

## CHAPTER – IV

### TRANSACTION AUDIT

This Chapter contains audit paragraphs on loss to Government, infructuous and wasteful expenditure, avoidable expenditure, idle investment and idle establishment and audit of regularity issues as a result of transaction audit of Government Departments. It also contains paragraph on lack of response to Audit findings.

#### 4.1 Losses to Government

##### HOUSING DEPARTMENT (Goa Housing Board)

##### *4.1.1 Loss due to non-adoption of appropriate rate of land*

<b>Failure of the Board to adopt the revised rate of land while fixing the cost of 24 duplex bungalows resulted in loss of Rs.22.44 lakh to the Board</b>
---

The Goa Housing Board (Board) invited (February 2000) applications for demand registration for their proposed duplex bungalows on 6 ha. land at Porvorim on hire purchase basis. The Board decided (March 2000) to take up the scheme of 32 duplex bungalows in two phases of 16 duplex bungalows at an estimated cost of Rs.4.25 crore. The land cost considered for the project was Rs.2000 per sq m and cost of each duplex bungalow, was provisionally fixed at Rs.12.60 lakh for each bungalows, subject to variation after final settlement.

Based on Government decision (April 2001) Board invited (June 2001) tenders for 24 duplex bungalows and awarded the work in August 2001. The project cost of 24 duplex bungalows was recast in October 2001 and the cost of each bungalow was estimated at Rs.12.52 lakh (plot area of 187 sqm for each bungalow) considering the land cost at Rs.2000 per sqm.

The construction of the bungalows was completed in January 2003. All the 24 duplex bungalows were allotted (between October 2000 and September 2002) to the applicants at the rate of Rs.12.60 lakh per bungalow.

Scrutiny revealed that the Board had revised the rate of land at Porvorim to Rs.2500 per sq m in July 2001. However, the Board did not adopt the revised rate of Rs.2500 while working out the land cost for the project though the project cost was recast in October 2001.

Adoption of rate of Rs.2000 per sq m instead of Rs.2500 per sq m as cost of land for working out the cost of the duplex bungalows (at the rate of Rs.12.60 lakh each) resulted in loss of Rs.22.44 lakh to the Board, taking into account the area of 4488 sq m utilised for the project.

The Board stated (July 2003) that when the estimates for the project was prepared in March 2000, the price of the land in Porvorim fixed by the Board in September 1997 at the rate of Rs.2000 per sqm was in force. The reply is not tenable, as the Board revised this rate in July 2001 to Rs.2500 per sq m keeping in view the prevailing market rate and it was not adopted when the project cost was recast in October 2001.

## **4.2 Infertuous/wasteful/nugatory expenditure**

### **GENERAL ADMINISTRATION DEPARTMENT**

#### ***4.2.1 Nugatory expenditure on renovation of Shrama Shakti Bhavan and loss of revenue***

**Change of interior design of a newly completed building resulted in nugatory expenditure of Rs.21.45 lakh and loss of revenue of Rs.25.49 lakh upto August 2003.**

Government approved (September 1993) construction of Shrama Shakti Bhavan at Panaji, a seven storey building measuring 3067.64 sqm, for housing the offices of the Labour Department. Ten rooms (area: 323.30 sqm) of the ground floor were meant for commercial use. The work was completed in September 2000 as per the architectural plan provided, at a cost of Rs.2.65 crore.

In the meantime, Government decided (November 2000) to change the interior design of the building in consultation with an architect. Accordingly, Government appointed (March 2001) a private architectural consultant at a fee of 5 *per cent* of the cost of interior design (estimated cost: Rs.2.26 crore) though 62.15 *per cent* of the estimated cost was on furniture. It was noticed in audit that the consultant was appointed arbitrarily without inviting any technical or financial bids in order to ensure technical competence and secure financial interest of the State. The work was completed in April 2003.

Scrutiny revealed that due to the renovation, electrical works and wiring of sub station already done had to be fully altered at a cost of Rs.8.65 lakh. Besides, the renovation work included laying of ceramic tiles in all the seven floors and reception area of ground floor. Thus, expenditure of Rs.12.80 lakh already incurred for precast terrazzo tiles, kotah stone slab flooring etc. in those areas was rendered nugatory. Thus, total nugatory expenditure was Rs.21.45 lakh.

It was further noticed that commercial area of 323.30 sq m was not allotted on rent even as of August 2003 due to non-completion of interior design. Based on the annual rent rate fixed (March 2002) for allotment of space (Rs.17735 for 65 sqm) to an NGO, Government would have realized annual rent of

Rs.10.55 lakh for the commercial area. Total loss of rent during the period April 2001 to August 2003 was Rs.25.49\* lakh.

Thus, Government decision of renovation of the building was an afterthought, which resulted in nugatory expenditure of Rs.21.45 lakh and loss of revenue of Rs.25.49 lakh upto August 2003.

The matter was reported to Government in September 2003; their reply was not received (January 2004).

### 4.3 Avoidable/unfruitful expenditure

#### ELECTRICITY DEPARTMENT

##### 4.3.1 Adoption of incorrect rate for incomplete item of work

**Acceptance of abnormally high rate quoted for incomplete item of work resulted in avoidable extra expenditure of Rs.10.69 lakh.**

Executive Engineer, Works Division-XIII, Corlim (EE) awarded (May 1994) the work “supply, erection, testing and commissioning of a Power sub-station at Kadamba Plateau, Goa to contractor ‘A’ for Rs.4.44 crore. In November 1994, work for additional transformer was also awarded to the same contractor for Rs.1.70 crore. The work was to be completed by March 1996. As the work was not completed by June 1998 the EE terminated the contract in January 1999 at the risk and cost of the contractor. The contractor had done work to the value of Rs.4.58 crore. The balance work estimated to cost Rs.1.29 crore was awarded in March 1999 to the lowest tenderer ‘B’ for Rs.1.47 crore (13.47 per cent above estimate). The work was completed in December 1999 at a cost of Rs.1.53 crore.

The original work included an item “excavation in soft rocks/laterite foundation and earth mat where blasting was prohibited” (2000 cum). Against this, contractor ‘A’ had executed 2063 cu m at the tendered rate of Rs.160 per cu m. However, while tendering the balance work, this item of work was also included in the tender schedule, without indicating any quantity and the bidders were asked to quote the unit rate.

---


$$* \frac{17735}{65} = 272$$

$$272 \times 323.30 \times 12 = \text{Rs.10.55 lakh}$$

$$272 \times 323.30 \times 29 = \text{Rs.25.49 lakh}$$

Audit scrutiny (October 2002) revealed that as against the original estimated rate of Rs.160 per cu.m., Contractor 'B' quoted Rs.896 per cum for the item. The rate was abnormally high compared to the rate (Rs.204 per cum) quoted by another contractor.

Executive Engineer did not estimate the balance quantity of the work for this item. On receiving the quotes, Executive Engineer failed to analyse the rates quoted and see the high rate of Rs.896 per cum quoted by the contractor, which could have been brought down to the PWD Schedule of Rates plus tender premium (Rs.239 per cum), before finalisation of the contract. The above lapses resulted in avoidable extra cost of Rs.10.69<sup>a</sup> lakh, on execution of a quantity of 1626.69 cum of the said item under the second contract.

The matter was referred to the Government in June 2003; and their reply has not been received (January 2004).

#### **4.4 Idle investment/idle establishment**

##### **EDUCATION DEPARTMENT (Goa University)**

#### **4.4.1 Idling of Distance Education, Information and Training Infrastructure (DEITI)**

**A full fledged TV broadcasting studio, earth station and downlink equipment at 25 colleges set up at a cost of Rs.2.03 crore could not be utilized for over 18 months for want of editing equipment.**

In November 1997, the Executive Council of Goa University (GU) sanctioned Demonstration and Testing Phase (DTP) of Distance Education, Information and Training Infrastructure (DEITI). DTP comprised of a net work of class room-cum-studio in the University campus and 22 receive ends equipped with telephone talk back facilities, fax and e-mail at selected Colleges and Higher Secondary Schools. Ten receive ends were set up with funds received from Government of Goa and the Members of Parliament Local Area Development scheme. Backed by the experience and confidence gained during DTP, University submitted a proposal (February 1998) to Government of India, Ministry of Human Resources Development (MHRD) for establishing a full fledged DEITI infrastructure in a phased manner.

GU submitted (June 2000) a revised proposal to MHRD for Rs.6.63 crore to set up the infrastructure in 3 phases, over a period of 33 months.

Phase I provided for the setting up, in 9 months from date of sanction, of full fledged TV studio with a SATCOM earth station to provide uplink facilities

---

<sup>a</sup> 1626.69 cum x (Rs.896 – Rs.239)

(estimated capital cost:Rs.3.24 crore and recurring cost:Rs.0.28 crore). MHRD approved the proposal in November 2000. For the Phase I, University received Rs.2 crore from Indira Gandhi National Open University, Rs.0.27 crore from the State Government and Rs.0.20 crore from the Indian Space Research Organization as of March 2003.

The Broadcast Engineering Consultants India Limited (BECIL) a GOI enterprise completed the installation of studio and earth station and the downlink equipment of Phase I (September 2001) at a cost of Rs.1.90 crore. The total expenditure on the project (April 2003) was Rs.2.03 crore and Rs.0.44 crore was lying unspent with the GU.

Audit scrutiny revealed that the infrastructure set up in phase I was lying idle for want of editing equipment. Meanwhile, a Project Co-ordinator and 4 Project Assistants were appointed in November 2002.

The University stated (November 2003) that the editing of the programmes would commence only after procurement of editing equipment. The telecast of the programmes would then begin from the next academic year (2003-04).

Thus, Phase I of the DEITI set up at a cost of Rs.2.03 crore and completed as early as September 2001, remained idle for over two years depriving the students of the benefits of Distance Education.

The matter was referred to Government (August 2003); their reply was not received (January 2004).

## DEPARTMENT OF TOURISM

### *4.4.2 Idle investment on acquisition of land*

**In July 1996, Department of Tourism acquired land worth Rs.27.62 lakh in 'No Development Zone'. The investment has been lying idle since then.**

As per Government of India Coastal Regulation Zone (CRZ) Notification of February 1991, no permanent construction would be allowed on the land within the area upto 200 meters from the HTL (No Development Zone).

It was noticed that Director of Tourism acquired land measuring 7637 sqm at Miramar, Panaji in July 1996 at a cost of Rs.27.62 lakh for providing tented accommodation with toilet facilities to tourists outside the adjacent Yatri Niwas Complex of Goa Tourism Development Corporation (GTDC). The Director acquired the land despite knowing that the land fell in the No Development Zone.

Scrutiny revealed that the GTDC did not take over the land from the Department as of April 2003, reportedly due to poor water and power supply and absence of

sewerage system. Thus, the objective of providing tented accommodation for tourists was not achieved and an expenditure of Rs.27.62 lakh was rendered unfruitful for seven years.

On the matter being reported to Government in May 2003, the Director handed over the land to the GTDC on 31 May 2003. Director also stated (November 2003) that pitching of tented accommodation was proposed with a view to prevent private parties from erecting temporary ugly structure, so as to keep the frontage open to ensure sea view for the GTDC hotel, and that the land could be used for beach sports not requiring permanent construction.

The reply was not tenable, as the primary purpose for acquiring the land was for pitching tented accommodation for tourism purposes and the same could not materialize due to CRZ notification which the Government was well aware at the time of acquiring the land. Besides, private parties have to be prevented from erecting temporary ugly structures to enforce the CRZ notification and acquiring of land by Government, is not the solution to the issue.

## **PUBLIC WORKS DEPARTMENT**

### **4.4.3 Payment of idle wages**

**Government shifted one Works Division from Margao to Ponda, but all work allotted to it was taken away, resulting in a wasteful expenditure of Rs.29.57 lakh on idle staff.**

In order to meet the additional workload in execution of major water supply schemes, Chief Engineer, PWD, with the approval of Government, reorganized (December 2001) the set up of the Public Health Engineering (PHE) sector.

In the new set up, Works Division-XXIV (PHE), Margao was to be shifted to Ponda along with one of its two sub-divisions to supervise the works of construction/maintenance of all rural and urban water supply schemes in Ponda taluka. Similarly, two Sub-divisions of Division-III, Panaji were also to be transferred to Division-XXIV, Ponda for execution of New Opa Water Supply Scheme which was under Division-III.

Accordingly, Division-XXIV was shifted to Ponda in March 2002, after handing over all their works. However, Chief Engineer issued (April 2002) another order retaining the sub-divisions of Division-III with it. Consequently, Division-XXIV was transferred to Ponda without any work. This was also confirmed by the Executive Engineer in September 2003.

During the period from April 2002 to August 2003 an amount of Rs.38.91 lakh was spent on salaries of staff including one sub-division of the Division, of which, Rs.9.34 lakh pertained to the staff (five persons) on working arrangement to other divisions. Besides, the Division exists with only one sub division as against a normal practice of having atleast three or more sub divisions with one Division.

Thus, injudicious decision of Government and Chief Engineer resulted in wasteful expenditure of Rs.29.57 lakh on pay and allowances of idle staff (April 2002-August 2003).

The matter was referred to the Government (June 2003); their reply has not been received (January 2004).

## 4.5 General Paragraphs

### 4.5.1 Lack of response to audit findings

#### ALL DEPARTMENTS

Accountant General (AG) conducts periodical inspection of the Government departments to test-check the transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. Following these inspections, Inspection Reports (IRs) are issued to the Heads of offices inspected with a copy to the Head. Government rules provide for prompt response to ensure corrective action and accountability. Serious irregularities are also brought to the notice of the Heads of the Department by the office of the AG (Audit). A half-yearly report is sent to the Secretary of the Department in respect of pending IRs, to facilitate monitoring.

Inspection Reports (IRs) issued upto December 2002, pertaining to 41 departments disclosed that 719 paragraphs relating to 367 IRs remained outstanding at the end of 30 June 2003. Year-wise position of the outstanding IRs and paragraphs are given below:-

Year	Inspection Reports	No. of paragraphs
Upto 1998-99	100	130
1999-2000	54	97
2000-2001	59	132
2001-2002	106	233
2002-2003	48	127
<b>TOTAL</b>	<b>367</b>	<b>719</b>

The following persistent irregularities commented upon in these Inspection Reports were not looked into as of June 2003.

<b>Sr.No.</b>	<b>Nature of Irregularities</b>	<b>No. of paras</b>	<b>Amount (Rupees in lakh)</b>
1.	Short billing	8	654.82
2.	Theft cases	11	403.29
3.	Unserviceable articles	17	108.99
4.	Vacant quarters	9	24.83

A review of the pending IRs revealed that most of the Heads of offices, whose records were inspected failed to discharge due responsibility as they did not send any reply to a large number of IRs/paragraphs. This indicated their failure to initiate action in regard to defects and irregularities pointed out in audit.

It is recommended that Government should look into this matter and ensure that procedure exists for (a) action against the officials who failed to send replies to IRs/paragraphs as per the prescribed time schedule; (b) action to recover loss/outstanding advances/ over payments in a time bound manner and (c) revamping the system of proper response to the audit observations.