

Inspection Report on the accounts of Resident Engineer, Unit-I, Rajasthan State Road Development & Construction Corporation Ltd. (RSRDCC Ltd.), Bikaner for the period 2007-08

Part-I-(A)

I. Introductory:

The Resident Engineer, Rajasthan State Road Development & Construction Corporation Ltd. (RSRDC Ltd.), Bikaner was created vide Head Office order no.B-9(12)Vol.III/3071-3105 dt.17.05.03. Further this unit was designated as Resident Engineer, RSRDC Ltd., Unit-I, Bikaner vide Head Office order no.B-9(12)Vol.III/2004-05/16526-65 dt.27.12.04.

This Unit is mainly entrusted with the work of construction of buildings and roads/RUIDP work on tender as well as centage charges basis. This unit also auction bridges for toll and collect toll on behalf of State Government.

The Resident Engineer is the incharge of the unit who is assisted by three Assistant Resident Engineers and the work of accounts side is looked after by AAO/Accountant.

During the period covered under audit the charges of the following posts was held by the officers/officials noted against each:

Name of the Officers/Officials	Period (01.04.07 to 31.03.08)
<u>Resident Engineer</u>	
Sh. P.K. Hingorani	01.04.07 to 23.07.07
Sh. T.C. Gupta	24.07.07 to 31.03.08
<u>AAO/Accountant</u>	
Sh. Santosh Gupta	01.04.07 to 31.07.07
Sh. H.S. Chauhan	16.08.07 to 31.03.08
<u>Cashier</u>	
Sh. M.R. Nain	01.04.07 to 31.03.08

II. Working Results:

The financial position of the unit for the year 2007-08 is as under:

S. No.	Particulars	2007-08 Amount (Rs. In Lakh)
A.	<u>Revenue</u>	
1	Centage Charges	32.09
2	Other Receipts	16.22
	Total	48.31
B.	<u>Expenditure</u>	
1	Salary & Wages	30.30
2	Other Expenses	16.05
	Total	46.35
C.	<u>Profits (+)/Loss (-)</u>	(+) 1.96

III. Scope of Audit:

During the year 2007-08, the unit incurred a total expenditure amounting to Rs. 3.43 Crore on centage works.

The unit had only one tender work (RUIDP), the work of which was completed in the year 2006-07 but final settlement was made during the year 2007-08 on which the unit incurred total expenditure of Rs. 7.17 Crore and had to suffer a loss of Rs. 37.69 Lakh.

IV. Audit:

The audit on the accounts of Resident Engineer, RSRDC Ltd., Unit-I, Bikaner for the period 2007-08 was conducted by Shri Manoj Mittal, Section Officer during the period from 04.02.09 to 11.02.09 under supervision of Shri Ravindra Bhatia, Sr. Audit Officer w.e.f. 04.02.09 to 06.02.09.

V. IT Application:

IT application in the unit office was NIL.

Part-I-(B)

The position of outstanding paras of previous inspection reports are as under:

Period of IR	Paras outstanding	Subject	Remarks
2005-06 to 2006-07	1 of Part-II-B	Providing laying, jointing, testing and commissioning of outfall sewer work of RUIDP.	In view of the review sheet we may drop the para, if approved.
	3 of Part-II-B	Non-recovery / adjustment of advance to suppliers / contractors Rs. 69.67 Lakh.	Progress of recovery may be pursued. Para stand.
	1 st of Part-III	Non-recovery / adjustment of Security Deposit / Misc. Deposits Rs. 51.66 Lakh.	Further, progress of recovery may be intimated to audit. Para stand.

Part-I-C

(Persistent Irregularities)

-----NIL-----

Part-II-A

-----NIL-----

Part-II-(B)

1. Unfruitful Expenditure on Construction of Heritage Circle at Churu.

The Chairman, Rajasthan State Road Development & Construction Corporation Ltd. (RSRDC) accorded sanction (09.01.07) for improvement of junction & development of circle at Ramnagar, Churu on state highway No. 37 amounting to Rs. 14.00 Lacs. The work was scheduled to be completed upto 15th March, 2007.

The scope of the work involved following works:

- i. Widening of Road approaches, as well as the improvement of circle.
- ii. Construction circle with the 3 No. Islands.
- iii. "Gou Mukhi" Heritage Chhatri having 21' ht. & width 10½'.

RE-I published notice inviting tender (February, 2007) and awarded the work to M/s Agrawal Construction Co., Churu. The work was completed with total cost of Rs. 15.11 Lacs upto October, 2007. Further an amount of Rs. 2.37 Lacs incurred for electrification of the circle upto the date.

Belatedly the matter was put up before the Board in its 29th meeting held on 29.12.2007 and Board accorded its post facto approval for Rs. 24.00 Lacs for the above work. In this connection it was observed by audit that without prior sanction of the Board and only on the basis of sanction accorded by Chairman the work was taken up and expenditure amounting to Rs. 17.48 Lacs was incurred by unit at its own which is irregular as the work doesn't fall under the purview of the corporation.

During scrutiny of records, it was noticed that neither the Government or Municipal Corporation, Churu approached the corporation to construct the circle. Thus, the expenditure of Rs. 17.48 Lacs incurred on Construction of Circle was not justified as there seem no benefit could be achieved out of it.

In view of the above facts following may be clarified to audit:-

- (i). How the proposal to undertake the work of improvement of junction and development of circle at the Ramnagar was routed by the company.
- (ii). The delegation of power of the chairman for according sanction for any work without approval of Board may be appraised to audit.

(iii). When the total cost of work was Rs. 17.48 lakh why the approval of Rs. 24 lakh was ex-post facto accorded by the Board of Directors.

The matter was intimated to the unit office vide POM No.-1 dt. 09.02.09 reply is still awaited.

2. Loss of Rs. 1.14 Lacs due to material of perishable nature lying undisposed.

The table below shows the details of material lying undisposed on various sites at which work have been completed along with period of its lying:

S. No.	Name of Work	Year of Completion of Work	Value of Material Lying at Site	Period of Material Lying
1	SBC-II STPS	2001-02	24633.00	7 Years
2	Pugal Power House	1998-99	52325.00	10 Years
3	Birsalpur Power House	1998-99	16330.00	10 Years
4	Town Hall, Ratangarh	2004-05	21100.00	4 Years
			114388.00	

It could be seen from the above table that material worth Rs. 1.14 Lacs are lying undisposed for a considerable period ranging between 4 years to 10 years. Further, on scrutiny during audit it was noticed that most of the material like white cement (SBC-II, STPS), Bajri (Pugal Power House), empty cement bags (Birsalpur Power House) and marble powder (Town Hall, Ratangarh) are of perishing nature and might have been lost its value due to passage of time. Even disposing off these materials through auction would not bring any residual value. Had an early action would have been taken either to transfer it to other site or disposed off within a reasonable period, the unit office could have fetch some value out of it. Thus by showing these items in their books of accounts, closing stock is inflicted.

In this connection the action taken by the unit office by referring the matter to Head Office for disposal of these materials through auction may please be intimated to audit.

The matter was intimated to the unit office vide POM No.-2 dt. 09.02.09 reply is still awaited.

3. Non recovery of outstanding due to unreconciled balances.

As per books of accounts as on 31.03.08 there were sundry debtors of Rs. 3.98 Crore. On scrutiny of the record it was noticed that the amount shown in the books are not reconciled with the accounts of clients/parties. In this connection scrutiny of the records revealed following discrepancies:

S. No.	Name of Client/Work	Amount due as per books of Accounts	Amount claimed by unit through reminders
1	HMP, Sardarshahar	1026562.00	576718.00
2	Pugal Power House	3094445.00	874000.00
3	Birsalpur Power House	768744.00	568000.00
4	Bhoomi Vikash Bank, Sikar	1493000.00	259000.00
	Total	6382751.00	2277718.00

The case wise analysis is as under:

1. HMP, Sardarshahar: In the case as per Books of accounts outstanding amounting to Rs. 10.27 Lakh has been shown against the client but it was noticed that the unit is claiming vide letter dt. 11.06.2001 only Rs. 5,76,718/-. Since than no pursuance has been made by the unit.
2. PCC Block RD-80, Charanwala IGNP: As per the books of accounts, outstanding is of Rs. 28.20 Lakh where as it was noticed during scrutiny that the Chief Engineer, IGNP have refused the claim of the unit and demanded Rs. 617338/- of dues against the unit vide letter dt. 17.12.2000 which needs reconciliation.
3. BOT Road, Sikar-Chala: In the case RSRDC Ltd. incurred an expenditure of Rs. 1633880/- against survey work construction of temporary structures, installation of Hot Mix Plant etc. but the work was not taken up by RSRDC Ltd. Thus, the amount shown as outstanding is not receivable from any one.
4. Birsalpur Power House, RD-06: As per books, outstanding is of Rs. 7.69 Lakh but the unit is claiming against STPS, Suratgarh a sum of Rs. 5.68 Lakh only vide their latest letter dt. 26.06.08.
5. Pugal Power House, RD-620: The unit is claiming against this work a sum of Rs. 8.74 Lakh where as the books show outstanding amounting to Rs. 30.94 Lakh.

6. Bhoomi Vikash Bank, Sikar: The books of accounts show the outstanding amount of Rs. 14.93 Lakh against the work but unit claimed from the client vide letter dt. 29.04.03 as sum of Rs. 2.59 Lakh only. Since than no pursuance has been made by the unit.

It could be observed from above analysis that the outstanding shown in the books of accounts are either not accepted by the client or unreconciled with the accounts of clients as the unit neither received any confirmation from the client nor any payment has been recovered. Had the dues would have been reconciled with the clients within a reasonable time and written off actual losses, the unit could have recovered net receivables from the client by regular pursuance.

Thus, due to unreconciled balances and non assertion of net recoverable amount, the unit could not recover the outstanding from its clients.

The matter was intimated to the unit office vide POM No.-3 dt. 10.02.09 reply is still awaited.

Part-III

(Test Audit Note)

-----NIL-----

Sr. Audit Officer/CAW-II.