

Inspection Report on the accounts of Resident Engineer, Unit-I, Rajasthan State Road Development & Construction Corporation Ltd. (RSRDCC Ltd.), Bikaner for the period 2005-06 to 2006-07.

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. The Churu unit was merged in this unit in June, 2006.

This Unit was 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 was the incharge of the unit who was assisted by three Asstt. Resident Engineer and the work of accounts side was 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 (01.04.05 to 31.03.07)
<u>Resident Engineer</u>	
Sh. B.L. Sharma	01.04.05 to 20.07.05
Sh. P.K. Hingorani	21.07.05 to 31.03.07
<u>AAO/Accountant</u>	
Sh. N.K. Joshi	01.04.05 to 31.07.05
Sh. Santosh Gupta	01.08.05 to 31.03.07
<u>Cashier</u>	
Sh. R.B.S. Shekhawat	01.04.05 to 31.07.05
Sh. M.R. Nain	01.08.05 to 31.01.07
Sh. S.C. Bhutolia	01.02.07 to 31.03.07

II. Working Results:

The financial position of the unit for the year 2005-06 to 2006-07 was as under:

S. No.	Particulars	Amount (Rs. In Lakh)	
		2005-06 (For Three Unit)	2006-07 (For One Unit)
A.	<u>Revenue</u>		
1	Centage Charges	173.15	23.91
2	Other Receipts	0.40	0.39
	Total	173.55	24.30
B.	<u>Expenditure</u>		
1	Salary & Wages	41.32	30.14
2	Other Expenses	14.75	17.18
3	R & M of Vehicles	8.00	1.59
	Total	64.07	48.91
C.	<u>Profits (+)/Loss (-)</u>	(+) 109.48	(-) 24.61
1	No. of Tender Work (RUIDP)	1	1
2	Expenditure incurred	282.79	76.71

III. Scope of Audit:

The audit on the accounts of Resident Engineer, RSRDC Ltd., Unit-I, Bikaner for the period 2005-06 to 2006-07 was conducted by Shri O.P. Bairwa, Section Officer from 07.03.08 to 15.03.08 under supervision of Shri Dinesh Naika, Audit Officer from 12.03.08 to 15.03.08.

Part-I-(B)

The position of outstanding paras of previous Inspection Reports are as under:

Period of I.R.	Paras Outstanding	Subject	Remarks
2003-04 to 2004-05	1 of Part-II-B	Loss in tender work of Rs. 30.81 lakh	Dropped taken in current I.R.
- do -	4 of Part-II-B	Outstanding advance of Rs. 23.89 lakh against suppliers	Dropped taken in current I.R.

Part-I-(C)

(Persistent Irregularities)

-----Nil-----

Part-II-(A)

-----Nil-----

Part-II-(B)

1. Providing, laying, jointing, testing and commissioning of outfall sewer from Tulsi Circle to Sewage Treatment Plant site near Vallabh Garden including constructing manholes & appurtenances with restoration of roads in Bikaner (Package No.WW/07)–RUIDP works.

RSRDC taken up the RUIDP works of providing laying, jointing, testing and commissioning of outfall Sewerage from Tulsi Circle to Sewer Treatment Plant site near Vallabh Garden including constructing of manholes & appurtenances with restoration of roads in Bikaner (Package No.WW/07) vide RUIDP work order no.17/2002-03 dt.31.03.03 amounting to Rs.808.41 Lacs. The date of commencement and completion of work was 31.03.03 and 30.06.04 respectively. However, the actual date of completion of work was 31.12.06.

On scrutiny of above work execution file the following observations were made in audit.

I. RSRDC divided the above work in to seven parts and awarded the works to the private contractors. The details are given below:

S. No.	Name of Work	Name of Contractor	Work order amount (Rs.)	Remarks
1	Const. of outfall Sewer from Tulsi Circle to Sewage Treatment Plant site near Vallabh garden at Bikaner – Civil work Part-I	M/s Ramesh Kumar Bansal	1,28,57,840	Work completed on 30.12.06
2	—do— Civil work Part-II	—do—	1,37,42,736	30.06.06
3	—do— Civil work Part-III	—do—	1,22,33,115	Work not executed
4	—do— Civil work Part-IV	—do—	62,42,076	30.06.06
5	Const. of Road from Bikaner Nursing Home to Nagnachiji Mandir, Bikaner	—do—	20,23,219	30.12.06
6	Supply of Grit and Sand for manufacturing RCC NP-2 Pipe at Plant site	M/s Parnami Suppliers	9,53,380	30.04.05
7	Labour charges for manufacturing of RCC NP-2 Pipes and transportation from factory to work site	—do—	41,49,469	30.06.05

Out of above seven works RSRDC completed the six works amounting to Rs.399.68 Lacs (work order amount). On further scrutiny of records it was noticed that, there was excess expenditure of Rs.86.76 Lacs as detailed below:

S. No.	Name of Work	Work order Amount (Rs.)	Total amount of work done (Rs.)	Excess Work (Rs.)
1	Const. of outfall sewer from Tulsi Circle to Sewerage Treatment Plant Site–Civil Work Part-I	1,28,57,840	1,47,95,369	19,37,529
2	—do— Civil Work Part-II	1,37,42,736	1,42,59,361	5,16,625
3	—do— Civil Work Part-IV	62,42,076	1,22,87,030	60,44,954
4	Const. of Road from Bikaner Nursing Home to Nagnachiji Mandir, Bikaner	20,23,219	22,00,973	1,77,754
	Total			86,76,862

II. RSRDC incurred loss in the execution of the said work. To ascertain the reason for the loss incurred RSRDC Head Office vide order no.A-5(BPC)/185/IV/11706-8 dt.10.10.06 constituted a committee comprising an AAO, RSRDC Ltd., Unit-II, Elect., Jaipur and a Jr. Acct., RSRDC Ltd., Unit-IV, Jaipur. The committee reported vide letter no.RE/JP/Elect-II/06-07//912 dt.16.12.06 that, there was over all loss amounting to Rs.104.44 Lacs in the execution of RUIDP work. The report sent to RE, RSRDC Ltd., Bikaner for comments. The RE, RSRDC Ltd., Bikaner stated that the actual loss taken and informed to H.O. in the half yearly accounts 30.09.06 was Rs.61.17 Lacs and the main reason for loss are due to change of scope of work, open timbering and close timbering earth work, increasing cost of steel and cement. Further, it was also stated that the actual loss should be ascertained as soon as the final bill payment is received from RUIDP.

The CPM of RSRDC concluded that had RSRDC adopted the following procedure there are chances to improve the efficiently and profitability in tendered work.

1. All tender work should be allotted back to back basis to some contractors with the same conditions as in the original tender, so that losses due to fluctuations in the market does not come on RSRDC.

2. If the materials are to be procured departmentally like cement and steel, then the order for the whole quantity should be placed, so that there may not be losses due to fluctuations in the market. If this is not possible then the material should be included in the NIT and not provided departmentally.

In this regard actual loss in the execution of RUIDP work may be intimated to audit. Further, submission of final bill and net amount receivable from the RUIDP may also be intimated to audit.

The POM was issued to the management vide No.6 dt. 14.3.08 for which the reply was received on 15.3.08.

It was replied that the actual loss on the above work can be calculated after finalisation of all work orders of contractors. Early action may be taken for finalisation of work order of contractor.

2. Non-Recovery of Liquidated Damages (LD) Rs.4.28 Lacs.

Tender for construction of Package No. RJ-28-19, 20 & 21 PMGSY in Sikar District was awarded vide work order no.3400 dt.11.07.02 by the Chief Engineer, PWD, Jaipur, to the RSRDC for total of Rs.4,13,25,799/- with the stipulated date of commencement and completion of work will be 20.07.02 and 19.06.03 respectively.

A review of records/files of related works it was noticed that Chief Engineer, PWD, Jaipur has imposed penalty and deducted from the bill on account of Liquidated Damages (LD), amounting to Rs.4,27,468/- for delay in completion of the work by 10 days, by RSRDC Ltd., Unit Bikaner, as RSRDC completed the work on 29.06.03. The Chief Engineer, PWD, Rajasthan, Jaipur granted (16.01.04) time extension upto 29.06.03 (10 days) without any compensation as the delay in completion of work was beyond the control of contractor (RSRDC). However, RSRDC has not recovered the Liquidated Damages amounting to Rs.4.28 lakh till date.

In this connection early action is to be taken to recover the LD amount under intimation to audit.

The POM was issued to the management vide No.4 dt. 14.3.08 for which the reply was received on 15.3.08.

It was replied that the efforts are being made by this unit office regarding release of L.D. with PWD. Further progress may be intimated to audit

3. Non-recovery/ adjustment of advances to suppliers/ contractors Rs. 69.67 lakh.

A review of Final Trial Balance for the year 2005 – 06 & 2006 – 07 of Resident Engineer, RSRDC Ltd., Unit – I, Bikaner an amount of Rs. 69.67 lakh were shown for recovery/ adjustment against suppliers/ contractors more than one year old in the books of accounts. The details are as under:-

S. No.	Name of Suppliers/ Contractors	Period	Amount (Rs.)
1.	M/s Steel Authority of India Ltd.,	2003 – 04	23,25,440.00
2.	M/s Raj Shri Const. Co., Churu	2003 – 04	11,94,475.00
3.	M/s Mahendra Singh Khedla, Churu	2003 – 04	16,83,193.00
4.	M/s Mining Deptt., Bikaner	2003 – 04	4,33,997.00
5.	M/s Royal Construction Co., Churu	2003 – 04	4,63,795.00
6.	M/s Hindustan Colas Ltd., Churu	2003 – 04	1,453.00
7.	M/s Karan Nath Contractor, Churu	2003 – 04	2,16,759.00
8.	M/s Hajari Lal Sharma, Churu	2003 – 04	1,63,273.00
9.	M/s Kuldeep & Co., Churu	2003 – 04	11,100.00
10.	M/s Rajendra Choudhary, Churu	2003 – 04	1,40,554.00
11.	M/s Indian Oil Company	09.03.06	12,865.00
12.	M/s Sarawagi Costt. & Suppliers, Churu	2003 – 04	2,73,003.00
13.	Various Contractors (51 Parties)	2005 – 06	46,900.00
		Total	69,66,807.00

It could be seen from the above that these advances were pending for more than one year for want of recoveries/ adjustment and not recovered till date. Reasons for non-recovery/ adjustment of these huge advances and efforts made to recovery/ adjustment for the same may be intimated to audit.

Further, most of advances of Churu Unit which was transferred to Bikaner Unit.

The POM was issued to the management vide No.1 dt. 11.3.08 for which the reply was received on 15.3.08.

It was replied that the efforts are being made by this unit level and H.O. level. Further progress may be intimated to audit

Part-III

(Test Audit Note)

- Enclosed -

Sr. Audit Officer/CAW-II.

Part-III

(Test Audit Note)

1. Non-Recovery/Adjustment of Security Deposit Misc. Deposits Rs.51.66 lakh.

A review of final trial balance for the period 2005-06 & 2006-07 of Resident Engineer, RSRDC Ltd., Unit-I, Bikaner revealed that an amount of Rs.51,65,617/- towards security deposits/misc. deposits were shown in the books of accounts for recovery/adjustment from various clients/parties for the period 1998-99 to 2004-05 as per Annexure enclosed.

The amount mentioned in annexure is pending for recovery/adjustment since 3 to 8 years. Though the work were completed and work maintenance period also completed. Hence early action for recovery of these deposits made to be taken.

In addition to above an amount of Rs.53,57,680 was recoverable on account of Liquidated Damages (L.D.). Security deposits and miscellaneous deposits of Churu unit for which details were not available in the files.

The POM was issued to the management vide No.5 dt. 14.3.08 for which the reply was received on 15.3.08.

It was replied that out of Rs. 51.66 lakh, Rs. 36.68 lakh has been recovered during 2007-08 and remaining of Rs. 14.97 lakh will be received after payment of final bills. Further progress made in this regard may be intimated to audit

Sr. Audit Officer/CAW-II.