

Inspection Report on the Resident Engineer, RSRDC Ltd. Unit-II Jodhpur for the year 2005-06 and 2006-07.

PART-I-(A)

Introductory –

The office of the Resident Engineer, RSRDC Unit-II, Jodhpur audit of Rajasthan State Road Development & Construction Corporation Ltd.,(RSRDC Ltd.) was created on 27.01.2003. Barmer unit of the company was also merged with this unit w.e.f. 20.11.05. This unit mainly engaged in construction Bridges, Buildings, Road etc., which are under taken either on cost plus basis or on tender basis.

Organisational Set-Up

The unit is headed by the Resident Engineer, who is assisted by 1 Assistant Resident Engineer,2 Junior Engineers,1 Assistant Accounts Officer. During the period covered under audit the charge of the following post was held by the officer/official for the period noted against each.

Resident Engineer

- | | |
|-----------------------|----------------------|
| i) Shri Sudhir Mathur | 01.04.05 to 31.03.07 |
|-----------------------|----------------------|

Assistant Accounts Officer

- | | |
|--------------------|----------------------|
| i) Shri B.L.Darak | 01.04.05 to 18.10.05 |
| ii) Shri M.K.Dugar | 19.10.05 to 31.03.07 |

Cashier

- | | |
|----------------------|----------------------|
| i) Shri Durga lal | 01.04.05 to 21.11.05 |
| ii) Shri Naveen Vyas | 22.11.05 to 31.03.07 |

Working Result

No separate profit & loss account is prepared at unit level.

Execution of Work

During the year 2005-06 and 2006-07 the unit executed the work as under :-

(Rs. in lakh)

		2005-06	2006-07
1.	No. of work	5	6
2.	Amount	6307.30 lakh	2171.24 lakh
3.	Actual Expenditure	864.56 lakh	299.85 lakh

The salary, wages & other administrative expenditure were Rs. 2686288.00 and Rs. 2336435.00 during the year 2005-06 & 2006-07 respectively, which were 3.11% & 7.79% of total expenditure incurred for execution of works. This shows that there was no required work during the year 2006-07 to conduct through a separate unit.

Audit

The audit of the Accounts of the Resident Engineer RSRDC Unit-II , Jodhpur for the year 2005-06 and 2006-07 was conducted by Shri Nema Ram , Assistant Audit Officer from 21.05.07 to 29.05.2007 under supervision of Shri D.P.Jangir, Senior Audit Officer from 21.05.07 to 29.05.07.

PART-1-B

S.No.	Period of I/R	Outstanding Paras	Para's settled	Para's outstanding
1	2003-05	2(1, 2a, of Part-II B)	2(1, 2a, of Part-II B)	NIL
2	Barmer Unit upto March 06	3 (1,2,3 of Part-II B)	NIL	3(1,2,3 of Part-II B)

PART-II-(A)

NIL

PART-II-(B)

1. Extra expenditure of Rs. 20.70 lakh on construction of Rail Over Bridge (ROB)

RSRDCC awarded the work of ROB to M/s Bharat Spun Pipe & Construction Company vide work order No. RE/JOD/2002-03/46-48 dated 3.3.03 with stipulated date of commencement 7.3.03 and completion 6.11.03 respectively. In order to complete work in timing, work amounting to Rs. 31.40 lakh was withdrawn from M/s Bharat Spun Pipe & Construction & Company and was awarded to M/s Jai Bharat Construction Company on 13 May 2003 at the same rates, terms and conditions. At a cost of Rs. 31.40 lakh (Solid Embankment Rs. 27.80 lakh, Bridge work – Bituminous concrete wearing coat Rs. 6.70 lakh less discount 9.5 percent), M/s Jai Bharat executed the work of Rs. 9026391/- and the payment was released to the contractor.

The scrutiny of the bills raised by the contractor, measurement books and payment released to the contractor revealed the following observations :-

- 1) Against the work awarded for Rs. 31.40 lakh contractor executed the work for Rs. 90.26 lakh. However sanction of competent authority for excess work was not found on record.
- 2) The work executed by the contractor (M/s Jai Bharat Construction Company) and work was certified by the employer (M/s RUIDP) for Rs. 69.56 lakh under and thus caused extra expenditure of Rs. 20.70 lakh due to extra work executed by the contractor as per details given below:-

S. No.	Item	Qty. executed by contractor	Qty. certified by RUIDP	Excess Qty.	Rate Paid per (Rs.)	Extra Amt. (Rs.)
1.	Providing & laying granular sub-base material	1712.46 Cum	725.77 Cum	986.69 Cum	240.00	236806.00
2.	P&L Wet mix macadam	2275.32 Cum	951.787 Cum	1323.533 Cum	560.00	741178.00
3.	P&L Tack coat	19361.47 Sqm	14529.00 Sqm	4832.47 Sqm	4.00	19330.00
4.	P&L Primer Coat	9211.44 Sqm	3909.00 Sqm	5302.44 Sqm	10.00	53024.00
5.	P&L Bitumen concrete wearing coat	1899.11 Tones	1154.78 Tones	744.33 Tonnes	1370.00	1019732.00
					Total	2070070.00

Manager stated during discussion that package was executed by splitting it in small agreements. Over all quantity has been mentioned in the final bill it will be received. The reply is not tenable as this work was only for solid Embankment and pertains to Bridge. Therefore, over-all work will not be considered. Thus, extra work caused loss to the company.

2. Extra expenditure/payment of Rs. 33.70 lakh on the works executed by the contractors.

RSRDCC got Two major tender works from RUIDP relating to Rail Over Bridge (ROB) and Area Development works which were to be finalized by RUIDP. These works were carried out by RSRDCC through contractors. The scrutiny of the records relating to work executed by the contractors and the work certified for payment by RUIDP and payment received by RSRDC against the payment made to the contractors revealed that extra expenditure/excess payment was incurred/made by the RSRDCC to the extent of Rs. 33.70 lakh caused loss to the company as per details given in annexure -A. The reasons/circumstances under which extra payment made / expenditure incurred may be elucidated.

Management stated during discussion that the final bill of RUIDP is under process and quantities will be matched at the time of final bill. The reply is not tenable as there variations has been pointed out after comparison of final bill prepared/under process of RUIDP.

3. Extra expenditure of Rs. 2.33 lacs due to awarding of contract at higher rates.

RSRDC got (3.2.06)a tender work for Rs. 648.20 lakh for Area Development Work such as water supply, Sewerage, Road and Drain works in various residential colonies and development of land fill sites at Jodhpur from RUIDP with stipulated date of commencement 3.2.03 and completion 2.2.04 respectively.

RSRDC invited tenderes for construction of drain work (February 2003) and received 4 offers in which M/s Ali Mohd. Abdul Mazid Bikaner was lowest at a cost of Rs. 83.60 lacs against the estimated cost of Rs. 80.00 lakh without any condition. In negotiation, the work was awarded to M/s S.P. Builders, Jodhpur at a cost of Rs. 82.70 lacs with the condition that cement and steel for pre-cost items shall be supplied by RSRDC free of cost and the same was considered as a part of contract. The scrutiny of the schedule 'H' revealed that the estimated cost of the items were including cost of material i.e. cement and steel where as in negotiation the cost of material was considered additional which caused extra expenditure of Rs. 2.33 lakh of the corporation and under benefit to the contractor as per details given below –

S. No.	Items	Qty executed (Sqm)	Extra cost paid (P.Sqm)	Total Amt. extra paid
1	U-shaped drain up to 80mm thick at Road crossing	373.12	52.80. (cement)	19700.74
2	L-shaped drain upto 60mm thick	1630.75	39.60 (cement)	64585.62
3.	U-shape drain up to 80mm thick for connecting into Nallahs having average depth of 0.40m	495.30	52.80 (cement)	26151.84
4	Ferrous cement work Proportionate	190.56	(i) 66.00 (cement) (ii) 650.00 (steel)	12576.96 123864.00
TOTAL				246879.16
Less : The proportionate benefit in awarding the contract to M/s S.P. Builders instead of M/s Ali Mohd. Abdul Mazid 90000 (Difference in cost of contract) X 1034397 (work executed)				(-) 14195.37
8270000 (Cost of contract)				
EXTRA EXPENDITURE				232683.78

Thus, awarding the contract with material caused loss to the corporation due to extra expenditure of Rs. 2.33 lakh and undue benefit to the contractor needs justifications.

Management stated during discussion that negotiations were held at Head Office therefore, reply may be asked from Head Office.

4. Non recovery of Interest Rs.168960/-

Clause 36 of the agreements executed between RSRDCC and RUIDP provided that the contractor (RSRDCC) will submit to the employer (RUIDP) monthly statements of the estimated value of the work completed less the cumulative amount certified previously. The employer will check the contractor's monthly statement within 14 days and certify the amount to be paid to the contractor. The value of the work completed is determined by the employer. Clause 37 of the agreement provided that the employer is to pay the contractor the amounts certified within 28 days of the date of each certificate. If the employer makes a late payment, the contractor is to be paid interest on the late payment in the next payment. Interest is calculated from the date by which the payment should have been made at the rate of interest for commercial borrowing for each of the currencies in which payment are made. It in the agreement it was @ 10 % per annum.

Audit noticed that unit executed two major works of RUIDP i.e. Construction of ROB near Rasala Road Jodhpur and Area Development work. In test check of bills/monthly statements (which were made available to Audit) submitted by RSRDCC to RUIDP and payment received thereof, it was noticed that in the following bills /statements of the estimated value of work done the payment was not received in time, therefore the interest @ 10% per annum was recoverable :-

(A) **Area Development work**

S.N.	Bill No. and date Of submission	Amount of bills(Rs.)	Date of payment Received	Delay in payment beyond 28 days	Interest amount
1	VI RA bill 5.12.03	2452404/-	30.03.04	88 days	59126/-
2	IX RA bill 14.7.04	1645748/-	28.08.04	12 days	5411/-
3	X RA bill 22.8.04	1389676/-	26.10.04	36 days	13706/-
4	XI RA bill 8.11.04	1355817/-	27.12.04	21 days	7801/-
Total					86044/-

(B) **Construction of Rail Over Bridge**

1.	IV RA bill 30.09.03	5471735/-	18.12.03	51 days	76454/-
2	V RA bill 31.10.03	518156/-	24.12.03	26 days	3691/-
3	IX RA bill 31.03.04	594845/-	15.05.04	17 days	2771/-
TOTAL					82916/-

Grand Total A+ B 168960/-

Despite of passing more than two years of payment RSRDCC has not recovered / claimed the interest of Rs.1.69 lakh from RUIDP. The same may be recovered under intimation to Audit. Further, the bills which were prepared / submitted to RUIDP and not submitted to Audit and payment received late & interest thereon may also be calculated and recovered under intimation to Audit.

Management stated during discussion that the bills were prepared by the consultant and payments were received accordingly the reply is not tenable as per agreement with RUIDP it was payable to RSRDCC but the same was not claimed.

5. Incorrect recovery of interest Rs. 4.85 Lakh by RUIDP.

Clause 44 of the agreement executed between RSRDC and RUIDP provided that the employer (RUIDP) will make, if requested by the contractor (RSRDC) an interest free advance to the contractor for the cost of mobilization in respect of the works in an amount equivalent to not more than 10% (ten percent) of the initial contract price payable in two equal installments.

The advance payment shall be re-paid by deduction from the interim payments in such a way that 100% of the advance will be re-paid within 10 months from the date of notice to proceed with the work.

Audit noticed that Rs. 93.44 lakh was received as advance for Rail Over Bridge and Rs. 63.46 lakh for Area Development Work, which was repaid within stipulated period / extended period. Though the advance was interest free as per agreement but RUIDP recovered interest Rs. 4.85 lakh (Rs. 2 lakh for ROB and Rs. 2.85 lakh Area Development Work), which was not correct. The same may be recovered from RUIDP under intimation to audit.

PART-III

Nil

Sr. Audit Officer/CAW-II.

OFFICE OF THE ACCOUNTANT GENERAL (C&RA) RAJASTHAN JAIPUR

**No. : CAW/FP-19/RSRDCC/JOD-II/2004-07/POM-
: 28.5.07**

DATE

Sub :-

(D.P. Jangid)

Sr. Audit Officer (Insp)

Camp. Jodhpur

Resident Engineer

RSRDC Ltd. Unit-II Jodhpur

Extra Expenditure of Rs. 2.33 lakh due to awarding of contract at higher rates

RSRDCC got (3.2.03) a tender work for Rs. 648.20 lakh for Area Development Work such as water supply, Sewerage, Road and Drain works in various residential colonies and development of land fill sites at Jodhpur from RUIDP with stipulated date of commencement 3.2.03 and completion 2.2.04 respectively.

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S. No.	Item	Qty executed (Sqm)	Extra cost paid (P.Sqm)	Total Amt. extra paid
4	Ferrous cement work	190.56	(i) 66.00 (cement)	12576.96
	Proportionate		(ii) 650.00	123864.00
	TOTAL			246879.16
	Less : The proportionate benefit in awarding the contract to M/s S.P. Builders instead of M/s Ali Mohd. Abdul Mazid 90000 (Difference in cost of contract)			(-) 14195.37
	8270000 (Cost of contract) X 1304397 (work executed)			
	EXTRA EXPENDITURE			232683.78

Thus, awarding the contract with material caused loss to the corporation due to extra expenditure of Rs. 2.33 lakh and under benefit to the contractor needs justifications.

Annexure – A

(I) Work awarded to M/s Bharat Spun for Bridge proper -

S. No	Item	Payment made to contractor for Qty.	Work finally measured by the RUIDP	Payment made for Excess in Qty.	Rate (Rs.)	Excess payment (Rs.)
1.	Plain cement concrete	309.963 Cum	239.604 Cum	70.359 Cum	1010.00	71062.59
2.	Reinforcement cement concrete M-40 grade	2136.2784 Cum	2036.923 Cum	99.3554 Cum	2440.00	242427.18
3.	Reinforcement	584.0685 Tonne	572.356 Tonne	11.7225 Cum	6810.00	79762.12
4.	Expansion joint	138.506 Rmt	130.598 Rmt	7.908 Rmt	2281.00	18038.15
				Total		411290.04
				Less : Dist. @ 9.5%		39072.55
					Sub-total	372217.48

(II) Work awarded to M/s S.P. Builders for drains work under Area Development work –

S. No	Item	Payment made to contractor for Qty. upto 8 th R.Bill dated 4.10.06	Work measured upto 22 nd R.Bill dated 27.10.06 by RUIDP	Payment made for Excess in Qty.	Rate (Rs.)	Excess payment (Rs.)
1.	U-shape drain upto 80mm thick	373.12 Sqm	118.80 Sqm	254.32 Sqm	300.00	76296.00

	at road crossing -					
2.	L-shape drain upto 60mm	1630.95 Sqm	526.15 Sqm	1104.80 Sqm	275.00	303280.00
3.	Reinforced ferrow cement	190.56 Sqm	58.08 Sqm	132.48 Sqm	850.00	112608.00
4.	Random rubble stone masonry	43.850 Cum	21.249 Cum	22.601 Cum	850.00	19210.85
5	Cement concrete M-10 grade	73.280 Cum	68.314 Cum	4.966 Cum	1050.00	5214.30
					Sub-Total	517149.15

(III) Work awarded to M/s S.P. Builders for water supply, sewerage, road, etc. under Area Development work -

S. No	Item	Payment made to contractor for Qty. upto 21.3.05	Work measured upto 22nd R.Bill dated 27.10.06 by RUIDP	Payment made for Excess in Qty.	Rate (Rs.)	Excess payment (Rs.)
1.	Providing & Laying (P&L) antifriction layer	36146.700 Sqm	34485.548 Sqm	1661.152 Sqm	10.00	16611.52
2.	P&L cement concrete M-10	2922.510 Cum	2559.43 Cum	363.08 Cum	750.00	272310.00
3.	P&L controlled cement concrete	5180.430 Cum	5022.497 Cum	157.933 Cum	1210.00	191098.93
4.	P&L 25mm thick	96.910 Sqm	90.726 Sqm	6.184 Sqm	500.00	3022.00
					Sub-total	483112.45

(IV) Work awarded to M/s S.P. Builders for water supply & sewerage work in various Residential Colonies under Area Development work -

S. No	Item	Payment made to contractor for Qty. upto 231.06	Work measured upto 22nd R.Bill dated 27.10.06	Payment made for Excess in Qty.	Rate (Rs.)	Excess payment (Rs.)
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			by RUIDP			
1.	Demolisiling cement concrete M-15	426.274 Cum	309.983 Cum	116.291 Cum	100.00	11629.10
2.	Dismantling stone slab	1888.240 Sqm	979.200 Sqm	909.04 Sqm	15.00	13635.60
3.	Earth work 3 to 4.5M	58.188 Cum	44.738 Cum	13.45 Cum	140.00	1883.00
4.	Earth work in deep of rocks					
(a)	0-1.5 M	1388.530 Cum	934.493 Cum	454.037 Cum	390.00	177074.43
(b)	1.5 – 3 M	106.810 Cum	10.53 Cum	96.28 Cum	425.00	40919.00
(c)	3 – 4.5 M	18.620 Cum	-	18.620 Cum	475.00	8844.50
5.	Providing & fixing open timbering					
(a)	Upto 1.5 M	516.570 Sqm	293.22 Sqm	223.35 Sqm	0.29	64.77
(b)	Between 1.5 – 3 M	458.260 Sqm	68.40 Sqm	389.86 Sqm	4.00	1559.44
(c)	Between 3-4.5 M	111.720 Sqm	14.23 Sqm	97.49 Sqm	5.00	487.45

S. No	Item	Payment made to contractor for Qty. upto 231.06	Work measured upto 22nd R.Bill dated 27.10.06 by RUIDP	Payment made for Excess in Qty.	Rate (Rs.)	Excess payment (Rs.)
6.	Pipe supplying					
(a)	For 150mm	7298.750 Rmt	6477.4 Rmt	821.35 Rmt	250.00	205337.50
(b)	For 200mm	1260.550 Rmt	1060.45 Rmt	200.10 Rmt	275.00	55027.50
7	Providing granular bedding					
(a)	For 150mm	7028.400 Rmt	6293.01 Rmt	735.39 Rmt	80.00	58331.20
(b)	For 200mm	1237.600 Rmt	982.45 Rmt	255.15 Rmt	100.00	25515.00
8	Construction of Man Hole Type-A					
(a)	Upto 1.2M	171 Nos.	118 Nos.	53 Nos.	7000.00	371000.00
(b)	Between 1.2-1.5 M	74 Nos.	62 Nos.	12 Nos.	8000.00	96000.00
(c)	Between 1.5-1.65 M	24 Nos.	10 Nos.	14 Nos.	9000.00	126000.00
9	Construction of Man Hole Type-B					
(a)	Between 1.65- 2 M	21 Nos.	18 Nos.	3 Nos.	9500.00	28500.00
(b)	Between 2-2.5 M	21 Nos.	14 Nos.	7 Nos.	10500.00	73500.00

10	Construction of Man Hole Type-C					
(a)	Between 2.5 - 3 M	9 Nos.	7 Nos.	2 Nos.	12000.00	24000.00
(b)	Between 3 - 3.5 M	3 Nos.	1 Nos.	2 Nos.	12500.00	25000.00
11	Construction of Road side chamber	876 Nos	797 Nos	79 Nos	1900.00	150100.00
12	Providing & lowering in trenches					
(a)	160mm dia	1739.05 Rmt	1609.205 Rmt	135.845 Rmt	470.00	63847.15
(b)	110mmdia	3481.600 Rmt	9407.501 Rmt	74.029 Rmt	370.00	27416.63
13	Providing & laying granular bedding of 150mm	2499.800 Rmt	2072.20 Rmt	427.600 Rmt	80.00	34208.00
14.	Providing lowering laying etc K-9	4101.00 Rmt	3695.10 Rmt	405.90 Rmt	750.00	304425.00
15.	DI special & fitting	1.040 MT	0.2078 MT	0.8322 MT	50000.00	41610.00
16.	Providing & fixing of cast iron upto 300mm	1.011 MT	0.1066 MT	0.9044 MT	35000.00	31654.00
					Sub-total	1997569.27

Grand Total - (I to IV) - 3370048.36

Loss of Rs. 22.89 lacs due to awarding of contract at lower rates for construction of Rail Over Bridge, Near Rasala Road, Jodhpur

In response of its tender, Rajasthan State Road Development and Construction Corporation Limited (RSRDCC) received a work order vide No. F-1(20)RUIDP/PIU/JOD/Acct/ BR-3/2002/6908-26 dated 3.2.03 for Rs. 954.25 lakh for construction of Rail Over Bridge (ROB) near Rasala Road, Jodhpur from Rajasthan Urban Infrastructure Development Project (RUIDP). The stipulated date of commencement was 3.2.03 and completion was 2.2.04 (12 months) respectively. The brief details of the work order were as under –

S.No.	Name of work (Sub part)	RUIDP work order amount (Rs in lacs)
1.	Construction of ROB	739.62
2.	Service Road	056.82
3.	Road to colonies	047.22
4.	Water supply work	006.09
5.	Electric work	077.78
6.	Misc.	026.72
	TOTAL	954.25

RSRDCC awarded the major work for construction of ROB to M/s Bharat Spun Pipe and Construction Company for Rs. 426.37 lakh vide work order No. RE/JOD/2002-03/46-48 dated 3.3.2003 with stipulated date of commencement and completion 7.3.03 & 6.11.03 respectively. As per agreement Cement and Steel (reinforcement bars in standard length) required for this job were provided by RSRDCC free of cost at work site store.

The scrutiny of the rates for the work submitted by RSRDC to RUIDP in its tender and the rates at which the work was awarded to the contractor M/s Bharat Spun Pipe and Construction Company revealed that the work was awarded at higher rates than the rates submitted by the RSRDCC in the following items, caused loss of Rs. 22.89 lakh in the following items –

(Amt in Rs.)

Item No.	Name of item	Qty	Rate submitted by RSRDCC to RUIDP	Rate awarded to contractor by RSRDCC including material cost	Difference in rates	Amount
6.1	Providing & laying steel reinforcement at any level in foundation concrete	150 MT	21500/- P.MT	23710/- P.MT	2210/- /- P.MT	331500.00
6.2	Steel reinforcement in substructure	239 MT	21500/- P.MT	23710/- P.MT	2210/- P.MT	512190.00
6.3	Providing & laying HYSD Bars reinforcement at any level in substructure	610 MT	21500/- P.MT	23710/- P.MT	2210/- P.MT	1348100.00
6.4	Bearing – supply & fixing electronic bearing	1949696 Cum	0.48 P.Cum	0.53 P.Cum	0.05 P.Cum	97485.00
	TOTAL					2289275.00

Thus, it would be seen from the above details that while finalizing the tender of the contractor during negotiation, the rates of the material i.e. steel were not considered properly which caused increase in overall rates of these items and loss to the RSRDCC to

the extent of Rs. 22.89 lakh. Therefore, there was loss in awarding the contract for construction of ROB.

It was further noticed that the material was procured by RSRDC at higher rates than the rates considered in negotiation which led to further loss to the RSRDCC which could not be assessed due to non-finalization of the final bill between RSRDCC & RUIDP and material consumed in the work.

The reasons for considering lower rates need justifications caused loss to RSRDCC.