait Tat Bundh from Km 12.700 to Km 14.00.

³² M/s bindki Plastofab Pvt. Ltd. Kanpur: Six Supply Orders and M/s N P Agro India Industries Ltd. Bareilly: One Supply Order.

³³ No. 09/2012-13 dated 03-05-12 and 01/2012-13 dated 04-04-12 sanctioned by the Chief Engineer (East Ganga) Irrigation Department, U.P.

The Government, during discussion (November 2013), while accepting the facts and figures, stated that action would be taken against the concerned officers by fixing their responsibility for purchase of HDPE bags at higher rates in violation of financial rules.

3.2.6 Wasteful expenditure

Construction of dampeners without ensuring technical soundness, resulted in breach of bund, wasteful expenditure and creation of liability of ₹ 1.35 crore.

Para 318 and 375 of Financial Rules³⁴ provide that no work shall be commenced unless a properly detailed design and estimate have been sanctioned and allotment of funds made, and orders for its commencement issued by the competent authority. Further, as per Para 318 of Financial Rules, technical sanction must be obtained before a work is commenced. These approvals ensure that the works are structurally sound and the estimates are accurately calculated and based on adequate data. The Government order (August 2011) also provides that it is essential to obtain Administrative Approval (AA), Financial and Technical Sanction (F&TS) and to ensure availability of funds before commencement of any work.

Scrutiny of the records (October 2012) of the Executive Engineer (EE), Flood Works Division, Gonda revealed that with a view to protect Elgin Bridge Charsari bundh (in Gonda) from Km 11.530 to Km 12.800 and a spur at Km 11.750, the Permanent Steering Committee (PSC) of Uttar Pradesh State Flood Control Council accorded (July 2011) approval to a project for construction of four dampeners³⁵ at a cost of ₹ 1.39 crore. The EE, however, executed four agreements³⁶ for construction of dampeners³⁷ with scheduled dates of commencement as 22 May 2011 and completion as 21 June 2011 at a cost of ₹ 0.26 crore even before the approval of the project by PSC and without obtaining AA, F&TS from the competent authority. Besides, the estimate of the project was also not sanctioned by the Chief Engineer (CE). The work was completed (June 2011) at a cost of ₹ 1.35 crore³⁸ including material of ₹ 1.05 crore issued from stock. The dampeners were submerged and washed away in the river (August 2011) during flood resulting in breach of bundh at Km 11.560 and damage of spur³⁹. Though the division did not make any payment (August 2013) and showed the expenditure as liability, construction of dampeners without technical sanction, in violation of para 318 and 375 of financial rules and the Government order (August 2011), led to breach of bundh resulting in wasteful expenditure and creation of liability of ₹ 1.35 crore due to non-availability of funds.

On this being pointed out in audit (October 2012 and February 2013), the EE stated that the project was approved by the Permanent Steering Committee and

³⁴ Para 375 and 318 of Financial Hand Book Vol.-VI.

³⁵ Dampeners are constructed as a part of anti-erosion work where silting is to be done by reducing the velocity of river.

³⁶ Agreement No. 41/EE/11-12 ₹ 724473, 46/EE/11-12 ₹ 660520, 47/EE/11-12 ₹ 592681 & 52/EE/11-12 ₹ 638950 dated 22-05-2011.

³⁷ Km 11.530, 11.590, 11.650 and 12.800.

³⁸ ₹0.30 crore against agreements + ₹1.05crore materials from stock = ₹1.35crore.

³⁹ A type of anti erosion work.

works were executed as per directions of higher authorities. The reply was not correct as the works were commenced before the approval of the project by PSC and without obtaining the required AA, F&TS from the competent authority resulting in creation of liability. The dampeners were constructed without obtaining assurance of structural soundness, approval of estimates and this resulted in their submergence during the very first flood leading to breach of bundh along with damage to spur.

The Government, during discussion (November 2013), while accepting the facts and figures, stated that responsibility would be fixed for construction of dampeners without obtaining Administrative, Financial and Technical sanctions and action would be ensured against the concerned officers.

3.2.7 Irregular drawl

Irregular drawl of ₹ 24.31 crore and retaining the same in the form of bank drafts, outside the Government accounts for one to five years resulted in the amount being unavailable to the Government.

Uttar Pradesh Budget Manual⁴⁰ provides that no money should be drawn from the treasury unless it is required for immediate disbursement and it is the responsibility of the controlling officer to surrender appropriations or portions thereof which are not likely to be required during the year as soon as lapses or savings are foreseen. Further, as per para 94 of Financial Hand book Vol.-VI, the divisional officer (Executive Engineer), as the primary disbursing officer of the division, is responsible not only for the financial regularity of the transactions of the whole division but also for the maintenance of the accounts of the transactions correctly and in accordance with the rules in force.

Scrutiny of the records (October 2012) of the Executive Engineer (EE), Madhya Ganga Canal Construction (MGCC) Division-I, Haridwar and information collected (October-December 2012 & August 2013) from six⁴¹ divisions revealed that the Central Water Commission (CWC), Government of India accorded (June 2007) approval for the Madhya Ganga Canal Project (Stage-II). The objective of the project was to utilise the monsoon discharge of river Ganga for irrigation by diverting the water through the existing left bank head regulator of Madhya Ganga Barrage in district Bijnor, Uttar Pradesh. The project which commenced in 2007-08 was scheduled to be completed in 2011-12. The administrative approval and financial sanction for the project was accorded (July 2007) by the Government of Uttar Pradesh for ₹ 1,060.76 crore. Land was to be purchased/acquired by the Government for construction of main canal along with the distribution system. Scrutiny further revealed that 2,446 Bank Drafts (BDs) for ₹ 24.31 crore (*Appendix-3.3*) were prepared by the EEs of the divisions in favour of land owners during 2008-09 to 2012-13 for purchase/acquisition of land under the project. However, the BDs were lying undisbursed with the EEs for one to five years as of June 2013 although the amount was irregularly debited to final heads of account as

⁴⁰ UP Budget Manual Chapter XV Para 174 (10), Para 107 (v) and Para 108.

⁴¹ (i) EE, MGCC Div.-6 Meerut (ii) EE, MGCC Div.-9 Sambhal, Moradabad (iii) EE, MGCC Div.-11 Aligarh (iv) EE, MGCC Div.-12 Aligarh (v) EE, MGCC Div.-13 Garhmukteshwar, Hapur and (vi) EE, MGCC Div.-14 Garhmukteshwar, Hapur.

expenditure in the same year. Besides, the State Government had to borrow funds ranging from ₹ 49,849 crore to ₹ 55,236 crore during 2009-10 to 2012-13⁴² at the average rate of interest ranging from 6.16 to 6.67 *per cent*. Had these funds been surrendered in the concerned years, the burden would have been reduced to that extent. Thus, irregular drawl of ₹ 24.31 crore and retaining the same in the form of bank drafts, outside the Government accounts for one to five years resulted in the amount being unavailable to the Government.

On this being pointed out in audit (October-December 2012), the EEs stated that the land was being purchased/acquired on the basis of mutual consent. BDs were prepared in advance in favour of land owners. The progress of registration of land was slow due to delay in the revision of land acquisition policy of the Government of India/the State Government. The reply confirms that funds were drawn from treasury without immediate requirement and retained outside the Government accounts which was in violation of provisions of Para 174 (10) of Budget Manual. Further, there was lapse of internal control in the department for ensuring financial regularity of transactions and maintenance of their accounts correctly, as the unpaid amounts were shown as expenditure in the accounts of the division for the respective years. Besides, this not only led to incorrect reporting of the expenditure but also to liability of interest on borrowed funds and consequent loss.

The Government, during discussion (November 2013), while accepting the facts and figures, stated that responsibility would be fixed for retaining the Government funds outside the Government account in the form of bank drafts and action would be taken against the concerned officers.

3.2.8 Avoidable expenditure

According technical sanction and execution of work with costlier specifications against the norms laid down by PWD for construction of rural road led to avoidable expenditure of ₹ 1.84 crore.

As per circular⁴³ of August 2007 of the Public Works Department (PWD), Uttar Pradesh for construction of new rural link roads, the crust thickness of rural roads was to be kept at 25 cm with surface painting of 20 mm by premix carpeting (PC) with seal coat type –‘A’ over the crust.

Scrutiny of the records (November 2009 and October 2010) of the Executive Engineer (EE), Irrigation Division, Bijnore and further information collected (May 2012 and February 2013) revealed that the Expenditure Finance Committee accorded approval (January 2008) for construction of metalled road on left bank of Nehtaur Branch of Eastern Ganga Canal from Km 0.000 to Km 43.346 at ₹ 14.80 crore in district Bijnore. The Government accorded financial sanction to the project in January 2009. The technical sanction (TS) was accorded (February 2007) by the Chief Engineer (CE), East Ganga, Irrigation Department, Uttar Pradesh, Moradabad with provisions of soling

⁴² Borrowings and rate of interest of 2012-13 has been assumed same as the borrowings and rate of interest of year 2011-12, as per the Report on State Finances for the year ended 2011-12.

⁴³ No. 6038MT/60MT/2007 dated 23-08-2007.

coat, intermediate coat, top coat each of stone ballast (10 cm) and Bituminous Macadam (BM-5 cm), Semi Dense Bituminous Concrete (SDBC- 2.5 cm) as bituminous surface for the construction of the road, which was costlier and against the norms laid down in the PWD circular for rural road. The Superintending Engineer, East Ganga Canal Construction Circle, Haridwar executed four agreements⁴⁴ (February 2009) for ₹12.86 crore⁴⁵ on short term tender notice with scheduled date of commencement as 20 February 2009 and completion by 19 November 2009. It was noticed that the surface painting was done by laying BM and SDBC, in place of PC with seal coat type -‘A’ on the crust thickness of 25 cm which was in violation of PWD specifications. The division made payment of ₹ 2.92 crore on laying of BM and SDBC for the quantity of work executed out of the total expenditure of ₹ 8.94 crore (July 2013). It was also seen that the work was incomplete (July 2013) against two agreements,⁴⁶ even after lapse of more than three years of scheduled date of completion although the agreements were executed on short term tender notice. Thus, accordance of TS and execution of work against the norms laid down by the PWD for construction of rural road has already led to avoidable expenditure of ₹ 1.84⁴⁷ crore as of July 2013, which is likely to increase as expenditure/completion progresses.

On this being pointed out, CE stated (May 2011) that the crust thickness of the road was kept at 25 cm as per the PWD circular of August 2007 and the work of BM and SDBC was done as per para 1.2.3 of the Government order of December 2003⁴⁸. The reply was not acceptable as the TS accorded by the CE was against the PWD circular of August 2007, which prescribed that the surface painting of 20 mm by PC with seal coat type -‘A’ was to be done on the crust thickness of 25 cm. Besides, the Government order of December 2003 pertains to strengthening and widening of State highway, major and other district roads and not the rural roads.

The Government, during discussion (November 2013), while accepting the facts and figures, stated that the responsibility, after enquiry, would be fixed for undertaking the work on short term tender basis. In future work should be done after completing all the norms and as per specifications. Necessary action would be taken after enquiry for executing the above work in violation of norms of PWD and IRC.

PUBLIC WORKS DEPARTMENT

3.2.9 Avoidable expenditure

Excess overlaying of GSB on Ramkola-Kasiya road in district Kushinagar without ascertaining the permeability level of the soil, led to avoidable expenditure of ₹ 1.16 crore.

As per paragraph 4.2.1.3 and 4.2.1.4 of Indian Road Congress guidelines (IRC-37-2001) for drainage considerations and requirements, the granular

⁴⁴ Agreement No. 01(₹ 3.31 crore), 02(₹ 3.11 crore), 03(₹ 3.62 crore) and 04(₹ 2.82 crore)/SE/08-09.

⁴⁵ From Km 4.625 to 43.345.

⁴⁶ Agreement No. 01 and 04/SE/08-09.

⁴⁷ Cost of BM and SDBC for the quantity of work executed (₹2.92 crore) minus the Cost of PC with seal coat Type-A for the quantity of work executed (₹1.08 crore) = ₹1.84 crore.

⁴⁸ G.O. No. 3727/23-1-2003-16Sa./2003 dated 26.12.2003.

sub-base (GSB) should be extended over the entire formation width in case the sub-grade soil is of relatively low permeability. The thickness of the GSB in the extended portions should not be less than the prescribed minimum of 200 mm for designed traffic of 10 msa and above.

During audit we observed that the Government accorded (March 2010) administrative and financial sanction of ₹ 39.90 crore for widening and strengthening of Ramkola-Kasiya Road (3.50 meter to 7 meter in km 0.000 to 20.400) in district Kushinagar under Central Road Fund (CRF) Scheme. The Chief Engineer, Gorakhpur Zone, Public Works Department (PWD), Gorakhpur accorded (April 2010) the Technical sanction (TS). The Superintending Engineer, Deoria Circle, PWD, Deoria executed (April 2010) a Contract Bond⁴⁹ (CB) of ₹ 32.43 crore at the departmental rate for the construction of the road with M/S Hind Construction Enterprise, Ghazipur. Diagrammatic representations are given in **Appendix-3.4**.

During the scrutiny of the records of Executive Engineer (EE), Construction Division (CD) Kushinagar we further observed (June 2012) that in violation of the specifications of IRC-37-2001, a layer of 75 mm GSB was overlaid in the full width of the road formation (14.30 meter), instead of only in the carriage way. Thus, an excess of 4,988 cum⁵⁰ GSB was overlaid in the formation width⁵¹ of the road excluding the carriage way (2,788 cum) resulting in avoidable payment of ₹ 1.16 crore⁵², out of total payment of ₹ 10.92 crore made as of May 2013. Further, in contravention of the financial rules⁵³ the work was commenced against the contract bond, executed before the technical sanction of the detailed estimate of the work.

On this being pointed out in audit, EE stated (June 2012) that in addition to the

3.2 Non-compliance with rules and regulations

the entire formation width for usage as a filter material. The For sound financial administration and financial control it is essential that expenditure conforms to financial rules⁵⁴. For sound financial administration and financial control it is essential that expenditure conforms to financial rules⁵⁴. The character of soil was mentioned in the estimate nor the test report of MMEC⁵⁴, furnished later (June 2013) to audit for justifying the layer of 75 mm GSB in formation width as drainage/filter. However, during the audit of MMEC Gorakhpur (September 2013) the genuineness of test report was not proved as no entry regarding receipt of samples and tests carried out was found in the records of the college. This fact was intimated (September 2013) by audit to the Government for necessary comments. Further, in contravention of the provisions of IRC specifications, a layer of 75 mm of GSB, in formation width of the road, was laid against the minimum thickness of 200 mm. This led to an avoidable expenditure of ₹ 1.16 crore.

The Government, during discussion (January 2014), confirmed the facts and figures and stated that the nature of soil was not mentioned in the estimate. It was also accepted that the thickness of GSB layer overlaid in formation width was less than prescribed. Further, the Government assured to probe the facts regarding the genuineness of the test report in question.

⁴⁹ CB No 01/SE/2010-11 dated 07.04.2010

⁵⁰ 9500 meter x 7 meter x 0.075 meter = 4987.50 cum (Say 4988 cum)

⁵¹ Width of formation or road way is the width of carriage way including separators and shoulders.

⁵² 4988 cum @ 2321.80 = ₹1,15,81,138, Say-₹1.16 crore (6thR/B-Vr.No.73 dated 26.11.2011)

⁵³ Para 375(a) of FHB Vol-VI.

⁵⁴ Madan Mohan Malviya Engineering College, Gorakhpur.

3.2.10 Avoidable expenditure

Deviation from sanctioned provisions for construction of a road resulted in avoidable expenditure of ₹ 1.58 crore.

Paragraph 381 of Financial Hand Book Vol-V1 provides that no material alteration in sanctioned designs may be made by a divisional officer in carrying out any work, without the approval of the superintending engineer. In the case of material modifications of or deviations from a sanctioned estimate it is the duty of the executive officers to see that the sanction of the competent authority is obtained.

During audit we observed that the Government accorded (January 2009) administrative approval and financial sanction of ₹ 92.56 crore, under State road fund, for widening and strengthening of Balia-Garwar-Nagara-Barauli road, Ballia in Km 1 to 61. The Chief Engineer (CE), Azamgarh Zone, PWD, Azamgarh accorded (February 2009) technical sanction for the same amount. The existing crust of the road from km 1 to 36 and km 37 to 61 was, 400 mm and 300 mm respectively, which was to be strengthened by increasing the thickness of the crust to 680 mm (*Appendix-3.5*) which included 150 mm thick layer of Wet Mix Macadam (WMM) with other required layers.

Further, during scrutiny (June 2011) of the records of the Executive Engineer (EE), Provincial Division, Ballia, we observed that the Superintending Engineer, Ballia Circle, Ballia executed (February 2009) a contract bond for ₹ 59.06 crore with M/s Chhatrashakti Construction Company. The work was scheduled to be commenced and completed by 25 February 2009 and 24 February 2011 respectively. Payments of ₹ 54.60 crore⁵⁵ had been made to the contractor (September 2013). We also observed that an additional layer of 100 mm of WMM over the sanctioned 150 mm WMM was laid without the sanction of the competent authority in stretches of km 05, 06, 13-20, 23, 36 and 37 on the existing and widened portions of the road, which resulted in the increase of total thickness of crust to 780 mm (*Appendix-3.5*) in these stretches against the sanctioned crust of 680 mm. Resultantly, avoidable expenditure of ₹ 1.58 crore was incurred on execution of extra quantity of 7,100 cum⁵⁶ of 100 mm additional layer of WMM as of June 2013.

On this being pointed out in audit, EE stated (April 2012) that additional material of WMM was laid in these stretches for profile and camber correction as the additional work was absolutely necessary to avoid deterioration of the road due to water logging, the expenditure was met out of the saving under the project and the expenditure will be kept under the sanctioned budget. The reply was not correct as the sanctioned crust thickness of 680 mm was to be achieved by 150 mm of WMM layer with other layers. Laying of the additional WMM layer of 100 mm in the name of profile correction, which included even the widened portion of the road (being constructed newly), was not sanctioned by the competent authority as it resulted in the increase of the total crust from sanctioned 680 mm to 780 mm. Thus, an avoidable

⁵⁵ 10th R/B, Vr. no 45 Dt. 27.10.2012.

⁵⁶ 10000 m (length of the road) x 7.10 m (width of the road) x 0.010 m (thickness of the extra layer of WMM) = 7100 cum, 7100 cum @ ₹ 2226.60= ₹ 1.58 crore.

expenditure of ₹ 1.58 crore was incurred on execution of extra 100 mm layer of WMM.

The Government, during discussion (January 2014), confirmed the facts and figures, accepted the avoidable expenditure and stated that action is being taken against eight concerned officials/officers.

3.2.11 Avoidable expenditure

Use of costlier specification, in contravention of IRC guidelines, resulted in avoidable expenditure of ₹ one crore on widening and strengthening of Padampur-Khamriya link road in Ambedkar Nagar.

The specifications of IRC- 37-2001 provide guidelines for pavement design of the road given the cumulative traffic (msa), CBR⁵⁷ etc. Further, E- in- C, PWD also issued directions (September 2008) for adopting IRC specifications while framing the estimates for construction of roads.

We, during audit, observed that the Government accorded (January 2008) Administrative Approval (AA) and Financial Sanction (FS) of ₹ 3.82 crore for the widening and strengthening of Padampur-Khamriya link road (km 1 to 7.20) in Ambedkar Nagar. Technical Sanction (TS) for the work was accorded (April 2008) by CE, Faizabad Zone, PWD, Faizabad for ₹ 3.82 crore, which was subsequently revised and sanctioned (June 2010) for ₹ 4.47 crore. SE, Faizabad Circle, PWD, Faizabad executed (May 2008) a Contract Bond (CB)⁵⁸ of ₹ 2.26 crore for the work of km. 1 to km. 5.50. The work for remaining length of 1.70 km (km 5.50 to 7.20) was also got executed by the department later through the same contractor on the agreed rates of the CB.

Scrutiny of the records of EE, Construction Division-II, PWD, Ambedkar Nagar revealed (June 2011) that CBR value of sub-grade of the road was 6 *per cent*; msa was 0.91 (say 1) and the crust design sanctioned was 450 mm⁵⁹, which included costlier bituminous layers of Bituminous Macadam (BM) and Semi-Dense Bituminous Macadam (SDBC) in 7.20 km length of the said road whereas the required crust of road should be 390 mm⁶⁰ including the less costlier bituminous layer of Premix carpet as per the provisions of IRC-37-2001. Thus, ₹ 1.62 crore was spent as of January 2014 for laying of costlier bituminous layer, which led to avoidable expenditure of ₹ one crore (*Appendix-3.6*) due to faulty sanction of the crust in the estimate and its execution.

On this being pointed out in audit, EE replied that the work was done as per requirement of traffic of the road and according to TS accorded. The reply was not acceptable as TS was not in accordance with IRC specifications and utilization of costlier bituminous specification for the construction of the road resulted in an avoidable expenditure of ₹ one crore.

⁵⁷ California Bearing Ratio is a penetration test for evaluation of the mechanical strength of road sub grades and base courses.

⁵⁸ CB No 06/SE/2008-09 dated 9.05.2008.

⁵⁹ Existing crust of 150 mm, new layers of WBM of 225 mm, BM of 50 mm and SDBC of 25 mm.

⁶⁰ 165 mm of GSB; 225 mm of Granular Base; and bituminous layer with 20 mm PC.

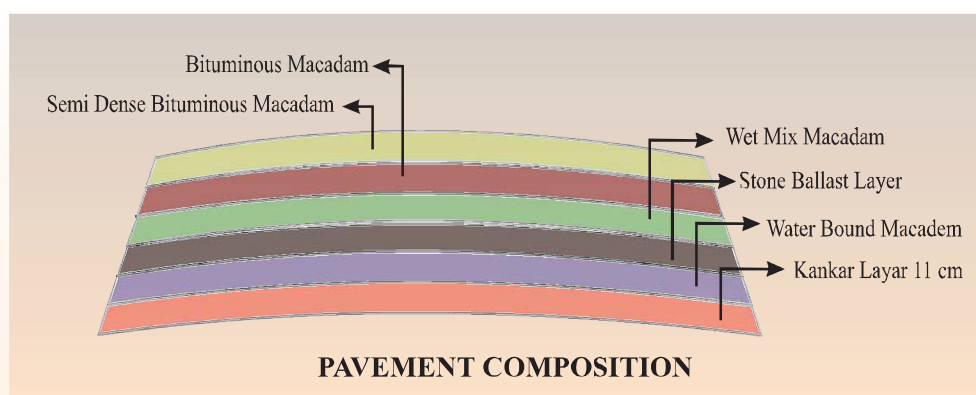
The Government, during discussion (January 2014), confirmed the facts and figures and stated that the action would be taken after enquiry into the matter.

3.2.12 Avoidable expenditure

Incorrect adoption of existing crust thickness in the specifications for widening and strengthening of Lucknow-Ballia road, resulted in avoidable expenditure of ₹ 1.56 crore.

Paragraph 318 of Financial Hand Book, VOL VI stipulates that technical sanction to the estimate ensures that the proposals are structurally sound and the estimates are accurately calculated and based on adequate data.

Scrutiny of the records (March 2011) of Executive Engineer (EE), Provincial Division (PD), Public Works Department (PWD), Jaunpur revealed that the Government accorded administrative and financial sanction (February 2008) of ₹ 27.95 crore for widening and strengthening of Lucknow-Ballia State Highway (km 187 to 216; total 29 km) in Jaunpur. The Chief Engineer (CE), Azamgarh Zone, Azamgarh accorded technical sanction to the detailed estimate of this work for the same amount in February 2009. Technical sanction contained the provision for increasing the thickness of the crust of the existing road from 17.50 cm to 70 cm⁶¹. The crust of the existing road was computed as 17.50 cm in place of 23 cm, by taking into account 12 cm stone ballast layer and only 5.50 cm *kankar* layer, half of 11.00 cm existing layer of *kankar*. The Superintending Engineer, Azamgarh Circle, Azamgarh executed Contract Bonds⁶² (February 2009 & December 2009) for executing the said work. This incorrect estimation of the existing thickness of 17.50 cm of the crust, instead of the existing crust thickness of 23 cm, led to avoidable expenditure of ₹ 1.56 crore due to laying of excess layer of 5.5 cm of wet mix macadam, which increased the total crust thickness to 75.50 cm in place of the sanctioned 70 cm. (*Appendix-3.7*). The graphic presentation of pavement composition of the road is as under:



On this being pointed out in audit, EE replied that in estimation, 17.50 cm was taken as existing crust thickness by assuming half of the existing *kankar* layer crust (of 11 cm) as 5.5 cm of the original crust thickness. The reply confirms

⁶¹ Water bound macadam: 15 cm, wet mix macadam: 20 cm, bituminous macadam: 15 cm and semi dense bituminous concrete: 2.50 cm.

⁶² CB No 26/SE/2008-09 dated 28.02.2009 w/s of km 203 to 216 and CB No 05/SE/2008-09 dated 19.12.2009 w/s of km 188 to 202.

the audit finding as no authority or basis was mentioned for assuming only half of the *kankar* crust in the existing road. Further, the same division had taken the full crust thickness of the existing original *kankar* layer for widening and strengthening of Allahabad-Gorakhpur State Highway road (Km 43– 118.200), sanctioned in December 2012 for which TS was accorded by CE, Azamgarh Zone, Azamgarh, in February 2013. Thus, taking only half of the thickness of the existing original *kankar* crust resulted in avoidable expenditure of ₹ 1.56 crore.

The Government, during discussion (January 2014), confirmed the facts and figures and stated that the action would be taken after review/enquiry into the matter of adoption of different parameters in respect of *kankar* crust thickness in the same division.

3.3 Audit against propriety and cases of expenditure without adequate justification

Authorisation of expenditure from public funds has to be guided by the principles of propriety and efficiency of public expenditure. Authorities empowered to incur expenditure are expected to enforce the same vigilance as a person of ordinary prudence would exercise in respect of his own money and should enforce financial order and strict economy at every step. Audit has detected instances of impropriety and extra expenditure.

AGRICULTURE DEPARTMENT

3.3.1 Undue aid to an insurance company

Failure of the Government to withdraw its share as per scheme guidelines with effect from 2005-06 by determining premium on actuarial basis, led to the Government paying ₹ 149 crore (2008-12) as farmers' share towards premium (₹ 20 crore) and insurance claim (₹ 129 crore) to an insurance company under National Agriculture Insurance Scheme.

To provide financial support to the small and marginal farmers in the event of failure of their crop yields (*rabi* and *kharif*) due to natural calamities etc⁶³, GoI launched (July 1999) National Agriculture Insurance Scheme⁶⁴ (NAIS). As per Para 3 of the guidelines of the scheme, initially the farmers were to pay 50 *per cent* of the premium to the insurance company⁶⁵ and GoI and the State Government were to share equally remaining 50 *per cent*. However, the share of GoI and the State Government was to be phased out in five years (i.e. by 2004-05) by determining the premium payable on actuarial basis. Till then, in terms of the Para 8 (*Ka*) of the guidelines, the insurance company was to bear claims upto 100 *per cent* of the premium. GoI and the State Government were to share the liability equally the claims above 100 *per cent* of the premium.

⁶³ Natural fire and lightning, storms, hailstorms, cyclone, typhoon, floods and inundation landslides, drought, dry spells, pests/diseases etc.

⁶⁴ The scheme envisages coverage of all food crops (cereals, millets and pulses), oil seeds and annual commercial/horticultural crops.

⁶⁵ Agriculture Insurance Company of India, Limited is the implementing agency in respect of the State of Uttar Pradesh.

With effect from 2005-06, the insurance company was to bear claims upto 150 *per cent* of the premium and GoI and the State Government were to share the liability of the claims above 150 *per cent* equally.

The Government sanctioned ₹ 140.18 crore⁶⁶ during 2008-12 for payment of its share of subsidy in premium and insurance claim to the insurance company. The amounts were drawn from the treasury and paid (2008-12) to the insurance company.

Scrutiny of the records of the office of the Director, Agriculture, UP, Lucknow revealed (March 2013) that GoI and the State Government phased out their shares from 50 *per cent* to 10 *per cent* by 2005-06 and continued their share of premium at 10 *per cent* during the period from 2005-06 to 2011-12. Scrutiny further revealed (March 2013) that the small and marginal farmers⁶⁷ got their lands insured during 2008-12 for the crop yields⁶⁸ against the natural calamities, pests etc. for ₹ 15,363 crore under NAIS. The premium of ₹ 309 crore was payable to the insurance company by the farmers during 2008-12. As the Government continued their share of premium at 10 *per cent* during the period from 2005-06 to 2011-12, ₹ 20 crore was paid by the Government (GoI: ₹ 9.97 crore and State Government: ₹ 9.97 crore) during the same period.

Further, small and marginal farmers⁶⁹ presented claims of ₹ 361.04 crore to the insurance company during 2008-12 for failure of the crop yields (*rabi* and *kharif*) and accordingly the insurance company was to bear the financial liability of ₹ 361.04 crore in terms of the Para 8 (*Ka*) of the scheme guidelines. However, out of ₹ 361.04 crore, the Government shared the claims of ₹ 128.66 crore (GoI: ₹ 64.33 crore and the State Government: ₹ 64.33 crore) and the insurance company paid only ₹ 232.38 crore.

Thus, the Government provided undue aid of ₹ 149 crore (premium: ₹ 20 crore and claims: ₹ 128.66 crore) to the insurance company under National Agriculture Insurance Scheme during 2008-12 due to failure to withdraw its share in premium and claims with effect from 2005-06 by determining the premium payable on actuarial basis. This extra burden of ₹ 149 crore was because the Government failed to phase out its contribution as per the scheme guidelines.

The Director, Agriculture, UP, Lucknow admitted (June 2013) that the premium payable to the insurance company on insurance of crop yields was not determined on actuarial basis. During discussion (December 2013), the Government confirmed the facts and figures and admitted that the share of GoI and the State Government was not phased out in five years.

⁶⁶ 2008-09: ₹ 40.09 crore; 2009-10: ₹ 12.50 crore; 2010-11: ₹ 50 crore; and 2011-12: ₹ 37.59 crore.

⁶⁷ Ranging between 7.08 lakh (2008-09; *kharif*) to 15.48 lakh (2009-10; *rabi*).

⁶⁸ Ranging between 9.16 lakh hectare (2008-09; *kharif*) to 22.36 lakh hectare (2009-10; *kharif*).

⁶⁹ Ranging between 56,000 (2011-12; *kharif*) to 3.11 lakh (2009-10; *kharif*).

HIGHER EDUCATION DEPARTMENT

3.3.2 Unfruitful expenditure

Expenditure of ₹ 3.84 crore was rendered unfruitful as the requisite technical approval of the detailed drawings and designs was not obtained prior to the commencement of construction of a swimming pool in premises of the Chattrapati Shahuji Maharaj University, Kanpur. The swimming pool was lying incomplete (August 2013).

As per Para 375 of the Financial Handbook (Volume VI), no work shall be commenced unless detailed drawings and designs have been sanctioned by the competent authority.

We during scrutiny (July 2012) of the records of the Finance Officer, Chattrapati Shahuji Maharaj University, Kanpur (University) observed that the Building Construction Committee of the University, under the chairmanship of the Vice Chancellor (VC), sanctioned construction of a swimming pool at a total cost of 4.88 crore⁷⁰ between January 2004 and January 2007 for execution by the Uttar Pradesh Rajkiya Nirman Nigam Limited (UPRNN) and released⁷¹ (2005-08) ₹ 3.84 crore thereagainst without prescribing the date of completion. UPRNN commenced (June 2005) the construction works without technical approval of the detailed drawings and designs by the Managing Director, UPRNN, who was the competent authority. When the construction was in progress, a committee⁷² of the University inspected (March 2006) the site and noticed flaws such as the direction of the shallow and deep ends of the swimming pool were wrong. Instead of initiating any action for rectification, the works were continued till January 2007, by when the entire sanctioned and released amount of ₹ 3.84 crore was spent. After four years of observing the flaws, the Swimming Pool Inspection Committee, constituted by VC, visited (April 2010) the site and further observed that the direction of the swimming pool was incorrect and free space on the deck around both the ends of the pool was insufficient, in addition to non-finalisation of the filtration plant such as specification, location etc. As of August 2013, the swimming pool was lying incomplete. Thus, commencement of the works without technical approval, as required under para 375 of the Financial Handbook, resulted in unfruitful expenditure of ₹ 3.84 crore.

In reply, the Government stated (June 2013) that two committees were constituted for rectifications of the defects. Further during discussion (August 2013), while accepting the facts and figures, it stated that reply to the audit observations would be sent on receipt of replies to the explanations being called for from the officers of UPRNN and the University.

⁷⁰ Swimming pool (₹ 3.64 crore) in January 2004, a boundary wall (₹ 38.02 lakh) in January 2006 and external development works (₹ 85.74 lakh) in January 2007.

⁷¹ 2005-06: ₹ 3.25 crore and 2006-07: ₹ 9 lakh for swimming pool; 2007-08: ₹ 50 lakh for exterior development.

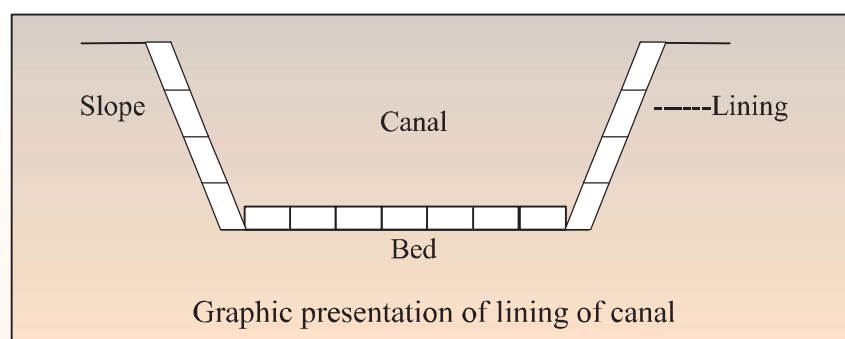
⁷² Representatives of Rajasthan University, Jaipur; Banaras Hindu University, Varanasi; Estate Officer, Project Manager and Secretary Physical Education of CSJMU, Kanpur.

IRRIGATION DEPARTMENT

3.3.3 Excess expenditure

Change in the specifications of lining, without techno-economic viability and the stipulated prior approval of Central Water Commission and planning Commission of India, in the main canal of Madhya Ganga Canal Project (Stage -II), led to excess expenditure of ₹ 120.16 crore.

The Central Water Commission (CWC), Government of India accorded (June 2007) approval to the Madhya Ganga Canal Project (Stage-II) (Project) after undertaking the techno-economic viability. The Project aimed at utilising the monsoon discharge of river Ganga by diverting its water through existing left bank head regulator of Madhya Ganga Barrage in Bijnore, Uttar Pradesh. The project was listed and financed under Accelerated Irrigation Benefit Programme (AIBP). The administrative approval and financial sanction for the project was accorded (July 2007) at a cost of ₹ 1,060.76 crore by the Government of Uttar Pradesh (UP). The Planning Commission and Water Resources Division, Government of India issued investment clearance (December 2008) for the project at an estimated cost of ₹ 1,060.76 crore. Further, the Planning Commission directed that “the State Finance Department would restrict the expenditure to the approved cost and no additional expenditure beyond approved cost may be permitted unless the revised estimate is got approved”. The project envisaged the construction of 66.20 km long main canal with double brick lining on the slopes and single brick lining on the bed with relief valves in case of main canal, as the brick lining was found to be economical. The project as scheduled to be completed during 2011-12.



Scrutiny of the records (February 2011 & October 2012) of the Executive Engineer (EE), Madhya Ganga Canal Construction (MGCC) Division-I, Hardwar revealed that the construction of main canal from Km. 20.000 to 31.550 was entrusted to this division. It was observed that the slopes of the main canal were lined by cement concrete (CC) instead of bricks which was 2.7 times costlier. Further, information collected (March 2012 and November 2012) from the Chief Engineer, Madhya Ganga Canal Project, Irrigation Department U.P. Aligarh (CE), revealed that CC lining was done in the whole project without ascertaining the techno-economic viability and obtaining the required prior approval of CWC and the Planning Commission. The brick lining of 2,773 thousand sq. meter of the main canal, approved at

the rate of ₹ 425.06 per sq. meter⁷³ for ₹ 117.87 crore was instead replaced by CC lining of 1,702.03 thousand sq. meter for ₹ 192.50 crore till March 2013. The brick lining, as approved, for the same executed quantity would have been executed at a cost of ₹ 72.34 crore⁷⁴. Thus, an excess expenditure of ₹ 120.16 crore⁷⁵ had already been incurred till March 2013.

On this being pointed out in audit, EE stated (February 2011) that the work of CC lining was being executed as per the estimates sanctioned by the higher authorities. He further stated (October 2012) that CC tile lining was found suitable in place of brick lining in compliance to the order of the Government of U.P. of July 2005, and IS Code 10430-1982. The provision of CC tile lining in place of brick lining was made at the level of Chief Engineer, based on which the revised estimate was prepared. Subsequently, CE communicated (June 2013) that the revised project has been sanctioned for CC lining by CWC. However, the enclosure attached with investment clearance (June 2013) of the Planning Commission used the term “brick lining”. Further, no justification was furnished either by CE or mentioned in the revised project report for tile lining against the prescribed brick lining, which was reckoned techno-economically viable by CWC in 2007. Moreover, the department proposed and received the approval for brick lining in July 2007 after the issue of the order of July 2005, referred to by the department in support of the CC lining. Further, the Planning Commission, while according the investment clearance for the project had specifically instructed that no additional expenditure beyond the approved cost would be permitted unless the revised estimate was approved. This was, however not adhered to and excess expenditure of ₹ 120.16 crore was incurred without the stipulated prior approval of Planning Commission (for revision in sanctioned costs) and CWC (for technical changes). Moreover, as per the provisions of IS 10430: 2000, life expectancy of concrete, brick/tile lining is assumed to be the same⁷⁶. Revised sanction was not only against the basic criterion of techno-economic viability adopted by CWC, while according the original sanction but also in violation of its direction that no additional expenditure, beyond the approved cost would be admissible unless approved by the Planning Commission and CWC.

The Government, during discussion (November 2013), while accepting the facts and figures, stated that if change in specifications of lining has been done, action would be ensured against the concerned officers.

3.3.4 Infertuous expenditure

Inadmissible expenditure of ₹ 58.74 crore was incurred on establishment against the CWC norms during 1977-2013.

Para 3.15 of guidelines of the CWC envisages that the provision for establishment⁷⁷ (including leave & pensionary charges) should range between

⁷³ 1178686000/2773000 = ₹ 425.06.

⁷⁴ 1702030 sq. m. x ₹ 425.06 = ₹ 723464871.80.

⁷⁵ ₹ 192.50 crore - ₹ 72.34 crore = ₹ 120.16 crore.

⁷⁶ of the order of 60 years.

⁷⁷ in case of works let out on contract.

8 and 10 *per cent* of the total cost for concentrated works and 10 and 12 *per cent* of the total cost for scattered works like canals. As per Para 33, Statement 13 of Financial Handbook (FHB) Vol-I, the period of the temporary post should not exceed one year at a time without sanction of the Governor/Government. The Government Order⁷⁸ (January 1996) justifies the existence/ operation of a construction division in cases where the minimum expenditure on works incurred by a division is ₹ two crore or above in a financial year.

With the objective of irrigating 27,898 hectare agricultural land in drought prone area of Sonbhadra, the Government launched (1977) Kanhar Irrigation Project at an estimated cost of ₹ 652.58 crore (revised). The Central Water Commission (CWC) and the Expenditure Finance Committee of Government of Uttar Pradesh accorded approvals in October 2010 and November 2010 respectively. The Planning Commission of India also accorded the approval for investment in December 2010.

Scrutiny of the records of the office of the Principal Secretary, Irrigation; Superintending Engineer (SE), Kanhar Construction Circle; and all the divisions – Kanhar Construction-I, II and III revealed (April to June 2013) that these divisions/circle incurred an expenditure of ₹ 124.39 crore on the project which comprised expenditure of ₹ 59.68 crore on works and ₹ 64.71 crore on establishment during 1977-2013.

Audit observed:

- Against the admissible amount of ₹ 5.97 crore⁷⁹, the expenditure on establishment was ₹ 64.71 crore, constituting 108 *per cent* of the total cost of the works during 1977-2013 (**Appendix-3.8**) rendering the expenditure on establishment against CWC's norms. When calculated from 2004-05 to 2010-11, the expenditure on establishment was ₹ 27.74 crore while the expenditure on works was ₹ 61.25 lakh (**Appendix-3.8**).
- Of ₹ 64.71 crore, ₹ 12.36 crore⁸⁰ was spent by circle office/ divisions on the disbursement of pay and allowances etc. of the personnel (numbers ranging between 83 to 98) who were deployed against the temporary posts during April 2003 to March 2013 without the approval of the Government (**Appendix-3.9**). Of ₹ 12.36 crore, spent on the disbursement of pay and allowances etc., ₹ 7.70 crore was spent during the period when the divisions executed no construction works. Disbursement of pay and allowances to the staff deployed without sanction was irregular and unjustified (**Appendix-3.10**).
- Employees (ranging between 163 and 184) were injudiciously deployed during 2003-2011 (**Appendix-3.10**) in one Circle office and three Divisions and spent ₹ 33.69 crore (out of ₹ 64.71 crore) on

⁷⁸ No. v-1/95-27-fla-8-15 v/94 dated 02 January 1996.

⁷⁹ Calculated at the rate of 10 *per cent* of ₹ 59.68 crore of the total expenditure of works.

⁸⁰ one circle office: ₹ 24.90 lakh, Kanhar Construction Division I: ₹ 71.77 lakh, Kanhar Construction Division II: ₹ 4.02 crore, Kanhar Construction Division III: ₹ 7.37 crore.

establishment, against the Government Order (January 1996), though funds were not budgeted/allocated for construction works during the same period.

Thus, expenditure of ₹ 58.74 crore (₹ 64.71 crore net of ₹ 5.97 crore) on establishment was not justified as per CWC norms. Further, the project has been going on for 36 years now and it has already undergone a revision in 2010, wherein the project cost has gone up 23 times⁸¹. Given very high establishment expenditure the project cost may go up even further, adversely affecting the Benefit Cost Ratio (2.9:1 in 1977 to 1.17:1 in 2010)⁸².

During discussion (November 2013), the Government, admitting the facts, stated that guidelines of CWC will be adhered to and the sanction to the temporary posts would be ensured. The Government further stated that the prescribed norms for functioning of a division would also be adhered to.

PUBLIC WORKS DEPARTMENT

3.3.5 Loss to the Government

Dismantling of *pan* shaped stone *jali* just after it's fixing resulted in loss of ₹ 0.83 crore to the Government and misutilization of funds to the tune of ₹ 1.98 crore.

Paragraph 21 (i) of General Financial Rules stipulates that every Government servant should exercise the same vigilance and care in respect of expenditure from public money under his control as a person of ordinary prudence would exercise in respect of expenditure of his own money. Further, fund under State Road Fund (SRF) shall be utilised for maintenance, repair and strengthening of roads, under SRF rules, 2000.

Scrutiny and information collected (June 2012 and May 2013) of the records of Executive Engineer (EE), Provincial Division (PD), Public Works Department (PWD), Lucknow revealed that the Government sanctioned (February 2011) ₹ 6.36 crore under State Road Fund (SRF) for supply and fixing of *pan* shaped stone *jali* as crash barrier on both the sides of Jail road in Lucknow, parallel to the boundary walls of *Ganna Sansthan and Manyawar Kashiram Smarak* (Eco Park). The Chief Engineer (CE), Lucknow accorded (February 2011) technical sanction (TS) for the same amount. The estimate included the provision for supply and fixing of stone *jali*; 1800 Running Metre (RM) on *Manyawar Kashiram Smarak* (Eco Park) side and 1650 RM on *Ganna Sansthan* side of jail road, Lucknow. Superintending Engineer (SE), Lucknow Circle and EE, PD, Lucknow executed (February 2011) the contract bonds (CB)⁸³ by inviting (June 2010) tenders before the sanction of the work. The work of providing and fixing of stone *jali* was completed in March 2011 by incurring an expenditure of ₹ 6.68 crore.

⁸¹ Initial cost ₹ 27.75 crore (year - 1979), revised cost ₹ 652.58 crore (year - 2010).

⁸² As stated in reply of Executive Engineer, KCD-1 dated 03/09/2013 in response to audit.

⁸³ CB No. 46/SE, 47/SE, 156/EE, 157/EE, 158/EE, 159/EE, 160/EE, 161/EE, 162/EE and 163/EE.

During audit we noticed that just after the completion (March-2011) of the work, the Government sanctioned (May and June 2011) two estimates⁸⁴ costing ₹ 4.53 crore and ₹ 3.34 crore respectively for providing and fixing of Granite flooring and Kerb stone on footpaths parallel to the boundary-wall of the Eco Park on Jail road and Jail road to VIP road which included dismantling of the above mentioned stone *jali*, as crash barrier⁸⁵. CE accorded TS (June 2011) and SE executed CBs⁸⁶ (June and July 2011) for the same and the works were completed (July 2011 to March 2012) after dismantling 1631.91 RM *pan* shaped stone *jali*. The work of dismantling was done by same SE/EE. As such, due to poor planning, the supply, fixing and dismantling resulted in 479.81 RM *jali* totally unusable out of 1631.91 RM *jali*, leading to loss of ₹0.83 crore. Further, the remaining usable 1152.10 RM of *jali* (costing ₹ 1.98 crore) was transferred to UP *Rajkiya Nrman Nigam* (UPRNN), which used it in the work of Dr. Bhim Rao Ambedkar Samajik Parivartan Sthal Park owned by Lucknow Development Authority, resulting in misutilization of funds (**Appendix-3.11**).

On this being pointed out in audit, EE replied that the work was executed as per direction of higher authorities and the dismantled *jali* was transferred to UPRNN for use in the work of Dr. Bhim Rao Ambedkar Samajik Parivartan Sthal Park. The reply is not acceptable because work of stone *jali* as crash barrier, sanctioned and funded under SRF for maintenance, repair and strengthening of roads, was dismantled and transferred for beautification work of a park. As such, the dismantling of 1631.91 RM of stone *jali* fixed as a crash barrier led to loss of ₹0.83 crore due to unusable 479.81 RM and misutilization of funds to the tune of ₹1.98 crore on account of its usage for the purpose other than the work for which it was sanctioned under SRF.

The Government, during discussion (January 2014), confirmed the facts and figures and stated that an enquiry committee was constituted on 06.01.2014, its report was awaited.

3.4 Failure of oversight/ governance

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

⁸⁴ Providing and fixing of Granite stone flooring and kerb stone along with the boundary wall of Eco-park on Jail road and on Jail road to VIP road.

⁸⁵ 1950 RM stone *jali* as crash barrier.

⁸⁶ 10/SE/11-12, 11/SE/11-12, 12/SE/11-12, 13/SE/11-12, 14/SE/11-12, 15/SE/11-12, 17/SE/11-12 and 18/SE/11-12.

ANIMAL HUSBANDRY DEPARTMENT

3.4.1 Unproductive expenditure

Due to non-synchronization and non-fixing of time-frame for execution of various items of works for MVAIUs, these were not operational even after over three years of their sanction, rendering the expenditure of ₹ 3.36 crore on the purchase of these vehicles and their fabrication, unproductive. Besides, the objective of providing door-step veterinary treatment in the remote rural areas to the beneficiaries was not achieved.

The Government decided (2009-10) to have 47 Mobile Veterinary and Artificial Insemination Units (MVAIU) in seven districts⁸⁷ of *Bundelkhand* region (cost ₹ 5.64 crore). Each unit was to be equipped with furniture, equipment / machinery, medicines etc. The objective was to provide veterinary treatment in remote rural areas at the door-step of the beneficiaries.

Scrutiny of the records of the office of the Director, Animal Husbandry (Director), Lucknow revealed (April 2012) that the Government, in February 2011, sanctioned ₹ 2.35 crore and the Director placed (March 2011) the purchase order on a firm for 47 Tata power steering vehicles at a cost of ₹ 2.27 crore. However, neither was the purchase of vehicles, their fabrication, arrangement for medical officers, veterinary officers synchronized nor was a time-frame fixed for eventual commissioning of MVAIUs. The Director paid (March 2011) ₹ 2.27 crore (out of ₹ 2.35 crore⁸⁸) to the firm on *pro forma* invoice and the firm supplied these vehicles between May 2011 and July 2011.

Further, the Director invited tenders in June 2011 for fabrication of chassis of the vehicles. However, the contract for fabrication was not awarded as only two firms participated in the bid. In August 2011, the tenders were again invited but the contract for fabrication was again not awarded as the tenderers were unqualified. In September 2011, tender was invited for the third time and the contract for fabrication (cost: ₹ 56.78 lakh) was awarded (October 2011) to a firm⁸⁹. The firm fabricated all the 47 chassis and the Director delivered these to the Chief Veterinary Officers (CVOs) of the seven districts⁹⁰ by March 2013⁹¹. However, MVAIUs were not made functional, as of July 2013, due to shortage of medical officers, veterinary officers including drivers; non-availability of equipment & medicines; non-availability of funds for POL etc. and the vehicles were used for vaccination camps, carrying rations, sheep medicines etc. as noticed in test check of records of the concerned CVOs (*Appendix-3.12*). Meanwhile, the Government sanctioned ₹ 4.71 crore (April 2011: ₹ 3.37 crore and December 2012: ₹ 1.34 crore) for remaining items of work such as fabrication, furniture, equipment / machinery, medicines etc. but spent (July 2013) only ₹ 1.09 crore (fabrication: ₹ 56.78 lakh and others: ₹ 52

⁸⁷ Jhansi: eight; Jalaun: nine; Lalitpur: six; Banda: eight; Chitrakoot: five; Hamirpur: seven; and Mahoba: four.

⁸⁸ Balance amount of ₹ eight lakh was surrendered.

⁸⁹ M/s United Motors and General Fabricator, Lucknow

⁹⁰ Jhansi: eight; Jalaun: nine; Lalitpur: six; Banda: eight; Chitrakoot: five; Hamirpur: seven; and Mahoba: four.

⁹¹ May 2012: 24; November 2012: 12; and March 2013: 11.

lakh) on these items. The balance of ₹ 3.61 crore was surrendered (March 2012: ₹ 3.36 crore and March 2013: ₹ 25 lakh) due to non-utilisation.

Thus, due to non-synchronization and non-fixing of time-frame for execution of various items of works for MVAIUs, these were not operational even after over three years of their sanction, rendering the expenditure of ₹ 3.36 crore on the purchase of these vehicles and their fabrication, unproductive. Besides, the objective of providing door-step veterinary treatment in the remote rural areas to the beneficiaries was not achieved.

In reply, the Government stated (July 2013) that instructions⁹² have been issued to arrange for drivers for MVAIUs on contract basis. The reply was not acceptable because neither the vehicles were equipped with furniture, machinery/equipment etc. nor was any arrangement made for medical officers/veterinary extension officers etc. During discussion (October 2013), the Government confirmed the facts and figures and stated that MVAIUs were not functional due to delay in fabrication. The Government also stated that these were being made functional for verification of which a departmental team has been constituted. However, the verification reports were awaited (December 2013).

3.4.2 Unproductive expenditure

Expenditure of ₹ 2.53 crore on newly created veterinary polyclinics at Badot in Bagpat and Safai in Etawah was rendered unproductive due to non-sanction of posts, funds for equipment etc.

In order to provide specialized veterinary services by specialist veterinary doctors, like surgery, gynaecology, nutrition, management of the livestock etc, the Director, Animal Husbandry, Lucknow proposed (November 2003) to the Government to establish two veterinary polyclinics, one each at Safai in Etawah and at Badot in Bagpat, at ₹ 2.62 crore⁹³. The Director also proposed (November 2003) for 37 posts⁹⁴ of various cadres for these polyclinics. The Government sanctioned (February 2005) ₹ 2.14 crore (₹ 1.07 crore each for the two polyclinics) and assigned (February 2005) the construction of civil works to the UP Project Corporation Limited (UPPCL) for their completions (Safai: July 2007 and Badot: May 2010).

Scrutiny of the records of the Director, Animal Husbandry, Lucknow (Director) revealed (May 2013) that he released ₹ 2.14 crore to UPPCL in March 2005 and made the required land available (Safai in District Etawah: February 2005; and Badot in District Bagpat: December 2005). UPPCL commenced (October 2005) the civil works for the construction of the polyclinic at Safai; completed (August 2009) it two years after the scheduled date of completion; and handed it over to the Department in August 2009. Due to delayed acquisition of the land on account of dispute, UPPCL commenced

⁹² vide order no 905/ sum/73-2013 dated 16 May 2013.

⁹³ The cost included ₹ 2.20 crore for civil works, ₹ 40 lakh for equipment and ₹ two lakh for other expenditure.

⁹⁴ In-charge Polyclinic: Two; Physician: Two; Radiologist: Two; Gynaecologist: Two; Pathologist: Two; X-Ray Technician: Two; and Others: 25.

the civil work at Badot in January 2006 after receiving ₹ 1.07 crore; completed it two years after the scheduled date of completion at revised (February 2010) cost of ₹ 1.46 crore; and handed it over to the Department in June 2012. But the polyclinics were not operationalized (as of September 2013) though 49 months had lapsed since taking over the buildings at Safai and 15 months at Badot for want of funds (₹ 1.80 crore⁹⁵) for purchase of equipment etc. and also for want of sanction for posts of various cadres. The Director had revised (June 2009) the proposal for veterinary personnel to 80 posts⁹⁶ of various cadres against the earlier proposal of 37 posts. The Government had neither sanctioned the funds nor the posts for these polyclinics as of September 2013 despite it being taken up several times⁹⁷ by the Director. Meanwhile, the polyclinics were being used (Saifai: February 2013 and Badot: January 2013) as clinics with a veterinary doctor.

During discussion (October 2013), the Government confirmed the facts and figures and stated that the posts have been sanctioned and shall be filled up at the earliest. The Government also stated that ₹ 65 lakh for equipment was under consideration for sanction.

Thus, the newly created polyclinics, which were scheduled for operationalisation in July 2007 and October 2010 were not operationalized even as of September 2013 due to non-creation of posts and non-sanction of funds for equipment etc. This rendered the expenditure of ₹ 2.53 crore on the construction of the buildings unproductive till date. Besides, the livestock etc. were deprived of specialized veterinary services.

IRRIGATION DEPARTMENT

3.4.3 Undue aid to the contractor

Payment of secured advance, in violation of financial rules, led to undue aid of ₹ 1.51 crore to the contractor.

Para 456 of Financial Hand Book Volume VI provides that advances to contractors are as a rule prohibited and every endeavour should be made to maintain a system under which no payments are made except for work actually done. The cases in which a contractor, whose contract is for finished work, requires an advance on the security of materials brought to site, divisional officers may, in such cases, make advances provided that materials are of an imperishable⁹⁸ nature. No secured advances are to be made for any material(s), unless they are to be used within three months. Adjustments should be made from the contractor's bills for work done as the materials are used.

⁹⁵ Revised Directorate's letter no .1244 dated 26 June 2009.

⁹⁶ In-charge Polyclinic: Two; Physician: Two; Radiologist: Two; Gynecologist: Two; Pathologist: Two; X-Ray Technician: Two; Gynecologist Assistant: Four; Surgeon: Two; and Others: 62.

⁹⁷ June 2009, October 2010, January 2013, April 2013 and May 2013 for staff and funds.

⁹⁸ Imperishable materials include bricks, rolled steel joists, etc. while articles such as lime, sand, kankar, etc. are perishable.

Scrutiny of the records (December 2012) of the Executive Engineer, Irrigation Construction Division Matatila, Lalitpur (EE) revealed that the Government accorded (July 2008) administrative approval and financial sanction for the construction of Jamrar dam, an earthen dam, project for ₹ 66.23 crore. The Superintending Engineer, Irrigation Construction Circle, Jhansi executed an agreement⁹⁹ for the construction of the dam from Km 1.200 to 2.650 at a cost of ₹ 8.38 crore with scheduled dates of commencement as 15 June 2009 and completion by 14 June 2011. We observed that the division paid ₹ 9.01 crore including secured advance of ₹1.51 crore¹⁰⁰ to the contractor against 12858.47 cum of sand brought to the site for laying in the filter of the dam, although the sand is defined as a perishable item in the financial rules. The secured advance was not recovered¹⁰¹ by EE. Thus, the payment of secured advance, in violation of financial rules, led to undue aid of ₹ 1.51 crore to the contractor.

On this being pointed out in audit (December 2012) EE stated that the payment was made as per requirement and recovery would be made from the next bill. The reply was not correct as the secured advance against a perishable material was not permissible under the financial rules.

The Government, during discussion (November 2013), while accepting the facts and figures, stated that action would be ensured against the concerned officers by fixing their responsibility for payment of secured advance on perishable item in violation of financial rules.

DEPARTMENT OF MEDICAL AND HEALTH SERVICES

3.4.4 Unfruitful and irregular purchase

Due to non-synchronisation of purchase of one MRI machine with the civil works, the expenditure (₹ 10.07 crore) on its purchase was rendered unfruitful. Further, the machine of higher specification was purchased irregularly, leading to non-procurement of other vital equipment.

The purchase of medical equipment should be synchronised with the completion of civil works so that the equipment is installed and the patients derive the benefit from the specialised medical facilities.

In order to provide specialized medical facilities, the Government sanctioned (July 2010) ₹ 10.15 crore for purchase/installation of one MRI machine of 1.5 Tesla¹⁰² specification (cost: ₹ 5.50 crore) in Ursula Horsman Memorial District Male Hospital, Kanpur along with other medical equipment. Besides, the Government also sanctioned (August 2010) the construction of a 'Multi-Specialty Block' (cost: ₹ 12.02 crore) in the same hospital for completion by December 2013 (revised) and the MRI machine was to be installed in this Block. Scrutiny of the records of office of the Director General, Medical & Health Services (DGMHS), Lucknow revealed (March 2013) the followings:

⁹⁹ Agreement No. 02/SE/2009-10 with M/s S.K. Jain, Bhopal.

¹⁰⁰ VIth Running Bill Paid vide voucher no.124 dated 30-3-2011 (last paid bill).

¹⁰¹ 21 September 2013.

¹⁰² Tesla is the unit to measure the magnetic field of a magnet.

- The various activities for purchase of MRI machine like invitation of tender, placing supply order, opening of the letter of credit etc. were not synchronized with the construction of Multi-Specialty Block. Further, DGMHS, Lucknow, after sanction of the machine sent (December 2010) a proposal to the Government to accord administrative and financial sanction for 3 Tesla MRI machine at ₹ 12 crore. However, the High Power Purchase Committee (HPPC) of the Government, in its meeting (January 2011), recommended to purchase the machine of 1.5 Tesla specifications for ₹ 5.50 crore, as sanctioned by the Government. Contrary to the recommendation made by HPPC, DGMHS, Lucknow invited (February 2011) tender for purchase of MRI machine of 3 Tesla specification and HPPC subsequently (March 2011) revised its earlier recommendation of purchase of 1.5 Tesla to 3 Tesla specifications. DGMHS placed (March 2011) the purchase order (₹ 10.74 crore) on the firm without obtaining the revised administrative and financial sanction of the Government for the changed specifications and for the required additional funds (₹ 5.24 crore).
- Further, as the funds for the machine (₹ 10.74 crore) were not available, the balance amount of ₹ 4.57 crore out of ₹ 10.15 crore, which were sanctioned for other medical equipment, were diverted for opening of the Letter of Credit (₹ 10.07 crore) in favour of the firm, which was to supply the MRI machine. The firm supplied the machine in August 2011. As the construction of the Multi-Specialty Block was still (as of August 2013) in progress, the machine was temporarily installed in the Regional Diagnostic Centre of the UHM hospital, Kanpur in February 2012,

Thus, due to non-synchronisation of purchase of one MRI machine with the construction of Multi-Specialty Block in UHM District Male Hospital, Kanpur the machine was purchased at a cost of ₹ 10.07 crore, two years before the completion of the civil works (as of August 2013), thereby rendering the expenditure unfruitful. Further, the machine of higher specification was purchased irregularly for ₹ 10.07 crore which was partly (₹ 4.57 crore) funded by diverting the funds sanctioned by the Government for other medical equipment. The procurement of machine of higher specification also led to non-procurement of other equipment¹⁰³ which were vital and sanctioned by the Government for the existing hospitals. Besides, the people were also deprived of the benefits of the specialized medical facilities as of December 2013.

DGMHS stated (March 2013) that a fresh proposal was sent to the Government in December 2010 to accord administrative and financial sanction for one piece of 3 Tesla MRI machine costing ₹ 12 crore. Audit scrutiny, however, revealed that the Government had questioned (March 2012) the change in the specification. No comment was offered on non-procurement of other vital medical equipment.

¹⁰³ One piece each of digital x-ray (cost: ₹ 1.15 crore) and dialysis unit (cost: ₹ 90 lakh) in UHM Hospital, Kanpur and one each piece of digital x-ray (cost: ₹ 1.15 crore) and dialysis unit (cost: ₹ 90 lakh) in Dr. Ram Manohar Lohia Hospital, Lucknow. four pieces of haemodialysis machine and one piece of RO plant in Balrampur Hospital, Lucknow (cost: ₹ 55 lakh).

The matter was referred (May 2013) to the Government. However, the reply has not been received (December 2013). During discussion (January 2014), the Government stated that the reply will be furnished at the earliest.

MEDICAL EDUCATION AND TRAINING DEPARTMENT

3.4.5 Unfruitful expenditure

Expenditure of ₹ 3.37 crore on renovation of the electric lines and power sub-station works in Sarojini Naidu Medical College, Agra was rendered unfruitful as the works were commenced without the requisite 'No Objection Certificate' from the Electrical Safety Directorate, Lucknow.

As per the Indian Electricity Rules¹⁰⁴, 1956, a 'No Objection Certificate' (NOC) for electrical installations should be obtained from the Electrical Safety Directorate, Lucknow prior to commencement of works.

We during scrutiny (November 2012) of the records of the office of the Principal, Sarojini Naidu Medical College, Agra (SNMC) observed that the Government, on the recommendations of the Twelfth Finance Commission, sanctioned (March 2008) ₹ 2.80 crore (revised¹⁰⁵) for increasing the power load from the existing 630 KVA to 1260 KVA by renovating the electric lines and power sub-station works¹⁰⁶ in the premises of SNMC and its associated hospitals, Agra. The works were assigned (March 2008) to Processing and Construction Cooperative Federation Limited (PACCFED), Agra for completion by December 2010. PACCFED and the Principal, SNMC, Agra were responsible to oversee the said work.

We further observed that PACCFED was to commence the work after the detailed estimates, designs and drawings of the works were approved and technically sanctioned by the Electrical Safety Directorate and NOC was obtained in terms of the Indian Electricity Rules *ibid*. However, PACCFED commenced the work without obtaining the required approval of the designs and drawings; completed (December 2010) it at a cost of ₹ 2.80 crore; and handed (October 2012) it over to the Principal, SNMC, Agra. A sum of ₹ 56.92 lakh was also paid (March 2011) to the power supply company¹⁰⁷ for increasing the power load to 1260 KVA. However, the power supply company did not increase the power load as of August 2013, for want of the required NOC from the Electrical Safety Directorate, Lucknow. Thus, due to failure to obtain the required NOC, the expenditure of ₹ 3.37 crore was rendered unfruitful.

The Principal, SNMC, Agra stated (November 2012) that PACCFED was to arrange the approval of the drawings and designs of the work. However, the fact remains that the Director had allowed the renovation of the works of

¹⁰⁴ As per the provisions contained in Rule 46 of Indian Electricity Rules, 1956 read with the Uttar Pradesh Notification No. 1389 -3 energy section -3/94-23-106 P/P-93 dated 6 May 1994.

¹⁰⁵ March 2008: ₹ 2.18 crore and June 2008: ₹ 61.64 lakh.

¹⁰⁶ Since the old installation was for a load of 630 KVA which was not fit for higher load.

¹⁰⁷ Torrent Power Limited Agra.

electric lines and power sub-station without the approval of the designs and drawings by the Electrical Safety Directorate, Lucknow and obtaining the required NOC.

The matter was referred (May 2013) to the Government. However, the reply has not been received (December 2013). During discussion (January 2014), the Government stated that the Principal Secretary of the Department had requested (September 2013) the Principal Secretary, Cooperative Department for early completion of the work and to fix the responsibility of the officers of PACCFED for the delay.

REVENUE DEPARTMENT

3.4.6 Unfruitful expenditure

Multipurpose meeting hall in the premises of the Collectorate, District Ballia, was lying incomplete even after lapse of over eight years of its sanction as the revised estimates were not sanctioned. This led to unfruitful expenditure of ₹ 2.33 crore.

To facilitate the holding of meetings of the administrative officers etc., the Government sanctioned (March 2005) construction of a multipurpose meeting hall in the premises of the Collectorate in Ballia at ₹ 2.33 crore (on the basis of preliminary estimate). The construction works comprising civil (₹ 1.76 crore) and electrical (₹ 57 lakh) were assigned (March 2005) to the Uttar Pradesh Rajkiya Nirman Nigam (UPRNN).

Scrutiny of the records of the office of the District Magistrate, Ballia (DM) revealed (March 2012) that UPRNN commenced (September 2005) the construction works for the multipurpose meeting hall without technical approval and also without fixing any time-frame for its completion, in violation of the Government Order (March 2005) under which the construction works were to be taken up only after technical approval was accorded by the competent authority and fixing the time schedule for its completion. Six months after the commencement of the works, UPRNN accorded technical approval for only electrical works (₹ 57 lakh) in March 2006.

In February 2009, when the construction works was in progress, UPRNN submitted a revised estimate of ₹ 4.82 crore, duly approved by DM to the Government, incorporating therein few additional item of works such as inclined slab, fittings of aluminium doors and windows, boring of tube-well etc. and also increase in the cost. However, the revised estimate was submitted without the schedule for completion, site plan etc. Further, neither UPRNN rectified these issues in four years of its submission of the revised estimates nor the Government took any action for including time schedule and site plan. The Government did not approve the revised estimate as of August 2013. Meanwhile, UPRNN spent ₹ 2.33 crore on the construction and the 30 per cent works were lying incomplete as of August 2013. Meanwhile, after over seven years of commencement of the works, UPRNN accorded technical approval to the civil work for ₹ 1.76 crore in March 2013.

Thus, multipurpose meeting hall in the premises of the Collectorate, Ballia was incomplete even after lapse of over eight years of its sanction due to non-sanction of the revised estimate by the Government even after over four years of the submission of the proposal, thereby rendering the expenditure of ₹ 2.33 crore unfruitful. Besides, the objective of constructing the hall remained unachieved.

During discussion (January 2014), the Government confirmed the facts and figures and assured that order will be issued soon for completion of the work.

SOCIAL WELFARE DEPARTMENT AND HOME (POLICE) DEPARTMENT

3.4.7 Non-rehabilitation of beggars

Either no or negligible number of beggars were trained and rehabilitated during 2006-13 despite expenditure of ₹ 14.96 crore on salary, allowances, rent and electricity on maintenance of eight certified institutions for beggars as the police did not apprehend them.

Under the Uttar Pradesh Prohibition of Beggary Act, 1975, the Government established eight Certified Institutions (CIs) at Agra, Allahabad, Faizabad (two CIs), Lucknow, Kanpur Nagar, Mathura and Varanasi with a capacity of 200 beggars each. The objective was to eliminate beggary in public places by providing training to them for rehabilitation.

Scrutiny of the records (April 2012) of the office of the Director, Social Welfare, U.P. Lucknow (Director) and subsequent information collected revealed that the Government established eight CIs at Agra, Allahabad, Faizabad, Kanpur Nagar and Mathura in rented buildings and those at Lucknow and Varanasi in Government buildings during 1975 and 1976 and also sanctioned 178 posts of various cadres for their maintenance. However, while no beggars were detained in CIs at Kanpur Nagar, Allahabad and Faizabad during 2006-13, the number of beggars detained, for training and rehabilitation, was much below the capacity¹⁰⁸ during the same period in CIs at Agra, Lucknow, Mathura and Varanasi. The overall capacity utilisation of these eight CIs was only one *per cent* during 2006-13.

Further, under the Act *ibid*, police is empowered to apprehend beggars and to detain them at the aforesaid CIs for six months after obtaining orders from the court. As per the Government Order (August 1987), police should conduct raids at district level twice a month to apprehend beggars. Notwithstanding the provision in the Act and the Government order, the Police either did not conduct raids at all to apprehend the beggars or conducted very few raids compared to the prescribed number of 24 raids in a year. Nevertheless CIs were functional and rent of ₹ 20.97 lakh & electricity charges of ₹ 4.41 lakh

¹⁰⁸ Lucknow: Four (2006-07), 12 (2007-08), 12 (2008-09), Nil during 2009-10 and 2010-11, one in 2011-12 and Nil in 2012-13. Varanasi: Nil in 2006-07, five in 2007-08, 11 in 2008-09, Nil in 2009-10 to 2012-13. Agra: Nil in 2006-07, 48 in 2007-08, 37 in 2008-09, Nil in 2009-10 to 2012-13. Mathura: Nil 2006-07, 10 in 2007-08, 24 in 2008-09, 28 in 2009-10, Nil in 2010-11 & 2011-12, 41 in 2012-13.

was paid and deployed personnel of various cadres (ranging from 97 to 136)¹⁰⁹ were paid pay and allowances of ₹ 14.71 crore during 2006-13.

Thus, the objective to eliminate beggary in public places by providing training to them for rehabilitation was not achieved despite the expenditure of ₹ 14.96 crore during 2006-13 on eight CIs as the police did not apprehend them. Further, this was indicative of lack of coordination between the two departments of the same Government.

During discussion (September 2013), the Government while admitting the facts, stated that an action plan will be prepared for identifying the beggars, apprehending them and detaining them in CIs for imparting training to rehabilitate them.

VOCATIONAL EDUCATION DEPARTMENT

3.4.8 Non-commencement of training courses and unproductive expenditure

No training course was commenced even after six years of establishment of State Staff Training and Research Centre in the premises of Industrial Training Institute Lucknow, thereby rendering the expenditure of ₹ 6.39 crore on construction of the building for the Centre unproductive.

With a view to provide training to the principals of the Government / private Industrial Training Institutes (ITI) and development of skill and training methodology for trainers, etc., by conducting various courses¹¹⁰, the Vocational Education Department established (January 2007) State Staff Training and Research Centre (Centre) in the premises of ITI, Lucknow and accordingly sanctioned (January 2007) 50 posts under various cadres. The trainees were mainly to comprise¹¹¹ Scheduled Castes / Scheduled Tribes. The Social Welfare Department also sanctioned (January 2007) ₹ 6.39 crore (revised in June 2009) for construction of a three storied building, comprising mainly seven halls, 34 rooms and one each meeting hall, conference hall and library, for the Centre in the premises of ITI, Lucknow. The construction works were assigned to the Uttar Pradesh Jal Nigam for completion by March 2009.

Scrutiny of the records of office of the Principal, ITI, Lucknow revealed (January 2012) that the training courses were to commence immediately in the premises of ITI, Lucknow, using its class-rooms, workshop and hall, and the available manpower. Accordingly, the Director, Training and Employment, Lucknow, constituted (March 2007) a Committee¹¹², under the chairmanship of Additional Director, Training and Employment for commencement of the courses. Further, the Nigam commenced (February 2007) the construction work of the building for the Centre, completed it at ₹ 6.39 crore and handed

¹⁰⁹ 2006-07: 119; 2007-08: 126; 2008-09: 127; 2009-10: 136; 2010-11: 107; 2011-12: 112; and 2012-13: 97.

¹¹⁰ Courses of 15 days, three months, six months and one year durations.

¹¹¹ Scheduled Castes / Scheduled Tribes: 50 per cent; Backward Castes: 15 per cent and General Castes: 35 per cent.

¹¹² Joint Director (Training) / Principal, ITI, Lucknow, Senior Technical Officer (Technical), Directorate, Senior Technical Officer (Development), Directorate, and Assistant Accounts Officer, Directorate.

over it to the Principal, ITI, Lucknow in August 2010. However, as of September 2013, no action was taken for the appointment of the staff and commencement of the training courses even after lapse of three years of taking over the building for functioning of the Centre.

In reply, the Government admitted the facts and stated (July 2013) that appointments to the posts sanctioned were not made due to non-finalisation of the recruitment process.

Thus, not only the training courses were not commenced even after lapse of six years of establishment of the Centre, the expenditure of ₹ 6.39 crore on the construction of the building was also rendered unproductive since August 2010 to till date (March 2013) and the objective of imparting training on various courses was also not achieved.

ALLAHABAD
THE 29 MAY 2014


(MUKESH P SINGH)
Principal Accountant General
(General & Social Sector Audit)
Uttar Pradesh

COUNTERSIGNED

NEW DELHI
THE 4 JUN 2014


(SHASHI KANT SHARMA)
Comptroller and Auditor General of India