

**DIRECTORATE OF AUDIT****GOVERNMENT OF N.C.T. OF DELHI****4TH LEVEL, C-WING, DELHI SECTT,****I.P. ESTATE, NEW DELHI-**

Sub: - **Audit report on the accounts of CWG-121, Commonwealth Project, GNCT of Delhi Bhairon Road Crossing, IP Estate, New Delhi for the year 2010-11 & 2011-12**

**INTRODUCTION:-**

The I.A.R. on the accounts of **CWG-121, Commonwealth Project, GNCT of Delhi Bhairon Road Crossing, IP Estate, New Delhi** for the years 2010-11 to 2011-12 was conducted by field Audit Party No. XIII, comprising of Shri H.K. Walia IAO, Sh. Zahid Hussain, A.A.O., Smt. Udaya Rajendran, Head Clerk. The audit was conducted during 17 working days w.e.f 14.11.2012 to 10.12.2012. The D.A.C.R has conducted the audit of the department upto December 2010.

**AIMS AND OBJECTIVES:-**

To facilitate the flow of traffic on ring road by constructing a Ring Road Bypass from Salimgarh Fort to Yamuna Velodrome Road. This work was executed through three packages. Through package 1 of the above project, Flyover/Stilted Portion was constructed from Ring Road to Velodrome Road Junction (RD 0.00) to back of Rajghat Power Station (RD(1+1800)

**H.O.O./D.D.O's / CASHIER**

The following officials have served as HOD/HOO/DDO/Cashier during 2010-11 to 2011-12

S.N	Head of Office	DDO	Cashier
	S/Shri/Ms.	S/Shri	S/Shri
1	Sh. Rajpal Singh Ex-Eng	Sh. Rajpal Singh Ex-Eng	Sh. Jagmohan

**Budget Allocation and Expenditure for the year 2010-11 to 2011-12**

Head	Budget	Year	Expenditure up to year ending	Excess Saving /
3054(NP)	25.00 lakh	2010-11	24.00 lakh	1.00 lakh
5054	181.05 crores	2010-11	167.23 crores	13.82 crores
3054(NP)	40.00 lakh	2011-12	10.28 lakh	29.72 lakhs
5054	70.00 crores	2011-12	18.10 crores	51.90 crores

**Statutory Audit:-**

Statutory audit of **CWG-121, Commonwealth Project, GNCT of Delhi Bhairon Road Crossing, IP Estate, New Delhi**, GNCT of Delhi upto Dec 2010 was conducted by AG (Audit) Delhi

**Vacancy Statement:** Salaries of the officials are being drawn from the office of the Superintending Engineer.

S. No.	Name of Post	No. of Posts Sanctioned	Filled	Vacant
1				
2				
3				
4				

*NA*

**Maintenance of Records:-**

The maintenance of records of **CWG-121, Commonwealth Project, GNCT of Delhi Bhairon Road Crossing, IP Estate, New Delhi** for the period 2010-11 and 2011-12 was found satisfactory subject of observations made in Current audit report and in test audit note

**Old Audit Report:-**

**(A) FIRST AUDIT**

S. No.	Year	Total Paras	Para Settled	Para Nos. of Settled Paras	Outstanding Paras
1					
2					

*NA*

**(B) Details of Old Recovery**

S.No.	Year	Total old Recovery	Amount Recovered		Balance Recovery against Paras (Amount in Rs. Para wise)
			Para No.	Amount	
1					
2					

*NA*

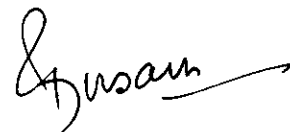
**Current Audit Report**

During the course of current audit, 16 audit memos (including record memos) were issued to the unit highlighting various irregularities out of which 05 memos were settled after verification of the compliance shown by the department and the remaining 11 memos have been incorporated in the current audit report as 11 Audit Paras.

**Details of Current Recovery (Audit Period 2010-11 to 2011-12):- NIL**

Para No's	Total Recoveries (in Rs.)	Amount Recoveries	Balance (in Rs.)

The internal audit report has been prepared on the basis of information furnished and made available by the **CWG-121, Commonwealth Project, GNCT of Delhi Bhairon Road Crossing, IP Estate, New Delhi**. The Dte. of audit, GNCT of Delhi disclaims any responsibility for any misinformation and / of non information on the part of auditee.

  
**(IAO PARTY - NO.-XIII**

**Part I (FIRST AUDIT)**

**CURRENT AUDIT (2010-11 & 2011-12)**

**Para No. 01**

**Sub:- Deposit Work**

During the course of audit of account for the year 2010-11 & 2011-12 in r/o CWG-121, GNCTD, it has been noticed that certain Deposit Works was/were undertaken by this division and as on 31.03.2012, there is a balance amount of **Rs. 5,12,759/-** has been lying with the Division prior to the period of audit which shows that execution of the works is unnecessary being delayed for a very long time.

As per section 3 of the CPWD Manual, before acceptance of any Deposit Work by the Executive Engineer it is essential that an estimate should be sent to the client Deptt after fully ascertaining all necessary site details, technical feasibility, topographically details, ownership of land etc.

If according to the above instruction, the estimates were already prepared and approved and other technicalities were ascertained, then how the execution of the deposit works were prolonged unnecessary for long period.

As per Section 3.6(2), the Executive Engineer concerned shall send to their Accounts officer every month the Statement of Expenditure in Form CPWD 65A along with the Schedule of Deposit Work in form CPWD 65 for transmission to the concerned client after verification. These statements have not either been prepared or produced to the Audit.

Further as per section 3.6(4&5) the Executive Engineer should send a quarterly report to the client showing the amount deposited & expenditure incurred for settlement of accounts and it is necessary that the Executive

Engineer settle their account against the deposit works expeditiously so that the amount in the books of the audit as well as the client does not remain rendered by the Executive Engineer.

The reasons for the above lapses were sought through audit memo but the department did not submit any clarification in this regard. Hence it is suggested that immediate steps may be taken to ascertain as to which Work this amount pertains and confirm whether the particular Work has been executed or not and further action may be initiated according to the relevant section of the Manual. Compliance may be communicated to the audit.

**Para No. 02**

Subject:- **Withheld amount to the tune of Rs.4,42,80,632/-**

During the course of audit of account for the year 2010-11 & 2011-12 in r/o CWG-121, GNCTD, it has been noticed that Deposits under Part V had been accumulated to the tune of Rs.4,42,80,632/- due to Withheld Amount from the Contractors Running Account Bills on account of Non-sanction of Extra Items Statement, Deviation/Substituted items statements, Testing Defects, pending Works, Extension of time etc. Huge accumulation of balance under Part V indicates that the Works from which these amounts had been Withheld, have still not been completed or completed satisfactorily.

Clarification in this regard was sought through an audit memo but <sup>no</sup> reply was submitted to the audit. It is requested action under the rules may be taken against the Contractors concern for incomplete/unsatisfactory completion of Works and the Withheld amount may be released to them accordingly. Compliance may be shown to the audit.

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**Para No. 03**

**Sub:- Security Deposit.**

During the course of audit of account for the year 2010-11 & 2011-12 in r/o CWG-121, GNCTD, it has been noticed that an amount of Rs.2,13,34,053/- has been lying with the division on account of Security Deposit as on 31/03/2012. In accordance with Para 21.1.3, the security deposit of the contractor should be refunded by the Executive Engineer after the prescribed period as stipulated in the agreement or after the date on which the final bill has been prepared and passed for payment whichever is later. The Executive Engineer should keep a close watch on the delays in the refund of security deposit to the contractors and for this purpose they should periodically review the Register of Security Deposit form CPWA 67, maintained in the division. Further as per section 21.6, in order to avoid delay in refund of security deposit, the Divisional Accountant should put up to the Executive Engineer every month, a list of all cases where security deposit becomes due for refund, so that the requisite certificate may immediately be obtained by the D.O. from the S.D.O. concerned and the Security Deposit is refunded without waiting for any application for the contractors.

As on 31/03/2012, an amount of Rs.2,13,34,053/- is lying as unpaid amount with the division office against the Security Deposit. This amount of Security Deposit may please be refunded to the contractors concerned immediately or deposited into the Govt. Account as 'Lapsed Deposit in the light of 21.4 of CPWD Manual or Rule 189 of the Receipt & Payment Rules and compliance may be shown to audit.

**Para No. 04**

Subject:- **Non cancellation of Time-barred Cheques (Rs.1.34 crores)**

Scrutiny of Form 51 of the PWD Division CWG-121, GNCTD revealed that there are outstanding cheques amount to Rs.1,33,59,566/- pertaining to the  
*amounting*

period 2002-05. Details of these outstanding cheques could not be found from the records submitted to the audit. Reasons for non cancellation/encashment of these cheques are also not available in the records. Further there are other cheques outstanding details of which are as under:-

1. 'A' series cheques	Rs.69,961/-
2. "B" Series cheques	Rs.56,179/-
3. 'C' series cheques	Rs.12,236/-

It is also pointed out that "B" Series cheque drawn by the DDO is encashable by the Cashier or the DDO itself, so it cannot remain outstanding for long period.

Clarification regarding the above lapses was sought through an audit memo but department has not submitted any reply. It is suggested that necessary urgent steps may be taken to cancel/revalidate all the time-barred cheques and their amount may be written back in accounts in consultation with the Pay & Accounts Officer concerned. Compliance may be shown to the audit.

**Para No. 05**

Subject:- **Surrender of Cheques**

During the course of audit of account for the year 2010-11 & 2011-12 in r/o CWG-121, GNCTD, it has been noticed the office of the CWG-121 Division has been closed for good but the undermentioned cheques have been lying with the DDO of the PWD Division 441 GNCT of Delhi.

1. 'A' Series cheques 09 cheques from S.N. 973092-973100
2. 'B' Series cheques 54 cheques from S.N. 835547-835600
3. 'C' Series cheques 44 cheques from S.N. 237857-237900

It is requested that all the blank cheques pertaining to the Division CWG-121 may be surrendered to the PAO concerned under intimation to the audit.

**Para No. 06**

Subject:- **Purchase of Computers C/o Construction of Ring Road Bypass from Salimgarh Fort to Velodrome Road PACKAGE I –**

**Work Order No.-** 3/EE/CW-121/PWD/2011-12 dated 11.5.2011 Rs.149991/-  
(03 computers with UPS)

During the course of audit of CWG-121, PWD, GNCT of Delhi for the years 2010-11 and 2011-12, it has been noticed that 03 nos. of computers had been purchased on Work Order basis by the Division. These purchases have been made through obtaining **SPOT QUOTATIONS.**

Although, there is a provision of obtaining Spot quotations under section 5.4 of the CPWD Manual, yet it is regretted to point out that the section of the Manual already referred to has not been taken in the right spirit. This particular section says that wherever a material is to be procured under **critical situations**, spot quotations may be obtained by the EE/AE.

The purchase of these computers have been charged to the Work mentioned in the Subject. These computers were purchased citing the circular of the DG(W) dated 01.02.2010. According to the circular, all the AEs civil or electrical should be provided with the Desktop Computers. Purchases made in pursuance of this order **cannot be termed as "Critical"**. The circular also mentions that the computers were available on the DGS&D Rate contract. But these computers were NOT PURCHASED ON DGS & D RATE CONTRACT, though it has been mentioned in the approval that computers were being purchased on DGS&D rate contract. The supplier of these computers M/s Compu Solutions was neither registered with DGS&D nor the Sales Tax Department (Now VAT). The payment of these computers included necessary VAT. Since the supplier was not registered with the Department of Trade & Taxes, the evasion of VAT cannot be ruled out. The Rate Contract attached with the approval says that the supply order can only be placed at M/s.



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Howlett Packard India Sales Pvt. Ltd (Schedule B of the Rate Contract) OR supply order against the Rate Contract MUST be placed by DDO on line through DGS & D web site (www.dgsnd.gov.in)only.

Clarifications regarding above observations were sought through an audit memo but department has not submitted any reply.

**Para No. 07**

Subject:- **Non-Obtaining of Revised Sanction & Unrealistic Estimates**

During the test check of the records of CWG-121, PWD, GNCTD for the years 2010-11 and 2011-12, it has been noticed that the Estimated cost of the Project "Construction of Flyover/Stilted Portion etc from Ring Road and Velodrome Road Junction (0+00 to 1+1800) Package I" was Rs.157,44,34,485/- whereas the contract was awarded at the rate of Rs.194,71,12,288/- i.e., 23.67% above the Estimates (refer to Agreement No. 02/EE/CWG-121/PWD/2008-09) and similarly the Estimated Cost of the Work "Dismantling of existing slab partition wall and disilting of Delhi Gate Drain along North Velodrome Road" was Rs.29,97,130/- whereas the contract was awarded at the rate of Rs.50,99,520/- i.e., 70.15% above the Estimates (refer to Agreement No. 01/EE/CW-121/PWD/2010-11)

The observation of the audit is that the Estimates of works are prepared by the technically experts Engineer on the basis of prevalent DSR and depending upon the prevailing market rates, but still it has been observed that tenders have been received and accepted quoting the rates much higher than the estimated cost. The reasons for the unreasonable variations can be attributed to either wrong assessment of the quantity of items or sketchy estimates prepared in an unprofessional manner. A well defined scope of work and a realistic market rate estimate can prove to be vital input of successful execution of a contract with high standards of quality. The estimate should take into considerations of relevant factors based on the prevailing market price of various inputs.

Clarifications regarding the abovesaid unrealistic estimates were sought from the department but no satisfactory reply was received.

Further the Department was requested to submit as to whether the "Revised Sanction of the Competent Authority was obtained for both the cases. In the case of Affirmation, the copies of Revised sanction letters were requested to be submitted to the audit. But the department has not shown/produced the Revised Sanction for execution of both the Works. In the absence of Revised sanction, the expenditure incurred over & above the sanctioned amount is irregular. In that retrospective Revised as well as Technical Sanction of the Competent authority may be obtained and compliance may be communicated to the audit.

**Para No. 08**

Subject:- **Irregular payment of Rs.81,46,035/-**

During the course of test check of the auditable records of CWG-121, Commonwealth Project, for the years 2010-12, it was noticed that a project for the Construction of Ring road Bypass from Salimgarh Fort to Velodrome Road - Construction of flyover/stilted portion etc from ring road and Velodrome road junction (RD 0.00 to back of Rajghat power Station (RD 1+1800)-package I was awarded to M/s. Simplex Infrastructure Limited, "Vaikunth" 2<sup>nd</sup> floor, 82-83, Nehru Place, New Delhi. During and on completion of the said project, the contractor submitted 20 Running Account Bills and 21<sup>st</sup> bill for final payment. The Scrutiny of RA Bills and the Tender documents revealed the following discrepancy:-

**Terms & Condition No. 3.2(ix) of Chapter 3 says** - " It may be noted that all the safety requirements, as may be felt necessary by the Engineer-in-charge, shall have to be provided for allowing the traffic to pass underneath the superstructure of flyover, at all times during the construction period."

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**Terms & Condition No. 3.2(xvii) of Chapter 3 says** - "The quoted rates of various items shall INCLUDE arrangement for traffic diversion such as traffic signals during construction at site for day & night, reflective signs, direction boards, markings, flags etc. as directed by the Engineer-in-charge".

**Terms & Condition No. 3.2(xviii) of Chapter 3 says** - "Adequate lighting for night work and also wherever and whenever required by Engineer-in-charge"

The above conditions shows that no separate or extra payment would be made to the contractor for undertaking the above said activities whereas the Division 21<sup>st</sup> Final Bill dated 16.03.2012 has paid to the contractor a sum of **Rs.44,56,785.00** for "providing temporary barricading which included arrangement for traffic diversion such as traffic signals during construction at site for day & night, reflective signs, red colour lights, markings flags etc. as directed by the Engineer-in-charge" - (item No. 10.1) *through*

**Terms & Condition No. 3.2(xix) of Chapter 3 says** - For the ~~filed~~ *field* staff of the Department, the contractor shall make arrangement of lights, fans, Air conditions, furniture, cupboard and drinking water etc. for better site supervision from start to completion of work and borne all the expenses on these accounts". AND FURTHER

**Terms & Condition No. 3.2(xix) of Chapter 3 says** - The Construction Agency shall make arrangements for a regular monthly or other frequency as directed by Engineer-in-charge for the documentation of progress of work i.e., from start to completion of the project in the form of:

- (a) Minimum 10 nos. coloured photographs (5" x 7") per month depicting the progress of the work at site and
- (b) The progress of the work shall updated on 3D computer model available with EE, CV. 121 on fortnightly basis"

The above provisions clearly show that it was mandatory on the part of the Construction Agency to make all necessary arrangements for uninterrupted

watch on the progress of the project. The arrangement included providing of furniture, cupboard, air conditioners, fans, lights etc. and these items are obviously require to be fitted in a temporary structures such as Porta cabin or wooden structure. The cost of this arrangement was included in the Accepted Tender Bid as per the terms and conditions referred to above. But the department has paid to the contractor an amount of **Rs.36,89,250.00** for providing 04 nos. of temporary cabins and One meeting room fitted with white board and provisions of projector equipment with the arrangement of light, fans, Air Conditioners, furniture, cupboard and Drinking Water etc. ( item No. 10.5).

The Department has paid for these items on the basis of Inclusion of these items in the Schedule of Quantities (Agreement items No. 10.1 and 10.5). From the records submitted the audit, it could not be ascertained as to why these items had been included in the Schedule of Quantities when these were already taken in the General Terms & Conditions (Chapter 3).

It is requested that it necessary steps may be taken to ascertain whether these items were actually to be taken to the Schedule of Quantities (Agreement items) or these were correctly taken in the Terms & Conditions. In the case of later, necessary recoveries may be effected from the contractor concerned.

**Para No. 09**

Subject:- **Delay in appointment of Third Party Quality Assurance Agency.**

During the course of audit of account for the year 2010-11 & 2011-12 in r/o CWG-121, GNCTD, it has been noticed that Open Tenders Enquiry was floated for Construction of Ring Road Bypass from Salimgarh Fort to Velodrome Road PACKAGE I - "Construction of Flyover/Stilted Portion etc from Ring Road and Velodrome Road Junction (0.00 to 1+1800). The stipulated date of start of the Work and completion was 29.01.2009 and 28.07.2010 respectively. The actual date of completion is 20.05.2011.

The tenders for appointment of Third Party Quality Assurance were finalized in June 2009 with the date of Start of the Work as 13.06.2009. The contract was awarded to M/s. NCCBM at a tendered cost of Rs.71.00 lacs

Scrutiny of the records revealed that the department appointed the Third Party Quality Assurance Agency M/s. NCCBM with the purpose that TPQAA would perform testing and Inspection as per relevant standards to ensure that the Contractor's Quality Control test results are in order. The Contractor selected for the Construction of Ring Road Bypass is responsible for his product from the beginning to the end, from the design to the construction of all his works till the final acceptance of all the Works. The TPQAA monitors his process of testing to make sure that what the contractor is doing is adequate and accurate. Thus Ensuring production of a quality work of durability and uniform performance by a Construction Contractor is the most important aspect of the quality supervision assignment of a TQAAA.

During the course of audit, it has been observed that the Construction Company (M/s. Simplex Infrastructure Ltd.) was awarded the work in January 2009 and the TPQAA (M/s. NCCBM) was awarded the work in June 2009 i.e., six months after the award of the construction contract. Thus delay in awarding the work of TPQAA ultimately defeated the very purpose of independent quality assurance as such the most of the hidden items such as Foundation below ground level and other works valuing Rs.21.40 crores were already executed by the construction contractor by that time.

It is also worth mentioning here that the department called the Open tenders for whole work and the agency quoted the rates accordingly (proportionately to the quantum/cost of the Work to be supervised) whereas the work to the tune of Rs.21 40 crores was already executed. In other words it may be given to understand that the work of Rs.21.40 crores was left unsupervised which resulted in overpayment to the Agency (TPQAA).

Justification for delay in award of contract for appointment of Third Party Quality Control was requested to be submitted to the audit but no satisfactory reply was received.

**Para No. 10**

Subject:- **Consultancy Services for Structural Designs, Drawings and allied jobs C/o Constrction of Ring Road Bypass**

During the course of audit of account for the year 2010-11 & 2011-12 in r/o CWG-121, GNCTD, it has been noticed that M/s. B & S Engineers Consultants Pvt. Limited were selected on Open Tender Basis for consultancy services for structural designs, drawings and allied job related to the construction of Ring Road bypass.

The work was awarded for Rs.1,24,55,600/- for a period of thirty months commencing from 17.05.2008. The job included preparation of Comprehensive Geometric and Structural Designs showing the general payout plan of various components including surface level roads service road/cycle tracks footpath, central verge, beautiful landscape, underpass, pedestrian sub-way etc. The Consultancy was meant to specify the method of construction (Planning & Scheduling) and salient technological features to be incorporated at all time of construction. It was also one of the conditions that general arrangement drawing would be prepared exclusively at site for all components such as slip-roads on stilts/embankment, flyovers, railway crossing, drainage systems etc.

It was also one of the condition in the tender that consultant shall be responsible for accuracy of the data collected and the designs, drawings and construction drawings prepared by him as the part of the project. According to clause 6.1, variation more than 20% in the quantities of major items like concrete reinforcement in the final design vis-à-vis preliminary design shall constitute in accuracy unless there are valid reasons for such variation. No

further payment shall be made after the time such inaccuracies are discovered and the contract shall be terminated at the option of the Engineer-in-charge.

Scrutiny of the R.A. Bills revealed that there was variation in execution of quantities ranging from 31% to 92% in Package I of the Construction of Ring Road Bypass. The increase/decrease in execution of quantities 'should be construed as inaccuracies in designs' and thus should be taken as violation of the terms and conditions of the Tender documents.


Clarification in this regard was requested through an audit memo but the department has not submitted any reply.

**Para No. 11**

Subject:- **Non-Production/Maintenance of Records**

The following records were not maintained/produced to the audit for scrutiny:-

1. Quotation files
2. Bill Register
3. EMD/security deposit record
4. Register of Performance Guarantee
5. Records related to Technical Sanction/Revised sanction
6. Property Register
7. Details of Work Charged Staff and relevant records
8. Log Books

  
(Zahid Hussain)

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