

Inspection Report on the Accounts of the Managing Director Rajasthan State Road Development and Construction Corporation Ltd., (Head Office), Jaipur For the period 1st April 2007 to 31st March 2008

Part –I “A”

Introductory: -

(i) **Organizational Setup**

The erstwhile Rajasthan State Bridge & Construction Corporation Ltd. was renamed as Rajasthan State Road Development and Construction Corporation Limited (RSRDC) on 18.01.2001. The main objective/ function of Corporation is to construct Bridges, Buildings, Road and other Structures. RSRDC takes these works on cost plus fixed Centage charges basis, by participating in open tenders and on BOT basis.

The Management of Company is vested in the Board of Directors As on 31.03.2008 and there were 12 Directors in the Board. The Managing Director is Chief Executive of the company, who is assisted by a General Manager, Chief Project Manager and Chief Accounts Officer.

During the period covered under audit key posts were held by officer as indicated below: -

(1) **Managing Director: -**

Shri M. L. Mathur (01.04.2007 to 31.03.2008).

(2) **Chief Accounts Officer: -**

Shri M. K. Jain 01.04.2007 to 31.03.2008 & continue

(3) **Store Keeper: -**

(1) Shri C. S. Sharma (St. Store) 01.04.2006 to date.

(2) Shri P. P. Panwar (Pr. Cell) 01.04.2006 to date.

(4) **Cashier: -**

Shri D. K. Jain 01.04.2007 to 31.03.2008 & continue

(ii) **Working Result**

(Rs. in lakh)

Income	2005-06	2006-07	2007-08
Operating Receipt	2367.40	2549.73	3637.26
Non Operating Receipt	158.78	97.43	312.50
Total	2526.18	2647.16	3949.76

Expenditure	2005-06	2006-07	2007-08
Pay & Provisions for Employees	733.33	780.82	1206.21
Other Administration Expenditure	326.01	300.70	320.18
Interest Payment	218.93	229.70	314.97
Depreciation	1136.87	1280.80	1459.56
Total	2415.14	2592.02	3300.92

Profit	2005-06	2006-07	2007-08
Profit Before Tax	111.04	55.14	648.84
Tax Provision no more required	(-) 2.65	(+) 40.08	(-) 5.82
Profit After Tax	108.39	95.21	642.99
Add/ Deduct Prior Period Adjustment	(-) 5.97	(-) 8.77	(+) 23.08
Profit/ Loss after Prior Period Adjustment	102.42	86.45	666.07

From the above it could be seen that the profit of Company had decreased in 2006-07 and increased in 2007-08 substantially due to increase in toll income.

(iii) **I. T. Application**

I. T. Application is under progress.

(iv) **Audit**

The audit was conducted by Shri R. S. Joshi, AAO from 10.11.2008 to 12.12.2008 and Shri Purushottam Saini, Section Officer from 10.11.2008 to 03.12.2008 and supervised by Shri Ravindra Bhatia, Audit Officer (Commercial) from 10.11.2008 to 12.12.2008.

Part – I – (“B”)

(Position of old outstanding paras)

INSPECTION REPORT YEAR 2002-03

Sr. No.	Para No.	Subject	Further action required
1	2	3	4
1.	Part II-B-1	Loss of Rs. 18.21 lakh on construction of Rajeev Gandhi Shiksha Sankul at Jaipur.	Recovery progress awaited.
2.	Part II-B-4	Non-collection of revenue loss.	Para proposed for dropping
3.	Part II-B-8	Non-disposal of the obsolete/scrap items valuing Rs. 0.57 lakh.	Para already dropped vide letter 20.6.2008
4.	Part II-B-10	Non-moving store valuing Rs. 3.26 lakh.	Para already dropped vide letter 20.3.2008

INSPECTION REPORT YEAR 2003-04

Sr. No.	Para No.	Subject	Further action required
1	2	3	4
1.	Part II-A-2	Unauthorized collection of Toll Rs. 5.42 crore.	Compliance awaited.
2.	Part II-A-6	Collection of toll fee without legal sanction	Compliance awaited.
3.	Part-II A-8	Avoidable dispute in provident fund matter	Compliance awaited.
4.	Part-II A-11	Injudicious award of work at Higher rates extra expenditure Rs.84.68 lakh.	Compliance awaited.
5.	Part-II-A-14	Loss of interest Rs.20.99 lakh due to blockage of heavy funds as SD with clients.	Recovery progress awaited
6.	Part-II-A-16	Undue delay in termination of pre-feasibility studies contract with M/s PDCOR avoidable expenditure Rs. 28.06 lakh.	Compliance awaited.
7.	Part-II-A-24	Failure in protecting interest of the corporation.	Compliance awaited.
8.	Part-II-A-25	Uncalled for Arbitration.	Compliance awaited.
9.	Part-II-A-26	Implementation of Irregular Pension Scheme.	Compliance awaited.
10.	Part-II-A-27-B	Internal Audit/Internal Control	Compliance awaited.
11.	Part-II-B-2	Irregular up-gradation of the post of company Secretary in RSBCC Ltd.	Compliance awaited.

12.	Part-II-B-3	Incurring expenditure on advertisements not related to corporation.	Compliance awaited.
13.	Part-II-B-4	Construction of Dental College at Jaipur over payment on account of consulting work. Rs.2,39,205/- and Rs.50,000/-	Compliance awaited.
14.	Part-II-B-6	Irregularities in maintaining employee provident fund.	Compliance awaited.
15.	Part-II-B-7	Anomalies in fixation of pension/family pension.	Compliance awaited.
16.	Part-II-B-10	Non-production of records/ information's.	Compliance awaited.

INSPECTION REPORT YEAR 2004-05

Sr. No.	Para No.	Subject	Further action required
1	2	3	4
1	Part-II-A-1	Avoidable expenditure of Rs. 89.26 lakh due to abnormal delay in prepayment of high cost HUDCO loan.	Reply awaited. Para dropped.
2	Part-II-A-2	Avoidable extra payment of Sales Tax due to non- opting for automatic exemption for Rs.12.77 lakh.	Compliance awaited.
3	Part-II-A-3	Loss due to extension toll collection period by three months Rs.48.86 lakh.	Compliance awaited.
4	Part-II-B-1	Loss due to non-recovery of T.C.S. on toll collection Rs.10.88 lakhs.	Compliance awaited.
5	Part-II-B-2	Avoidable expenditure of Rs.145.89 lakh due to acceptance of counter offer without market rate analysis.	Compliance awaited.
6	Part-II-B-5	Split up of construction work to avoid sanction/ approval of Board of Directors causing irregular expenditure.	Compliance awaited.

7	Part-II-B-6	Raising of funds by issue of Bonds without requirement – Loss due to non reimbursement of interest & expenditure by the Govt.	Compliance awaited.
8	Part-II-B-8	Avoidable payment of interest, penal Interest etc. due to wrong calculation of pre payment amount & delay in payment of installments Rs.6.98 lakh.	Compliance awaited.
9	Part-II-B-9	Loss due to refusal to taking supply of balance ordered quarterly of cement from M/S. Om Cement – Rs. 2.05 lakh.	Compliance awaited.
10	Part-II-B-12	Loss due to non-availing benefit of rebate for timely payment of House Tax Rs. 3.12 lakh.	Compliance awaited.
11	Part-II-B-15	Irregular payment of Medical Bill of Shri Ram Avatar Sharma, PS, for Rs.50,519.00	Compliance awaited.

INSPECTION REPORT YEAR 2005-06

Sr. No.	Para No.	Subject	Further action required
1.	Part II-A-1	Avoidable delay in starting collection of toll Loss of Rs. 46.73 lakh.	Para incorporated in AR 3.15, 3.16, 3.17
2.	Part II-A-2	Architectural Consultancy Services at Extra Ordinary High Rates – Loss of Rs.28.24 lakh.	May not be persued through I.R.
3.	Part II-A-3	Avoidable extra expenditure of Rs.16.54 lakh due to procurement of cement at higher rate.	May not be persued through I.R.
4.	Part II-A-4	Delay in finalization of toll collection contract- Loss of Rs. 83.58 lakh.	Para incorporated in IR 2006-07
5.	Part II-B-1	Irregular purchase of cement violating the prescribed procedure – Rs. 517.45 lakh.	Para dropped vide CAW-II letter dtd. 18.3.08
6.	Part II-B-2	Under realization of toll revenue Rs. 11.55 lakh.	Compliance awaited
7.	Part II-B-3	Heavy outstanding against client Rs.2951.45 lakh.	Compliance awaited
8.	Part II-B-4	Irregular amendment in toll policy.	Compliance awaited
9.	Part II-B-5	Non-recovery of penalty for non supply of material – Rs. 3.34 lakh.	Required steps to be taken not made.
10.	Part II-B-6	Delay in-finalization of new work order extra expenditure of Rs. 3.63 lakh.	Dropped vide CAW letter dt. 18.3.08
11.	Part II-B-7	Avoidable loss of Rs.5.96 lakh due to improper handling of court case.	Compliance awaited
12.	Part II-B-8	Levy of additional demand of Rs. 100.51 lakh due to non-submission of documents and non-adjustment of Rs. 53.58 lakh of cash deposit and TDS by Sales Tax authorities.	Compliance awaited

**Review Sheet on Outstanding Para's of Inspection Report on Accounts
of RSRDC Ltd. for the year 2006-07**

Sr. No.	Para No.	Subject	Further action required
1	2	3	4
1.	Part- II-A-1	Delay in finalization of toll collection contracts loss of Rs. 89.58 lakh.	Compliance awaited.
2.	Part- II-A-2	Delay in commencement of toll collection on BOT project loss of Rs. 46.5 lakh.	Compliance awaited.
3.	Part- II-B-1	Loss of tender works of RUIDP Bikaner- Rs. 57.43 lakh.	Compliance awaited.
4.	Part- II-B-2	Procurement of steel at higher rates during extension period of supply order. Extra expenditure Rs. 6.20 lakh.	Compliance awaited.
5.	Part- II-B-3	Avoidable extra expenditure of Rs. 4.13 lakh towards power factor surcharge and demand charges.	Compliance awaited.
6.	Part- II-B-4	Absence of system to plan and monitor fund position minimum loss of Rs. 5.00 lakh.	Compliance awaited.
7.	Part- II-B-5	Loss of Rs. 4.87 lakh due to delay in repayment of mobilization advance	Compliance awaited.
8.	Part- II-B-6	Long outstanding advances given to private parties amounting to Rs. 48.37 lakh.	Compliance awaited.
9.	Part- II-B-7	Excess expenditure incurred on maintenance of vehicle amounting to Rs. 1.44 lakh.	Para dropped.

10.	Part- II-B-8	Non recovery/ adjustment of long outstanding advance from officers/ officials of company amounting to Rs. 1.30 lakh.	Compliance awaited.
11.	Part- II-B-9	Supply of equipment on hire basis without legal agreement loss of Rs. 4.06 lakh.	Para dropped
12.	Part- II-B-10	Irregular expenditure of Rs. 30,000/- on advertisement in souvenir of a political party.	Compliance awaited.

Period of I/R	Para's Outstanding	Para Settled	Para's Still Outstanding
2002-03	1,4 Pt. II- B	2 1	1
2003-04	2,6,8,11,14,16,24,25,26,27 of Pt. II-A	10 -	10
	2,3,4,6,7,10 of Pt. II-B	6 -	6
2004-05	1,3 of Pt. II-A	3 1	2
	1,2,5,6,8,12,15 of Pt. II-B	8 1	7
2005-06	1,2,3,4 of Pt. II-A	4 4	-
	1 to 8 of Pt. II-B	8 2	6
2006-07	1,2 of Pt. II-A	2 -	2
	1 to 10 of Pt. II-B	10 2	8
TOTAL		56	

Compliance of above paras be expedited please.

Part – I – (“C”)

----- NIL -----

Part II – (A)

Para 1. **Loss on toll collection amounting to Rs. 61.30 lakh due to non invoking the clause of extending the toll period.**

The contract for toll collection for one year i.e. from 7 September 2007 to 7 September 2008 was awarded to M/s K. G. Agro Processors Pvt. Ltd. Shirpur, Distt. Dhule (Maharashtra) for Rs. 5.76 crore.

The company prior to completion of contract period invite tender in August for subsequent year but no tender document could be sold up to the last date of sale of tender i.e. 08.08.2008. Another short term NIT No. 95/2008-09 was published on 20 August 2008. The last date of selling the tender and opening the tender was fixed on 01.09.2008 and 02.09.2008 respectively. However, no tender document could be sold up to 1 September 2008 as intimated by Resident Engineer, Bikaner vide his letter dated 01.09.2008.

Audit noticed that as per terms and conditions of tender the existing contract agreement could have been extended for three months by increasing the bid price by 7.5 percent. However scrutiny it was observed that despite non – participation of any bidder against two tenders the company did not extend the earlier toll contract awarded to M/s K. G. Agro Processor which was to be expired on 7 September 2008.

During the period between 07.09.2008 to 27.11.2008, the toll collection was made departmentally and an amount of Rs. 79.57 lakh was collected the company incurred Rs. 1.77 lakh for collection of toll during this period. Had the earlier contract of toll collection awarded to M/s K. G. Agro Processors been extended as per tender terms & condition the company could have avoided the loss on toll collection due to departmentally managed as detailed below: -

(i)	Previous bid (existing contract for the period between 07.09.2007 to 07.09.2008)	Rs. 576.00 lakh
(ii)	Add 7.5 percent of above	Rs. 43.20 lakh
		Rs. 619.20 lakh
(iii)	Departmentally toll collection between (07.09.2008 to 27.11.2008) at an average rate of Rs. 1.00 lakh per day.	Rs. 79.58 lakh
	(-) Expenditure on departmental toll collection.	(-) Rs. 1.77 Lakh
	TOTAL	Rs. 77.81 Lakh
(iv)	Minimum Collection that would have been received had the earlier contract extended Rs. 619.20 X 82/365	Rs. 139.11 lakh
(v)	Loss incurred	Rs. 61.30 lakh

Thus, due to non- invoking the terms and condition of the tender, the company lost revenue of Rs. 61.30 lakh due collection to toll departmentally.

Non extension of the earlier toll contract needs may be justification.

POM No. 3 dated 05.12.2008 was issued to management. Reply is still awaited.

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Para 2. **Infructuous expenditure of Rs 10.00 lakh incurred on providing lunch during Indian Road Congress session.**

The Government of Rajasthan organized the 68th Annual session 2007 for Indian Road Congress (IRC) 2007 and invited delegates of IRC. It was proposed (October 2007) RSRDC (Company) to sponsor to host lunch/ dinner for the delegates of IRC session.

The proposal was approved (9 October 2007) by the Chairman of the Company who was also the Minister, Public Works Department, Government of Rajasthan, Jaipur. The aforesaid lunch was hosted on 17 November 2007.

The Company obtained quotations from three caterers viz. M/s Gyanjee Sweets and Caterers (P) Ltd., M/s Sweet Cateress and M/s R.R. Caterers who quoted the rates as Rs. 325, Rs. 350 & Rs. 340 per person respectively excluding service tax, Education cess and VAT. Accordingly the work order was awarded on 17 November 2007 to the lowest offerer i.e. M/s Gyanjee Sweets and Caterer (P) Ltd. @ Rs. 325 per person excluding taxes. The company paid Rs. 10 lakh for providing lunch for 2576 delegates including all taxes. In this connection following audit observation are made:

- (i) During scrutiny of records, no direction/ request either from Government of Rajasthan or local organization committee of Indian Road Congress was found on record. It seems perhaps on verbal request from local organization committee of Indian Road Congress, the company decided to provide lunch for this session.
- (ii) The company did not obtain quotations from Rajasthan Tourism Development Corporation or Rajasthan Hotels Corporation limited which are state owned public sector undertakings in this field.
- (iii) The company incurred infructuous expenditure of Rs 10 lakh for which no benefits seems to be arrived by the company. Besides above, the company paid Fringe Benefits Tax of Rs. 67980 as applicable on business promotion expenses.
- (iv) The above expenditure was incurred after obtaining approval from the Chairman of the company. The company did not obtain approval from either Board of

Directors or Empowered Committee. The competency of the Chairman for approval of this expenditure may please be justified.

The justification of Rs. 10 lakh incurred on providing lunch for the delegates of Indian Road Congress and non-obtaining the quotations from RTDS or Hotel Corporation may please be furnished to audit.

The matter was intimated to the management vide POM No. 8 dated 10.12.2008. Reply is still awaited.

PART-II-(B)

Para 1. **Procurement of TMT Steel Bars on Higher rates.**

Loss of Rs. 49.97 lakh.

The work of construction of Lecture theatre complex, school of Molecular Medicine and Student Cultural Centre at JNU, New Delhi was awarded to RSRDC Ltd. by RITES Ltd. vide letter of award dated 05.09.2007. The work was to be commenced from 15.09.2007

RE, Gurgaon submitted (17.01.2008) requirement of 399 MT, TMT steel Fe-415 grade for the offered work. Accordingly, NIT No. 308/ 2007-08 was invited on 02.02.2008 for supply TMT Steel bars Fe-415 ISI mark with estimated cost Rs. 135.00 lakh. Only one supplier M/s Rathi Bars Limited submitted bid rate of Rs. 40849.00 to 39449.00 per MT and accordingly supply order for 418 MT of TMT steel bars Fe-415 amounting to Rs. 16576528.00 was issued to M/s Rathi Bars Ltd. on 11.03.2008.

M/s. Rathi Bars Ltd vide letter dated 19.03.2008 refused to supply since the supply order was issued after delay of 22 days and stated that the rates of steel in market were increased. The earnest money of Rs.270000.00 was forfeited.

A new NIT No. 345/2007-08 was published on 25.03.2008 to supply TMT steel bar (Fe-415 ISI make Rathi Amba, Kamdhenu make). Estimated cost of supply was Rs. 90.00 lakh. Lowest rates were submitted by M/s kamdhenu steel Ltd. (Rs. 53500 to 51800). Counter offer was given to Kamdhenu Steel vide letter Dated 17.04.2008 which were accepted by the supplier firm. The rates were accepted and confirmed by Manager (BPC) vide letter No. A-5(BPC)/176152-A/750 dated 17.04.2008 (Rs. 50700 to 49200). The offer was accepted by the supplier firm. Supply order was issued on 17.04.2008 for 260 MT material of various dia amounting to Rs. 1,30,62,000. @ Rs. 50700 to Rs. 49200 per MT.

Audit observations in the matter are as under: -

1. RE submitted requirement of 500 MT for JNU works (20.11.2007). However management decided to procure 217 MT steel bars only. Subsequently due to total demand was not fulfilled, two NIT's were issued and finally 260 MT material was procured from M/s Kamdhenu Ispat Ltd., in April 2008. Rate difference was as under: -

	Qty procured from Kamdhenu	Rate of Kamdhenu	Rate of G.S. Aloys (Rs.)	Difference (Rs.)	Loss (Rs.)
8 MM	30	50700	32279	18421	552630
10 MM	50	50200	31179	19021	951050

12 MM	05	49200	30179	19021	95105
16 MM	05	50200	30779	19421	97105
20 MM	50	50200	30779	19421	971050
25 MM	120	50200	30779	19421	2330520
	260				4997460

Thus the company suffered a loss of Rs. 49,97,460.00 due to material not procured in required quantity as per requirement placed by RE Gurgaon i.e. 500 MT initially.

2. A supply order No. 419 dated 20.12.2007 was issued to M/s G.S. Alyos and steel for 239 MT for various types of dia TMT bars Fe-415. The supplier supplied only 218.305 MT material. Thus 21 MT material was less supplied. Due to this the company has suffered loss of Rs. 407841.00 on procurement on higher rates. It was however, observed that completion certificate was issued and earnest money was refunded to the supplier which may be justified.
3. The supply order against NIT 308 was issued in favour of M/s. Rathi Bars Ltd. for supply of 418 MT TMT Steel. On refusal to supply this quantity, the company merely forfeited the EMD of Rs. 2.70 Lakh. However no legal action was found taken on record. The reason for not initiating any legal action against M/s. Rathi Bars or blacklisting the firm may please be justified.

POM No. 1 dated 24.11.2008 was issued to management. Reply is still awaited.

Para 2. Avoidable loss due to Administrative delay in allotment of toll contracts in time - Rs. 3.94 lakh.

(A) Delay in awarding toll collection contract of Mangalwar – Nimbahera route.

RSRDC Ltd. in general practice collects toll from BOT toll projects by awarding 1 year contracts to the highest bidder submitted against reserve price. The essence of awarding a toll contract is the time element so as to minimize loss due to departmental collection as is evident from records.

The Resident Engineer plays a vital role in toll contracts because the reserve price is calculated on the basis of traffic census conducted by him.

Mangalwar-Nimbahera Road toll collection contract was to be expired on 09.04.2007 for which proceedings for awarding new contract had to be initiated timely. The Road traffic census for determining reserve price with reference to above contract was conducted by Resident Engineer Udaipur during 16.02.2007 to 23.02.2007. NIT for the expiring contract was issued by RSRDC Ltd on 26.03.2007 for which tenders were opened on 09.04.2007.

The tender committee approved in favour of the highest bidder M/s jai Singh & Company, Park Road, Gohena, Disst:- Sonipath, Haryana on the same day. The contractor was awarded contract for the same on 02.05.2007.

During the above period i.e. from 09.04.2007 to 02.05.2007 toll collection was made departmentally by the company.

In light of above since the traffic census was completed by R.E. on 23.02.2007 there was a long unreasonable gap in awarding contract which resulted in loss to the company calculated as follows: -

Actual amount collected departmentally from (09.04.2007 to 02.05.2007)	(A)	1689049.00
Expenditure incurred thereon	(B)	<u>155769.00</u>
Net collection	(A)-(B)	<u>1533280.00</u>
Highest bid received on 09.04.2007		27375000.00
Amount of Toll as per highest bid		
i.e. Toll from (09.04.2007 to 02.05.2007) (27375000 X 24)/365	=	1800000.00
Loss borne by department (1800000.00 – 1533280.00)	=	266720.00

(B) Delay in awarding toll collection contract of Banaswara-Dahod Route

The problem of administrative delay was also reflected in the case of Banaswara- Dahod Road Toll collection (Km 396to 411/0).

In the above mentioned case the toll contract which was awarded on 26.03.2006 was to be expired on 26.03.2007. Traffic census for the above project was conducted by Resident Engineer from 17.02.2007 to 23.02.2007. NIT for toll collection was issued on 16.03.2007 for which tenders were opened on 26.03.2007 (date of expiry of previous contract). The tender committee accorded its approval in favour of highest bidder on the same day. The contract was awarded to the highest bidder on 20.04.2007, during which the toll collection was made departmentally.

The loss resulted to the company due to administrative delay in the above project is calculated as follows: -

Actual toll collected by department from (26.03.2007 to 20.04.2007)		566901.00 (As reported)
Actual Expenditure incurred during this period		Nil (As Reported)
Highest bid received on 26.03.2007		9751189.00
Amount of Toll from (26.03.2007 to 20.04.2007) on the basis of above (9751189 X 26) /365	=	694605.00
Loss (694605.00 – 566901.00) =		127704.00

It was intimated by Resident Engineer, Udaipur that no expenditure on toll collection during the period between 26.03.2007 to 20.04.2007 was incurred by the O/o Resident Engineer, Udaipur via fax letter dated 24.11.2008. In this connection the details of staff deployed for toll collection may please be furnished to audit.

In view of above, it was observed during audit that due to delay in awarding the toll contracts, the toll collection was made departmentally which resulted into short recovery of toll amounting to Rs. 3.94 lakh which needs justification.

The matter was intimated to management vide POM No. 2 dated 26.11.2008. Reply is still awaited.

Para 3. **Avoidable expenditure of Rs. 2.97 lakh towards power factor surcharge and excess demand charges.**

Rajasthan State Road Development & Construction Corporation Ltd. is having a non-domestic electricity connection with a contract demand of 65KVA. According to provisions of tariff of Jaipur Discom, the consumer has to maintain average power factor at .90 and in case it goes below it, power factor surcharge will be levied in percent equal to points goes below. Similarly, the consumer should not allow to exceed the contract demand any time & in case it is done excess demand surcharge will be levied on energy charges.

A review of energy bills of the company, revealed that during the period 4/2007 to 3/2008, average power factor was recorded between .58 to .88. This has resulted in levy of power factor surcharge Rs. 57704.04 as per details given in annexure 'A'. Similarly demand used by the company was recorded 94.00 KVA to 107.00 KVA in summer season from 5/2007 to 11/2007 as against contract demand of 65 KVA. This has resulted in levy of excess demand charges Rs. 2,39,207.47 as per details given in Annexure 'A'.

The company did not take any corrective step to maintain correct average power factor by installation of capacitor and to assess its demand to apply extension in contract demand although two electrical units of the company are working in the Head Office building. Reasons for the avoidable expenditure may be justified and correct the position under intimation to audit.

The matter was intimated to management vide POM No. 4 dated 05.12.2008. Reply is still awaited.

Para 4: **Levy of ABB charges. Loss of Rs. 2.43 lakh.**

During scrutiny of record relating to cash transaction of the company, it was noticed that the company having their current account in three banks i.e. bank of Rajasthan Ltd., SBBJ and Syndicate Bank. During the period of 4/2007 to 8/2008, Rajasthan Bank (A/c No. 1003393) levied Rs. 242843.00 any where banking charges (ABB charges) on funds transferred from unit offices to Head Office and Head Office to unit offices.

It was further observed that SBBJ and Syndicate banks were not levying such charges on such transactions made by the Company. However, the company made transfer of funds through BOR further, these charges were levied by BOR which were not in accordance with terms and conditions of the agreement entered into with bank. The company persuaded the bank to credit these charges but in vain. This has resulted in loss to the company for Rs. 2.43 lakh, which may be justified.

The matter was intimated to management vide POM No. 9 dated 11.12.2008. Reply is still awaited.

Para 5. **Non- recovery/ adjustment of long outstanding advances from staff – Amounting to Rs. 1.23 lack.**

As per rules the amount of unutilized advance must be returned immediately and further advances shall not be sanctioned in favour of such officers/ officials till previous advance is not deposited by them.

A review of position of outstanding advances revealed that a sum of Rs. 1,23,387/- were outstanding against the serving officers/ officials of the company. Details of outstanding against these staff are enclosed herewith vide Annexure – B.

Audit observed that in many cases further advances were allowed to officers/ officials without recovering previous advances for example, in case of Sh. M. J. Sunni the outstanding amount as on 31.03.2007 was Rs. 9,000/- however, no action was taken to recover and further advance on 31.03.2008 Rs. 5,000/- was provided without recovering the amount of old advances making total outstanding advance Rs. 14,000/- as on 31.03.2008.

The justification for non – recovery/ non – adjustment of these staff advance may please be furnished to audit along with the present status of advances outstanding against staff.

The matter was intimated to management vide POM No. 5 dated 08.12.2008. Reply is still awaited.

Para 6. **Heavy outstanding against client Rs. 2180.93 lakh.**

During scrutiny of records, it was noticed that a sum of Rs. 2180.93 lakh was outstanding as on 31.03.2008 against the client department for works done by various units of company on their behalf. The details of unit wise outstanding are given in Annexure- 'C'.

It is pertinent to mention that the works have been completed long back and handed over to the client departments. The company carried out the work through borrow funds on which huge interest was paid. In this connection it was noticed that a recovery cell has been constituted and assigned responsibility of pursuance of recovery but concrete step are not being taken for effecting recovery except issue of reminders for release of payment.

In order to safeguard commercial and financial interest of the company, sincere efforts for speedy recovery is required, which may be made and further progress made in recovery may be intimated to audit.

The matter was intimated to management vide POM No. 7 dated 08.12.2008. Reply is still awaited.

Para 7. Advance recoverable from Govt. Department/ Private parties amounting to Rs. 25.26 lakh.

During scrutiny of record records, it was noticed that advance given to private parties/ Government department amounting to Rs. 25,26,445 were pending for recovery since last many years. The details of outstanding advances are enclosed herewith as per Annexure-‘D’.

It was observed during audit that out of total outstanding advances of Rs. 25.26 lakh a major part of advances amounting to Rs. 23.89 lakh pertains to the period between 1982-83 and 1999-2000, the details of which were not made available to audit. No action to recover these advances from the concerned department/ parties were found taken by the company. Since these advances are quite old, chances of recovery of these outstanding amount is very bleak.

The steps taken by the company to recover these amount or adjust them may please be intimated to audit.

The matter was intimated to management vide POM No. 6 dated 08.12.2008. Reply is still awaited.

Part – III

-Nil-

Sr. Audit Officer/CAW-II

