

CHAPTER IV

WORKS EXPENDITURE

SECTION-A : REVIEWS

PUBLIC WORKS DEPARTMENT

4.1 Integrated Audit of Public Works Department including Manpower Management

Highlights

The Public Works Department lacked budget and expenditure control and the inputs from the Divisional Engineers were not taken into account by the department before finalisation of the budget proposals. Cases of funds kept outside budget and grant of advances in excess of the ceiling limits and excess payments made to the contractors were also noticed. There was avoidable payments in arbitration cases due to lack of timely action by the department. It was also noticed that work charged staff was working on ministerial posts leading to overstatement of works expenditure.

- *Mobilisation advance of Rs.63 lakh was granted in excess of ceiling limit.*

(Paragraph 4.1.5-4.1.6)

- *Failure to ensure availability of site before commencement of work resulted in idle investment of Rs.21.81 lakh.*

(Paragraph 4.1.11-4.1.13)

- *Recoveries from contractors for Asphalt supplied amounted to Rs.32.33 crore. The Department spent it on work without legislative approval.*

(Paragraph 4.1.13-4.1.14)

- *Revised administrative approval and expenditure sanction for 61 works involving Rs.17.83 crore were obtained after completion of works.*

(Paragraph 4.1.19)

Introduction

4.1.1 The Public Works Department (PWD) is entrusted with all the developmental activities like planning, designing, construction, operation and maintenance of all types of construction works such as roads, buildings, bridges, etc. It is also responsible for water supply and sewerage programmes besides electrical and mechanical works including maintenance of Government garage and workshop. In addition the construction works relating to local bodies and some of the autonomous organizations are executed as Deposit Works.

Organization set up

4.1.2 The Secretary, Public Works Department was the administrative head of the Department. The Chief Engineer assisted by 9 Superintending Engineers, 1 Chief Architect and 25 Executive Engineers were responsible for the implementation of the policies and programmes of the Department.

Audit coverage

4.1.3 The working of Public Works Department for the period 1999-2002 was reviewed between April 2002 and July 2002 by test check of the records of the Chief Engineer, Public Works Department, Panaji and 7* out of 25 divisions. The audit findings are discussed in succeeding paragraphs.

Budgeting and finance

4.1.4 The budget provision and expenditure during the years 1999-2002 under Revenue and Capital heads was as under:

Year	Budget Provision			Actual expenditure			Savings		Percentage of savings over allocation	
	<i>(Rupees in crore)</i>									
	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Revenue	Capital
1999-2000	121.18	59.54	180.72	116.54	53.84	170.38	(-) 4.64	(-) 5.70	4	10
2000-2001	153.05	123.93	276.98	143.96	96.10	240.06	(-) 9.09	(-) 27.83	6	22
2001-2002	158.56	150.66	309.22	144.87	87.89	232.76	(-) 13.69	(-) 62.77	8	42
Total	432.79	334.13	766.92	405.37	237.83	643.20	(-) 27.42	(-) 96.30		

* Public Works Divisions III, VI, VIII, IX, X, XVI and XVIII

Test check of records revealed the following:-

(i) The department obtained loan of Rs.73.41 crore from Goa State Infrastructure Development Corporation Limited (GSIDC) in June 2001, but the same was neither taken to Government Account nor included in the budget. The loan was utilized for incurring expenditure on capital works of PWD. This procedure violated the basic financial and accounting rules and resulted in savings of Rs.62.77 crore, under PWD Capital Account, though Capital expenditure of Rs.73.41 crore was financed through the off budget source of GSIDC loan.

(ii) There was unauthorized works expenditure of Rs.32.33 crore as the department applied recoveries on account of asphalt supplied to contractors towards works expenditure without crediting to Government account.

(iii) Audit scrutiny revealed that detailed estimates of receipts and expenditure were prepared by 25 divisions and submitted to the Chief Engineer, PWD without routing the same through the Superintending Engineers. The budget proposals received from the various divisions were not tabulated for analysis, modification, acceptance and recommendations to the Government. In the absence of any analysis, the detailed procedure for budget estimates was rendered unfruitful. The department stated that audit observation for compilation of budget proposals is noted. This indicated that the Chief Engineer submitted budget estimates to the Finance Department without any inputs from the field formations and thus were ad-hoc.

(iv) The Chief Engineer is responsible for control of expenditure against the budgetary grants. Monthly progress reports obtained from the divisional officers were not entered in the Expenditure Register. The registers were also not maintained properly. The department replied (June 2000) that the audit observation has been noted and registers would be properly maintained in future.

(v) The divisions request allotment of cash directly to the Director of Accounts, Government of Goa. The Directorate of Accounts in turn issues cash assignments to the Executive Engineer by passing the Chief Engineer. This results in reduced control of Chief Engineer over allocation and expenditure. Scrutiny of cash assignment orders of the seven public works divisions for the year 2001-2002 revealed that in respect of 27, out of 100 cases test checked, there was a delay ranging between 60 to 166 days in release of funds (Rs.7.04 crore) to the divisions.

A liability of Rs.13.86 crore was created (March 2002) in three Public Works Divisions* on account of 356 Running Account Bills and the expenditure was incurred without the availability of funds.

* Divisions VI, X and XVIII.

Execution of works

Construction of Amona – Khandola Bridge

Excess payment of mobilisation advance to contractor

4.1.5 As per provisions of the Central Public Works Department Manual, mobilisation advance limited to 10 *per cent* of the estimated cost put to tender or Rs. one crore, whichever was less subject to charging of simple interest at approved rate was payable to the contractor.

4.1.6 The work of construction of road bridge between Amona and Khandola including approaches was awarded by Division-XVIII for Rs.18.53 crore for completion by July 2002. It was noticed in audit that mobilisation advance of Rs.162.67 lakh (Rs.92.67 lakh: July 2000; Rs.70.00 lakh : March 2002) was paid in contravention of rules. Department replied (January 2003) that second advance with recovery period upto December 2002 was made with the approval of Chief Engineer (March 2002). The reply was not tenable as the total advance of more than Rs. one crore was irregular.

Avoidable payments on Arbitration cases

A test check of arbitration cases awarded during 1999-2002 revealed as under:

4.1.7 The construction of sports hostel at Ponda estimated to cost Rs.44.64 lakh was allotted to a contractor (April 1992) at his tendered cost of Rs.58.51 lakh for completion by May 1993, which was extended upto 31 August 1994. However, the contractor stopped the work for 33½ months from 30 May 1993 to 13 March 1996 due to delay in payments. Since no payments were forthcoming, the contractor requested the division (May 1995) to appoint an arbitrator

4.1.8 The arbitrator held (June 1996) the division responsible for the delay and awarded a compensation of Rs.17.11 lakh together with interest of Rs.10.99 lakh @ 15 *per cent* per annum simple interest till date of payment in June 1997. Rs.28.76 lakh was deposited in the Court in September 1999.

Thus, delay in payments for work done resulted in avoidable payment of Rs.28.76 lakh.

4.1.9 The work of strengthening of existing weir at Opa – Khandepar was allotted to a contractor (April 1985) at his negotiated rate of Rs.9.65 lakh to be completed by January 1986. It was noticed that the work was not completed within the stipulated period and was finally completed (May 1987) with a delay of 17 months due to delayed work order of 2 months, delayed supply of drawings, water pumps and delayed payments by the division by 14 months.

The division prepared the final bill for Rs.0.13 lakh (March 1991) after a gap of 45 months and payment was accepted (April 1991) by the contractor under protest and requested for appointment of an arbitrator to adjudicate his claims of Rs.17.12 lakh. The arbitrator gave the award in favour of the contractor (January 2001) for Rs.2.59 lakh and held the division responsible for delay. The award carried interest ranging from 12 to 16 percent. The contractor was paid Rs.7.21 lakh* (July 2001) after a delay of 131 days. The total avoidable payment was Rs.6.40 lakh.

4.1.10 The work of replacement of 300 mm dia A C gravity main at Ambora by 400 mm dia C I line was awarded to a contractor (September 1981) at his tendered cost of Rs.2.07 lakh to be completed by July 1982. The division requested the contractor (July 1983) to stop the work due to a doubt raised by the then Executive Engineer whether the pipeline load can be taken by the bridge. The contractor kept the work pending since and requested the division (October 1985) to settle his final bill. Thereafter the division withdrew the work from the contractor in March 1986. The contractor sought for appointment of an arbitrator to adjudicate the claims. The arbitrator gave the award (September 1992) in favour of the contractor and directed the division to pay Rs.1.93 lakh plus simple interest @ 15 per cent per annum. The department deposited (May 2001) Rs.6.27 lakh in court for payment to the contractor.

Idle investment

4.1.11 The land development for construction of Ravindra Bhavan at Margao for the Director of Art and Culture, Panaji, was allotted to a contractor in June 2000 for Rs.28.35 lakh and was to be completed by October 2000.

4.1.12 Audit scrutiny revealed that the work was taken up (June 2000) without complete acquisition of land. The major part of earthwork in embankment was completed (July 2001) except for removing depressions and rolling of topmost levelling layer in the available land. The contractor was paid Rs.21.81 lakh till July 2001. The construction of a retaining wall near the nallah could not be taken up and the work was proposed for termination in August 2001. Thus failure to acquire land as required, before taking up the work in June 2000 resulted in idle investment of Rs.21.81 lakh as the work was at a stand still (December 2002).

Unauthorised public work expenditure from the asphalt recoveries

4.1.13 The department was operating one Stores Division-X at Margao. The main item of procurement was asphalt required for construction and maintenance of road works. The department issued circular (April 1997) for advance payment

* Including work done and security deposit of Rs.0.81 lakh.

by divisions towards asphalt demanded. Despite said orders, outstanding payments by the various roads divisions increased continuously as shown below:

Year	Outstanding payment for asphalt
	(Rupees in crore)
1999-2000	30.73
2000-2001	31.17
2001-2002	32.33

4.1.14 Audit scrutiny of road divisions* revealed that recoveries for issue of asphalt to contractors were effected from payments to contractors. However, the recoveries effected were not utilised for clearance of outstanding asphalt bills but were utilised for other works by the division. This resulted in unauthorized expenditure of Rs.32.33 crore on road works.

Stores

4.1.15 The physical verification of stores is required to be done annually. However, despite having huge stock of stores such as pipes, bitumen, etc. for Rs.8.66 crore the works divisions IX and X had not conducted physical verification of stock for the last three years (March 2002). Similarly PWD, Division-III having huge stock of pipes of various dimensions amounting to Rs.62.46 lakh had not conducted physical verification for 10 years.

Utilisation of machinery

Poor utilisation of road rollers

4.1.16 The roads division maintains rollers for construction, repairs and maintenance of roads. Test check of log books of 10 road rollers of two selected road divisions revealed that they were under-utilised as shown below:

Year	No. of road rollers	Total working days @240 days in a year	Total days utilised	Percentage of under utilisation
1999-2000	10	2400	362	85
2000-2001	10	2400	364	85
2001-2002	10	2400	415	83

* Public works Divisions – VI & XVIII

It was stated by Works Division-VI that contractors had their own road rollers but the department could have insisted upon use of departmental road rollers by them.

Manpower management

Work charged staff

4.1.17 The department had work charged staff of 2903 under various categories like supervisors, work assistants, mistries, drivers, plumbers, labourers, etc. The position of work charged staff in 6 works divisions* test checked during 1999-2002 was as follows:

Year	Total work charged staff	Number working in office	Pay and allowances	
			Total	Pay and allowances for office working staff
		(In numbers)	(Rupees in crore)	
1999-2000	706	148	2.32	0.44
2000-2001	706	148	2.37	0.50
2001-2002	706	148	2.61	0.57

4.1.18 Scrutiny revealed that work charged staff like supervisors, work assistants, mistries, drivers, labourers etc. were working in division/sub-division offices as clerks, typists and their pay and allowances were debited to various works of the divisions within 3 per cent contingencies of the works concerned. Such debit had resulted in overstatement of works expenditure to the extent of Rs.1.51 crore and underutilization of regular office staff.

Ex-post facto administrative approval and expenditure sanction involving Rs.17.83 crore

4.1.19 During 2001-02, the department sent proposals for revised administrative approval and expenditure sanction of 61 items of additional works amounting to Rs.17.83 crore to Government only after the works were completed/almost complete. This indicated breach of legislative control as the department could decide to execute the works on its own without prior budgetary approval of the expenditure.

Monitoring and Evaluation

4.1.20 The department is having Monitoring and Evaluation cell headed by the Superintending Engineer. Audit scrutiny revealed that the cell was monitoring only water supply schemes and other schemes of the department on construction

* Public Works Division VI, VIII, IX, X, XVI & XVIII

of buildings, roads, bridges, etc. were not covered by the cell, resulting in lack of monitoring on major activities of the department.

4.1.21 The Superintending Engineers and Executive Engineers are required to conduct annual inspection of the divisions and sub-divisions under their control and the Divisional accountants regarding accounts of the sub-divisions. It was noticed in the six test checked divisions/sub-divisions that SE's/EE's and divisional accountants had not conducted the annual inspection during 1999-2002.

The matter was referred to Government in September 2002 and their reply was awaited.

SECTION-B : PARAGRAPHS

ELECTRICITY DEPARTMENT

4.2 Non-Recovery of cost of work done at the request of a consumer

Failure to recover Rs.19.33 lakh being the cost of shifting the power transformer and electrical line, from the beneficiary resulted in undue benefit to the consumer

A starred hotel at Mobor, Cavelossim, requested (January 1996) the Minister for Power, for shifting the existing 63 KVA Power Transformer and 11 KV line from the hotel premises to another site within their property to enable expansion of the hotel.

Consequently, the Superintending Engineer directed (April 1996) the Executive Engineer, Division IV (Electricity), Margao to prepare necessary estimate and take action to shift the line, after the estimated cost was paid by the Consumer. The estimate of Rs.20.49 lakh was prepared by the Division and approved by the Government (November 1996). But no agreement was executed with the consumer.

Part of the work involving laying of underground cable (estimated cost: Rs.8.58 lakh) was awarded (October 1996) to a contractor and completed in April 1997 at a cost of Rs.7.42 lakh. The balance work (estimated cost: Rs.11.91 lakh) was done departmentally.

Audit scrutiny revealed that though the work was initially proposed to be done at the cost of the consumer, it was ultimately taken up at the cost of the Government. As the work was taken up at the instance of the consumer, the entire cost of Rs.19.33 lakh* should have been recovered from the beneficiary.

Failure to recover the cost of work from the beneficiary had resulted in avoidable expenditure of Rs.19.33 lakh to the Government and undue benefit to the hotelier to that extent.

The matter was referred to the Government in June 2002; their reply had not been received (December 2002).

* Rs.7.42 lakh paid to the contractor and Rs.11.91 lakh being estimated cost of work done departmentally as actual cost was not worked out by the Division.