



दिल्ली विधान सभा सचिवालय
DELHI LEGISLATIVE ASSEMBLY

लोक लेखा समिति
PUBLIC ACCOUNTS COMMITTEE

छठा प्रतिवेदन
SIXTH REPORT

लोक निर्माण विभाग पर प्रतिवेदन
REPORT ON PUBLIC WORKS DEPARTMENT

दिनांक ² अप्रैल 2008 को प्रस्तुत।

Presented on ² April 2008

2

दिल्ली विधान सभा सचिवालय, विधान सभा भवन, पुराना सचिवालय, दिल्ली - 110054
Delhi Legislative Assembly Secretariat, Vidhan Sabha Bhawan, Delhi - 54

समिति की सदस्यता
COMPOSITION OF THE COMMITTEE

- | | |
|--|--------------------|
| 1. श्री विजय सिंह लोचव
Shri Vijay Singh Lochav | सभापति
Chairman |
| 2. श्री चरण सिंह कंडेरा
Shri Charan Singh Kandra | सदस्य
Member |
| 3. श्री राजेश जैन
Shri Rajesh Jain | सदस्य
Member |
| 4. श्री वीर सिंह धिंगान
Shri Veer Singh Dhingan | सदस्य
Member |
| 5. श्री राजेश लिलोटिया
Shri Rajesh Liloithia | सदस्य
Member |
| 6. श्री विनय शर्मा
Shri Vinay Sharma | सदस्य
Member |
| 7. श्री हरशरण सिंह बल्ली
Shri Harsharan Singh Balli | सदस्य
Member |
| 8. श्री मोहन सिंह बिष्ट
Shri Mohan Singh Bisht | सदस्य
Member |
| 9. श्री रमेश बिधुरी
Shri Ramesh Bidhuri | सदस्य
Member |

विशेष आमंत्रित

Special Invitees:

- | | |
|--|---|
| 1 श्री पी.के.मिश्रा
Shri P K Mishra | महालेखाकार (लेखा परीक्षा) दिल्ली
Accountant General (Audit),
Delhi. |
| 2 श्री वी.वी.भट्ट
Shri V V Bhat | प्रधान सचिव (वित्त), दिल्ली सरकार
Principal Secretary (Finance),
Government of Delhi. |

विधान सभा सचिवालय

Assembly Secretariat:

- | | |
|---|---------------------------------|
| 1 श्री सिद्धार्थ राव
Shri Siddharath Rao | सचिव
Secretary |
| 2 श्री जी.एस.रावत
Shri GS Rawat | संयुक्त सचिव
Joint Secretary |
| 3 श्री एस.के.सिकदार
Shri S K Sikdar | अवर सचिव
Under Secretary |

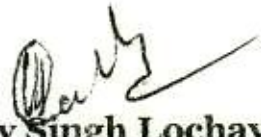
Introduction

I, Vijay Singh Lochav, Chairman of the Public Accounts Committee of the Delhi Legislative Assembly, having been authorised by the Committee to present its Report, do hereby present the Report of the Committee relating to examination of Paras pertaining to the Public Works Department as appearing in the Comptroller and Auditor General's report for the year ended March 2005 and 2006.

The Committee in its meeting held on the 14 February 2008 had considered these paras. The Committee held extensive deliberations and the Departmental Representatives were also given adequate opportunity to submit written replies and to present their views in the meeting. The report of the Committee was adopted in its meeting held on 26 March 2008.

The Committee appreciates the co-operation and guidance extended to it by Shri PK Mishra, Accountant General (Audit), Delhi and VV Bhat, Principal Secretary, Finance Department, Government of Delhi. The Committee also wishes to place on record its appreciation of the valuable assistance rendered by the Officers and Staff of the Assembly Secretariat during its meeting as also in the preparation of the Report.

Delhi.
Date: **26** March 2008


(Vijay Singh Lochav)
Chairman
Public Accounts Committee

REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON THE PUBLIC WORKS DEPARTMENT

PARA 3.7 UN-AUTHORISED EXPENDITURE

(Excerpts from the Report of the C&AG as appearing in the Report for the year ended 2006.)

“Executive Engineer incurred an expenditure of Rs.68.08 lakh on a work without obtaining Administrative Approval and Expenditure Sanction of the Competent Authority by debiting it to two different plan works in blatant disregard of the rules.”

Test check of the records of the Executive Engineer, PWD Division XXI revealed that two separate Administrative Approvals and Expenditure Sanctions (AA&ES) were obtained in July 2002 and February 2003 for two planned works namely (a) Construction of footpath drain, anti encroachment measures, resurfacing, mastic asphalt treatment and road markings etc. in respect of Road No.13-A and (b) Widening of Road No.13-A from four lanes to six lanes from Mathura Road Junction to Kalindi Kunj Junction RD (Radial Distance) 0 M to 2500 M and construction of service road on Sarita Vihar side from RD 0 M to 1500 M for Rs. 1.78 crore and Rs. 4.34 crore respectively. During execution of the work of resurfacing of Road No. 13-A, it was noticed that the wearing course on the road had outlived its useful life and it was decided to provide Dense Bituminous Macadam (DBM) on the existing road surface prior to execution of Dense Asphalt Concrete (DAC). However, no provision had been made in the AA&ES for laying of DBM. Accordingly, a separate preliminary estimate was sent to the Department in August 2003 for obtaining AA&ES of Rs. 69.46 lakh. Without obtaining such AA & ES, the work of “Laying a layer of DBM on Road No. 13-A in a width of 7.5 M from the central verge through out” was awarded to a contractor in January 2004 at his tendered cost of Rs. 52.98 lakh. The work was completed in April 2004 at a cost of Rs.68.08 lakh. The expenditure incurred on this work was charged to both the plan works for which AA &ES was received earlier. Such incurring of expenditure of Rs. 68.08 lakh without obtaining of AA&ES constituted a blatant disregard of the codal provisions.

The Superintending Engineer (SE), PWD, Circle V and Chief Engineer (CE) Zone IV stated in October-November 2006 that the preliminary estimate was sent to the Department for AA&ES but the Principal Secretary (PWD) accorded his approval for taking up this work from the overall savings of two major estimates sanctioned for the road through separate call of tender. They added that the expenditure of Rs 6.38 crore incurred on the three works was within the 10 per cent variation of the overall sanction of Rs. 6.12 crore for both the plan works.

The reply is not tenable as the expenditure of Rs. 68.08 lakh was incurred on a separate item of work viz “Laying a layer of DBM on Road No. 13-A in a width of 7.5 M from the

central verge through out” for which a separate AA&ES should have been obtained as it was not included in the two sanctioned schemes. It was further noticed that the saving in the two plan works was only Rs. 42.22 lakh where as the expenditure incurred on the third work was Rs. 68.08 lakh. Moreover, the 10 per cent variation cited by the SE/CE is not relevant as it pertains to variations from sanctioned estimates and can not be extended to cover expenditure on a separate item of work for which AA&ES has not been obtained. The case highlights weakness of payment, accounting and expenditure controls in the Department which permitted incurring of expenditure without obtaining AA&ES in disregard of the codal provisions.

REPLY OF THE DEPARTMENT :

The Department in its written reply dated 06 February 2008 and submissions before the Committee in the meeting held on 14 February 2008 stated that there was provision of Rs. 32 lakh in the sanctioned estimates for DBM. The total amount of the sanctioned work after adding permissible deviation of 10% works out to be Rs. 477.40 lakh. Separate agencies executed DBM on existing surface as per requirement against saving out of sanctioned estimate of the work, for which approval was accorded by the Principal Secretary (PWD). The total expenditure on work was arrived at Rs. 441 lakh (Rupees 373 lakh plus 68 lakh.) against the provision of Rs. 477.40 lakh.

The Principal Secretary also clarified that revised Administrative Approval from the competent authority is mandatory in case the deviation exceeds the prescribed limit of 10%. The Department further stated that the DBM was included in the scope of work of widening of road and it had two alternatives to get it done either through a separate estimate or out of the existing estimate, if savings are available. It was decided to get the work done through the existing estimate because there was an item of DBM available in the estimate. The work could either be got done through the same contractor or through another contractor by inviting tenders. The Department adopted the system of calling tenders and got the work done through another agency so as to ensure that the road is put to the desirable standards.

OBSERVATIONS AND RECOMMENDATIONS OF THE COMMITTEE

After considering the observations in the C&AG's Report and reply of the Department, the Committee is of the opinion that the Department had deviated from the approved standards and rules. Section 49.9(v) and (vi) of CPWD Works Manual provide that funds shall not be appropriated or re-appropriated from Plan schemes to Non-plan schemes or for any work which has not received Administrative Approval and Expenditure Sanction of the competent authority. The Committee observed that basically it is a system related issue. The Manual provides certain safeguards with

regard to initiating and executing a new work. Obtaining Administrative Approval and Expenditure Sanction before starting the work is one of such safeguards. However, the Department in this case incurred the expenditure without obtaining AA&ES which is in violation of the codal provisions. The Committee also notes with regret that the site inspections are not carried out properly and estimates are generally prepared without due care. As a result of this, the estimates are mostly found to be faulty. Further, the Committee viewed that altering the scope of work, irrespective of whether there are savings or not, is against the provisions of rules and thus not desirable.

The Committee recommends that the Department should strictly adhere to the rules and codal provisions relating to the obtaining of the Administrative Approval and Expenditure Sanction of the competent authority prior to execution of work. Scope of work should not be altered without the prior approval of the competent authority at any circumstances. Site inspections must be carried out properly and extreme care should be taken while preparing the estimates to achieve more accuracy and to minimize the extent of deviation.

3.8 IRREGULAR EXPENDITURE

(Excerpts from the Report of the C&AG as appearing in the Report for the year ended 2006.)

“Executive Engineer incurred an excess expenditure of Rs.40.36 lakh for providing lighting arrangements on a flyover without administrative approval or expenditure sanction in violation of codal provisions.”

Test check of the records of PWD Electrical Division-III revealed that Administrative Approval (AA) and Expenditure Sanction (ES) for Rs.17.65 crore was obtained in September 2002 for construction of a flyover on the Outer Ring Road-Khelgaon Marg intersection. This included a provision of Rs.41 lakh for street lighting and luminaries on the proposed flyover and Rs.20 lakh for the service connection of electricity. In August 2004, the work of supplying, installation, testing and commissioning of street light poles and luminaries was awarded to a contractor at his tendered cost of Rs.47.70 lakh with the stipulated dates of start and completion being 2 September 2004 and 1 November 2004 respectively.

The work was actually completed on 4 April 2005 after incurring a total expenditure of Rs.81.36 lakh which exceeded the amount of Rs. 41 lakh administratively approved/sanctioned by Rs.40.36 lakh as below:

(Rs. in lakh)

Sl. No.	Nature of work	Amount of AA and ES	Expenditure incurred	Excess over AA and ES	Remarks
1.	Street Lighting	41.00	69.25	28.25	Cost of deviated quantity Rs. 10.67 lakh and extra item Rs. 10.90 lakh
2.	Temporary lighting		7.95	7.95	
3.	Purchase of aluminum cable		2.71	2.71	
4.	Supplying and providing galvanized mild steel flange support at central verge of flyover		0.69	0.69	
5.	Permanent imprest		0.54	0.54	
6.	Advertisement		0.22	0.22	
	Total	41.00	81.36	40.36	

The revised administrative approval and expenditure sanction was yet to be obtained as of October 2006.

The Department informed in August 2006/October 2006 that though an expenditure of Rs.69.25 lakh incurred on the electrical works was in excess of the technical sanction, there were savings in civil works and the total expenditure on the project was less than the amount of AA and ES. It added that the additional expenditure was necessitated by increase in the scope of work due to widening of the slip road and for increasing the illumination level throughout the flyover adjoining the slip roads. A revised technical sanction has since been obtained from the competent authority in this regard.

The reply is not tenable because the total expenditure incurred by the Department on the civil and horticulture works was Rs.17.97 crore as against the sanctioned amount of Rs.17.04 crore available for the purpose. Hence, there were no savings as claimed by the Department. Further, the extent of deviation in the electrical work was nearly 100 per cent as against the 10 per cent deviation permitted under rules. Also, the need for widening of the slip road and increased illumination should have been foreseen at the planning stage itself in order to obviate the possibility of subsequent changes in scope of the work.

Thus, inadequate planning and failure of the Department to adhere to the codal provisions resulted in irregular expenditure of Rs.40.36 lakh.

REPLY OF THE DEPARTMENT:

The Department in its written reply dated 06.02.2008 stated that AA&ES for the work was received for Rs. 17.65 crore covering cost of all the components of work, i.e., civil, electrical and horticulture. Installation, testing and commissioning of street light poles and luminaries was a part of the main work and it could not be termed as a separate component of work. AA&ES was received for the entire work and not separately for the sub-heads of the estimated costs. A variation of 10% is permissible and after adding that the total cost comes at Rs.19.4 crore. However, in this case the total cost arrived at Rs.18.78 crore (Rupees 17.97 crore plus 0.81 crore) only. Hence there was no requirement to obtain revised AA&ES.

Basically, the project/scope of the work included construction of flyover with appropriate illuminations and greeneries and as such all the three components (civil, electrical and horticulture) were parts of the main work and deviations in individual items or sub-heads were to be absorbed within the variation permissible on the project cost. Hence there was no irregular expenditure incurred.

The Department while reiterating its written submissions, further explained in the meeting of the Committee held on 14 February 2008 that during execution of the work it was observed that some additional illuminations had to be provided on the flyover for safety and convenience of commuters. As the Department had provisions available in the estimated cost sanctioned for the entire project (including 10% permissible variation), it was decided to go ahead with the work to provide better lighting arrangements for the public.

OBSERVATIONS AND RECOMMENDATIONS OF THE COMMITTEE

After considering the reply of the Department, the Committee viewed that the Department had failed to do adequate planning because of which it could not foresee the need for widening of the slip road and increased illumination. Apart from this,

the Department also failed to adhere to the codal provisions which envisage that PWD should obtain the Administrative Approval and Expenditure Sanction of the Competent Administrative Authority before executing any work. Section 2.16.1 and 2.16.2 of the CPWD Manual Volume II provide that material deviation from the original proposal should be not made without the sanction of the authority which accorded the administrative approval to the work even though the cost of the same may be covered by savings on other items.

The total expenditure incurred by the Department on the civil and horticulture works was Rs. 17.97 crore as against the sanctioned amount of Rs. 17.04 crore available for the purpose. The Committee, therefore, opines that there were no savings as claimed by the Department. Further, the extent of deviation in the electrical work was nearly 100% as against the 10% deviation permitted under rules. In order to obviate the possibility of subsequent changes in scope of the work, the Department should have made adequate planning to foresee the requirement of widening of the slip road and additional illumination.

The Committee recommends that sincere efforts should be made to prepare the estimates correctly. Possibility of deviation should be restricted by all means. Estimates in respect of all components of a work should be made with a realistic approach considering all the aspects and foreseeing the future requirements at the planning stage itself. Rules and codal formalities should be followed scrupulously.

3.9 AVOIDABLE EXPENDITURE ON COST ESCALATION

(Excerpts from the Report of the C&AG as appearing in the Report for the year ended 2006.)

“Failure on the part of the Public Works Department to ensure unhindered execution and timely completion of works led to avoidable additional expenditure of Rs. 1.17 crore.”

The Reports of the Comptroller and Auditor General for the years ended March 2004 and March 2005 had highlighted cases of avoidable expenditure totaling Rs.1.84 crore on account of escalation in the cost of material and labour under clause 10CC of the agreement due to delays in completion of works which were attributable to the department. However, no remedial action was taken.

Further scrutiny in audit revealed another three similar cases of avoidable expenditure of Rs. 1.17 crore in three divisions (Division 28, Executive Engineer (Civil-I Delhi College of Engineering Project and Division XIX) as detailed below:

Sl. No.	Name of Division	Name of work	Date of award of work	Stipulated date of completion	Actual date of completion	Delay	Additional payment as per clause 10CC of the agreement
1.	PWD-XXVIII	Construction of Forensic laboratory at Madhuban Chowk	30 August 2000	13 March 2002	27 March 2004	More than 24 months	Rs. 22.07 lakh (Final bill May 2004)
2.	E.E.(C)-I, Delhi College of Engg. Project	Construction of District courts at Rohini	02 March 2001	11 January 2003	Work in progress	More than 42 months as of July 2006	Rs. 56 lakh (upto to 55 th Running Bill in March 2006)
3.	PWD-XIX	Construction of 200 bedded hospital at Shastri Park, East Delhi SH: Main Hospital and service block	06 February 2002	14 October 2003	Work in progress	More than 33 months as of July 2006	Rs. 38.93 lakh (upto 20 th Running Bill in June 2005)
							Rs.117 lakh

The reasons recorded in the hindrance registers for delay in completion of work included (i) non-supply of various architectural/structural designs and additions/alternations in the executed work, (ii) non-selection/approval of materials, (iii) non-availability of site, (iv) extra items due to change in specification, and (v) hindrance due to the ongoing of some other work, etc. which were all attributable to the department.

The persistent failure of the department to adhere to the contractual provisions and ensure smooth and timely completion of works thus resulted in a further avoidable additional expenditure of Rs.1.17 crore on account of cost escalation of labour and material.

REPLY OF THE DEPARTMENT:

The Department in its written reply dated 06 February 2008 stated that the works at serial number 1 and 2 were of high priority and the same were being monitored by the Building Committee of Hon'ble High Court. It was not feasible to invite tenders for these works after receipt of complete set of architectural and structural drawings because a number of changes are generally made by the client department during execution of work depending upon their functional requirement. Particularly, in the case of construction of Rohini Court building, Maintenance and Construction Committee of Delhi High Court during their inspection suggested many changes and new services were added and it was decided to complete them along with ongoing works. These were like Data Networking, connecting all computers in Court Rooms, Judges Chambers with main Server, Centralized Clock System, Facilitation Centres, shifting of pay and use toilets away from main building, upgradation of security arrangement, upgraded seating and expansion of lock-up etc.

Department provided comparison of cost of completion for the above work of construction of District Court, Rohini anticipating that it would have taken atleast another six months, as also contented by the Audit, if the work was awarded after approval of drawings from local bodies and service drawings incorporating all the modifications, etc. as suggested by the client. The rates adopted for showing this comparison are based on a similar work namely 'Construction of 200 Bedded Hospital at Shastri Park, East Delhi SH: Main Hospital and Service Block', which was awarded after about six months from the date of award of the aforesaid work.

The Department admitted before the Committee in its meeting held on 14 February 2008 that they could not take clearance and approval from the local authorities before starting the work.

However, it tried to justify their decision by providing a cost comparison analysis, as referred to above. The table showing the comparison as furnished by the Department is reproduced hereunder:

Name of the Work : Construction of 200 Bedded Hospital at Shastri Park, East Delhi.

SH: Main Hospital and Service Block.

Cost of completion as per present Agreement taking delay in completion			Cost of completion if work was awarded after revision of drawings as desired by the client department and taking into account extra period of extra work		
(a)	Work awarded amount : (1.07% below E.C. Rs. 11.34 crores)	11.20 Crores	(a)	Work awarded amount : (1.07% below E.C. Rs. 11.34 crores)	11.20 Crores
(b)	Extra work done.	2.54 Crores	(b)	Higher tendered amount of 3% for 3 months 10 days required for revision in drawings before start.	0.34 Crores
(c)	Escalation to be paid.	1.05 Crores	(c)	Extra work done.	2.54 Crores
			(d)	Escalation to be paid if work was completed within stipulated time frame adjusted for extra work.	0.91 Crores
	Total	14.79 Crores		Total	14.99 Crores
				Saving Amount	0.20 Crores

By presenting the above cost comparison study, the Department contented that there was a net saving of Rs. 0.20 Crores and as such the procedure adopted caused no loss to the Government.

The Department also emphasized that mainly the delay was on account of various modifications and additional services requisitioned subsequently by the user.

OBSERVATIONS AND RECOMMENDATIONS OF THE COMMITTEE

The Committee takes a serious note of the inordinate delay ranging from 24 to 42 months in completion of construction of aforesaid buildings. Committee observes that most of the delays were of procedural nature such as non-supply of various architectural / structural designs and additions / alterations in the executed work, etc.

The Department could have avoided these hindrances, had there been proper planning. As per the provisions contained in CPWD Manual Volume II, Public Works Department should not issue tender notices unless all tendered documents including complete set of architectural and structural drawings together with specifications of work are available or are likely to be available before the work commences along with sites free from encroachments and hindrances. The Department is also responsible for supplying documents, drawings and stipulated materials to the contractors according to the schedule agreed upon in the contract as well as for ensuring adequate coordination with various agencies involved for unhindered and timely execution of works.

The Committee views that the reasons for delay as furnished by the department are not justifiable. Further, the comparative cost analysis submitted by the department so as to justify their stand to start the work before the approval of drawing from local bodies, failed to impress the Committee. The Committee observes that the department should not rely on such assumed data to justify the delay. It should be the endeavor of the department to strictly adhere to the codal provisions to ensure smooth and timely completion of works. The Department should make it a point to conduct joint inspections and reviews prior to the award of work and it should also examine all the major changes and specifications in detail as per client's requirements.

The Committee desires that the department should sincerely work out the remedial measures and strictly enforce their implementation to ensure smooth and timely completion of works and also to avoid cost escalation, which led to avoidable additional expenditure.

3.10 AVOIDABLE EXPENDITURE ON WATCH AND WARD AND UPKEEP OF THE CLOSED HOT MIX PLANTS.

(Excerpts from the Report of the C&AG as appearing in the Report for the year ended 2006.)

“Failure of the department to dispose off two hot mix plants which were closed down in pursuance of orders of the Supreme Court despite lapse of nearly nine years resulted in avoidable expenditure of Rs.57.97 lakh on their watch and ward and upkeep.”

Rules stipulate that every officer incurring or authorizing expenditure from public funds should be guided by high standards of financial propriety and enforce financial order and strict economy at every step. Towards this end, it is essential that the time-lag between the declaration of the competent authority as to condemnation of stores and its actual disposal is minimized so that unnecessary expenditure on its maintenance or upkeep is avoided.

Test check of the records of Electrical Division V and XI of the Public Works Department (PWD) revealed that the Supreme Court had directed in October 1996 the closure of all Hot Mix Plants located in Delhi to cut down pollution. The plants were to be closed with effect from 28 February 1997. However, the divisions were yet to dispose off the plants in their jurisdiction even after a lapse of nine years from the date of closure directed by the apex Court and continued to incur expenditure on their upkeep and maintenance as discussed in the succeeding paragraphs.

(a) Hot Mix Plant at G.T. Karnal Road

The Executive Engineer, Electrical Division II, had a hot mix plant at G.T. Karnal Road. The plant was closed down in February 1997. In April 1999, a survey report fixed a reserve price of Rs.13.69 lakh along with unserviceable stores. However, no further action was taken to dispose off the plant through public auction. The plant was subsequently transferred to Division XI which came into existence in June 2004. The survey report was revised in September 2005 and a reserve price of Rs.13.59 lakh fixed owing to transfer of a diesel generating set to the electrical division of a government hospital project in October 1999. However, the plant was yet to be disposed off as of March 2006. In the meantime, the department incurred an expenditure of Rs.37.12 lakh during the period from 1998-99 to January 2006 on the pay and allowances of permanent staff and on private security agencies deployed for the watch and ward of the closed plant.

The Chief Engineer PWD Zone III stated in March 2006 that the expenditure on deployment of private security guards as well as permanent staff was not incurred exclusively for the watch and ward of the closed plant but for the entire complex housing the hot mix plant, the office of the Assistant Engineer and Junior Engineers and a testing laboratory.

The reply is not tenable as the testing laboratory remained functional at the site of plant only till the plant was operational, i.e. up to February 1997 and the offices functioned there only till November 1997. The expenditure of Rs.37.12 lakh was incurred between 1998-99 and January 2006 during which period all the establishments had closed down. Thus, the entire expenditure on watch and ward was incurred exclusively for the hot mix plant lying un-disposed off in the premises.

(b) Hot Mix Plant at Okhla Industrial Area Phase-I.

The Executive Engineer, Electrical Division-V, had a hot mix plant at the Okhla Industrial Area Phase-I. The plant was closed in February 1997 and its value was assessed at Rs.89 lakh. The survey report was sent to the Chief Engineer, PWD Zone-I, in October 1998. However, no decision was taken by the Chief Engineer to dispose off the plant despite lapse of nine years as of January 2006. In the meantime, the Executive Engineer incurred an expenditure of Rs.14.63 lakh during the period from October 1997 to January 2006 on deployment of private security guards for the watch and ward of the closed plant and a further unwarranted expenditure of Rs.6.22 lakh on issue of minor work orders for the execution of electrical and other miscellaneous works for the upkeep of the unserviceable plant during the period from April 1997 to January 2004.

Thus, failure of the department to take any action to dispose off the closed plants and machinery despite lapse of nearly nine years resulted in an avoidable expenditure of Rs.57.97 lakh on their watch and ward and upkeep. The delay in their disposal would also result in reduction in their reserve price due to deterioration in their condition.

REPLY OF THE DEPARTMENT:

The department in its written reply and submissions before the Committee stated that the Hot Mix Plant were closed in February 1997 after the ban imposed by the Hon'ble Supreme Court on running of such plants within the State of Delhi. The reserve prices of Hot Mix Plant at G T Karnal Road (a) and Hot Mix Plant at Okhla Industrial Area, Phase - I (b) were worked out to be Rs. 13.59 and 28.82 lakhs respectively. After the closure of these plants, it was planned to relocate them to the adjoining State of Haryana and efforts were made in this direction but the Department could not succeed to get land in Haryana. The two Hot Mix Plants were located on an area of about 10 acres of Government land, approximate value of which was Rs.25 crore. Moreover, there were quality assurance labs and office buildings in this land. As such, the primary concern of the department behind the deployment of watch and ward was protection of Government land and property from any encroachment. So far as the expenditure of Rs. 6.22 lakh is concerned, the department stated that it was not for upkeep of the Hot Mix Plant at Okhla Industrial Area but was mainly for repairs of boundary walls, grills, tippers, DG Set and submersible pump. The department contented that no avoidable expenditure on upkeep or watch and ward of the Hot Mix Plants were incurred.

The department further informed the Committee that the Hot Mix Plants at (a) and (b) above have been disposed off in October 2006 and July 2007 for Rs.41.51 and Rs. 75 lakh respectively. This way, the department got much more than the reserved price as worked out for the disposal of these Plants. While informing the Committee that land has now been handed over to the concerned land owning agencies, the department stated that they took all preventive measures to protect the land from encroachments.

OBSERVATIONS AND RECOMMENDATIONS OF THE COMMITTEE

Considering the present status, the Committee is by and large satisfied by the reply as submitted by the department. However, the Committee feels that apparently it is essential for the department to take all possible steps to minimize the time-lag between the declaration of the competent authority as to the condemnation of the stores and its actual disposal so that the unfruitful expenditure on their maintenance or upkeep is avoided.

3.11 IRREGULAR EXPENDITURE ON DEPLOYMENT OF PERSONNEL

(Excerpts from the Report of the C&AG as appearing in the Report for the year ended 2006.)

“Deployment of personnel in excess of sanctioned strength and engaging of private security guards without approval of competent authority resulted in irregular expenditure of Rs.1.53 crore.”

The Reports of the Comptroller & Auditor General for the years ended March 2002 and 2004 had highlighted irregular expenditure of Rs. 1.35 crore on account of deployment of personnel in excess of sanctioned strength and on engaging private security agencies without approval of the competent authority in four divisions (namely Division Nos. X, XXI, XXIII and XXIV) of the department. A further test check of two of these divisions (namely Division Nos. XXI and XXIII) revealed that no action had been taken to either discontinue their service or seek ex post facto approval of the Finance Department. Division XXI employed 14 to 17 chowkidars against the sanctioned strength of only four chowkidars. The additional irregular expenditure incurred from September 2002 to March 2006 and during April 2004 to March 2006 in division XXI and division XXIII respectively amounted to Rs. 60.65 lakh.

Test check of the records of another four divisions (namely Division Nos. III, IV, XIV, and EE-II DCE Project) revealed similar deployment of one to four chowkidars in excess of sanctioned strength in two divisions (Division Nos III and IV) along with engagement of services of private security agencies for watch and ward duties in all the four divisions during the period from April 2001 to March 2006 involving an expenditure of Rs. 92.22 lakh. The entire expenditure incurred on deployment of private security guards was charged to annual repairs and maintenance/ construction of various buildings under sub-head “Providing arrangement of security guards at PWD stores, offices, buildings etc.” This was irregular as expenditure on regular watch and ward of government property cannot be treated as works expenditure or part of annual repair and maintenance works.

Thus, continued deployment of personnel in excess of sanctioned posts coupled with irregular engagement of personnel purportedly for watch and ward duties despite the irregularity having been pointed out in earlier Audit Reports resulted in further irregular expenditure of Rs.1.53 crore.

REPLY OF THE DEPARTMENT:

The Department in its written reply dated 18.10.2007 stated that security guards are generally engaged for watch and ward of valuable stores, buildings and project sites etc., so as to avoid any pilferage, loss and theft of public property/valuable materials and expenditure incurred on this is charged to project works contingencies which are already sanctioned / approved by competent authorities. Security guards are engaged through open tender or work order for which PWD officers are competent and no separate approval of Finance Department is necessary in this regard.

Sanctioned posts and sanction of the Finance Department is necessary where the security guards are engaged against regular posts. In the instant case, the private security guards were not engaged against regular posts. They were engaged through contract and expenditure was charged to the sanctioned estimates.

Subsequently, in the Action Taken Note, as furnished on 06.02.2008, the Department presented some data and projected the justifiable estimated expenditure on labour component as per requirement for watch and ward and maintenance of assets and made a comparison of the same with the actual expenditure incurred on this account as depicted in the table below :

<i>Sl. No.</i>	<i>Name of Divisions</i>	<i>Expenditure on the basis of conservative estimates (in lakhs)</i>	<i>Actual expenditure incurred (in lakhs)</i>	<i>Cost of material safeguarded (in lakhs)</i>	<i>Percentage of expenditure in relation to cost of material</i>
1	X, XI, XXIII & XXIV	184.32	60.65	2800.00	2.2%
2	III, IV, XIV & EE-II DCE Project	230.40	92.22	3500.00	2.6%

With the help of above data, the Department made an attempt to support their contention that they had been judicially organizing the watch and ward arrangements and incurred minimal expenditure on maintenance and watch and ward of assets.

The Department further explained that the expenditure on such contingent jobs had to be met out of non-plan expenditure only and in this case, it was within 3% contingencies for which Chief Engineer is competent authority to grant sanction for incurring the expenditure.

The Department also stated before the Committee in the meeting that apart from watch and ward these workers are engaged on job works like cleaning and maintenance of subways, foot-over-bridges etc. Their services are also utilized during inspection of stores by the senior officers.

OBSERVATIONS AND RECOMMENDATIONS OF THE COMMITTEE

The Committee expresses its serious concern over the manner in which the Department followed the practice of engaging personnel for watch and ward arrangements through private security agencies without obtaining approval of the competent authority. Treating such expenditure on regular watch and ward of government property as works expenditure, as done by the Department, is also irregular. The Committee feels that this unhealthy system leaves much scope for misuse of manpower and misappropriation of funds.

The Department should discard this practice forthwith and it should approach the Finance department with concrete proposal for sanction of posts required for regular watch and ward and maintenance of stores. No person should be engaged through private agencies without the approval of the competent authority and the department should not invite any tender for security/sanitation etc. without the prior approval of the Finance department.

3.12 EXECUTION OF WORK WITHOUT TECHNICAL SANCTION

(Excerpts from the Report of the C&AG as appearing in the Report for the year ended 2006.)

“Executive Engineer, PWD Division XX undertook a work of improvement of road without a comprehensive technical assessment. This resulted in the work remaining incomplete leading to possibility of early deterioration of the road condition despite expenditure of Rs. 78.41 lakh.”

Rules provide that technical sanction should be obtained from the competent authority before a work is taken in hand. This ensures that the proposals are structurally sound and that the estimates are accurately calculated and based on adequate data. A bituminous road mainly consists of two bituminous courses viz. a base course made of bitumen and macadam (DBM) and a wearing course made of Dense Bitumen Concrete (DBC) or Dense Asphalt Concrete (DAC). Section 50A.5 of the specifications to Road and Bridges Work prescribed by the Union Ministry of Surface Transport and Highways (MORTH) as well as clause 6.5 of Indian Road Congress: 94 -1986 stipulate that bituminous macadam should be covered with either the next pavement course or a wearing course within a maximum of forty-eight hours prior to regular opening to normal traffic and/or impending rain to prevent ingress of rain water and damage caused by movement of vehicles.

Test check of records of the Executive Engineer (EE), Division XX revealed that a work of “Improvement of Mathura Road from Slunder Nagar to Tilak Bridge” was awarded to a contractor on 13 December 2004 at his tendered cost of Rs. 82.38 lakh with stipulated dates of start and completion as 21 December 2004 and 20 January 2005 respectively. The scope of work included providing and laying a 50 mm thick dense bitumen macadam (DBM) on the road. It was contemplated that micro-surfacing of the road surface would be

undertaken thereafter to complete the improvement work. Hence, work of micro surfacing of the same road was awarded to another contractor in December 2004 at his tendered cost of Rs. 49.55 lakh. In March 2005, the Chief Engineer observed that the surface of the road had not been constructed properly and he directed the EE to provide 25 mm thick layer on the entire road at the contractor's cost to improve its serviceability. The EE stated that DBM was a base course and it was essential to provide a wearing course to remove the undulations and provide a good riding surface. The DBM work was completed in May 2005 at a cost of Rs. 78.41 lakh. In the meantime, the contractor who was awarded the work of micro-surfacing informed in May 2005 that the existing surface of DBM was open graded in nature and unfit for micro-surfacing. In case micro surfacing was to be done on the DBM, the cost of the work would increase substantially. In March 2006, the EE intimated the Superintending Engineer Circle-V (SE) that in the absence of sanction of estimate of dense bituminous concrete over dense bitumen macadam, the road surface could not be made suitable for micro-surfacing and as the contract period had since expired on 3 March 2005, the contract for micro-surfacing should be closed. Thereafter no further action was taken by the department to provide a wearing course on the DBM and complete the work.

It was observed in audit that the entire work of improvement of the road stretch was undertaken without a full technical appreciation of the requirements or feasibility of micro-surfacing. The work was in fact undertaken without a technical sanction as required under the codal provision which may have brought out the technical deficiencies. Hence, the improvement works executed at a cost of Rs. 78.41 lakh remained incomplete without the essential DBC layer which would reduce its life and result in faster wear and tear.

REPLY OF THE DEPARTMENT:

The Department submitted in its written reply that tendered amount for DBM, Mastic work, Thermoplastic paint, Micro-surfacing was Rs. 82.33 lakh, 34.58 lakh, 3.77 lakh and Rs. 49.55 lakh respectively. CRRI recommended Micro-surfacing over DBM for strengthening the road. The defective DBM work was redone by the contractor at his own cost which improved the final finished surface and micro-surfacing was, therefore, not further required and hence not executed. The surface improvement done in May 2005 is behaving satisfactorily still today. Thus, the department incurred no irregular expenditure on this work.

The Department further clarified in the meeting that two agencies were engaged for improving the same stretch of road because the Micro-surfacing is not done by the local contractors as they require bringing a particular machine for this purpose. Hence, there was no option for the department, but to get it done on the basis of global contract and accordingly execution of this work was possible only through dual contracting.

OBSERVATIONS AND RECOMMENDATIONS OF THE COMMITTEE

The Committee agrees with the observation made by the Audit that the entire work of improvement of the road stretch was undertaken without a comprehensive technical assessment. In this case the department has failed to adhere to the rules which provide that technical sanction should be obtained from the competent authority before a work is taken in hand. The department should have conducted the feasibility study prior to awarding the work of Micro-surfacing.

The Committee recommends that in order to ensure that the proposals are structurally sound and estimates are accurately calculated and based on adequate data, technical sanction must be obtained from the competent authority before a work is undertaken.

Comprehensive technical assessment and feasibility studies should be made, wherever needed, keeping in view the special requirements and circumstances relating to the work. As far as possible, dual contracting should be avoided.

The Committee on meticulously examining the C&AG Paras, the reply of the Department and thoroughly considering all the relevant aspects relating to the functioning of the Department has arrived at the conclusion contained in this Report.

The Committee has accordingly made certain recommendations in view of the discrepancies and irregularities as pointed out by the Audit in each of the paras as discussed in detail in the preceding pages. The Committee believes that if its recommendations are implemented with sincerity, the functioning of the Department will definitely be going to improve significantly and this will also ensure that such lapses and irregularities noticed in the system will not prevail in the future.

The Committee expects it from the Government that it not only considers the recommendations of this Committee on a positive note, but also implements the recommendations contained in this Report in the larger interest of the City of Delhi.

The Public Works Department should submit its Action Taken Report on the recommendations of the Committee within three months of the presentation of the Committee's Report in the Assembly.

Delhi

Date : 26.3.2008



(Vijay Singh Lochav)
Chairman

Public Accounts Committee