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Inspection Report on the accounts of the Executive Engineer, Public Works Department, Ulhasnagar Municipal Corporation, Ulhasnagar for the period 01/04/2013 to 31/03/2016.

Part I A: Introductory

A test check of the records of the Executive Engineer, Public Works Department, Ulhasnagar Municipal Corporation, Ulhasnagar for the period 01/04/2013 to 31/03/2016 was conducted locally from 09.08.2016 to 19.08.2016 by the audit team comprising of Shri Sanjay Kumar AAO, Smt. A.A.Deodhar, AAO, and Smt. J.M.Kulkarni, AAO, Sh.D.S.Ghadse, Sr. Auditor under supervision of Shri S.N.Fulzele; Sr. Audit Officer.

b) The following officers held the charge of post of the Executive Engineer, Public Works Department, Ulhasnagar Municipal Corporation during period covered by audit.

Name of The Officials	Period
Shri Ramesh Shirke	01.04.2013 to 31.08.2014
Shri B. J. Bhatija	01.09.2014 to 17.02.2016
Shri Vijay Rizwani	18.02.2016 to 17.05.2016

C) Details of Budget and expenditure of the department during 2013-16 was as under.

(Rs in thousands)

Year	Budget	Expenditure
2013-14	61700	50230
2014-15	64200	33750
2015-16	958850	331876

The budgeted figure was not made available by the department, hence taken from the budget books of the corporation.

D) Details of cash book and pass book balance as on 31.03.2016

All cash books and bank pass books were maintained centrally in accounts Department of the Corporation and would be verified during the audit of Chief Accounts Officer, UMC.

E) The audit by DALFA was completed upto 2013; however no details were available with the department.

F) Activity of the Department

The following activity is performed by the Public Works Department

- 1). Construction and maintenance of roads, bridges, drains and nallas and other Municipal Buildings,
- 2). Implementation of Slum Improvement Scheme, Govt. funded schemes such as DPDC, Dalit Vasti. Swarna Jayanti etc.,
- 3). Construction & Maintenance of gardens, parks, play grounds & other public places.

Disclaimer

The Inspection Report has been prepared on the basis of the information furnished and the records made available by the Executive Engineer, Public Works Department, Ulhasnagar Municipal Corporation, Ulhasnagar for the year 2013-2016. The office of the Pr. Accountant General, (Audit)-I, Maharashtra, Mumbai disclaims any responsibility for any non information and/or Misinformation on the part of the audited entity.

PART – I B- Paras outstanding from previous Inspection Reports

Inspection Report for the year 2006-07

Para 9: Recovery of excess payment made to contractor Rs.11004

Para retained for full and final compliance

Inspection Report for the year 2007-09

Para 6: Failure to obtain excess amount of Rs 62.97 lakh deposited with Central Railway

Para retained for full and final compliance

Inspection Report for the year 2009-10

Para 8: Delay in completion of UMC Hqr. Building work

Para retained for full and final compliance

Para 7(b): Issue of work order without calling for tender (b) Improper execution of work

Para retained for full and final compliance

Inspection Report for the year 2010-13

Para 1: Public/common vasti toilets – Recovery of excess payment to agency

Para retained for full and final compliance

Para 2: Irregular allotment of cement concrete road works to blacklisted contractor (M/s Eagle Const. Co.)

Para retained for full and final compliance

Para 3: Sub-standard cements concrete road work- Rs.2.31 Crore.

Para retained for full and final compliance

Para 4 (a): Awarding/Attachment of work by variation in original contract to ongoing contractor without inviting tender

Para retained for full and final compliance

Para 4 (b): Awarding of work by variation in original contract to ongoing contractor without inviting tender

Para retained for full and final compliance

Para 4©: Awarding of work by variation in original contract to ongoing contractor without inviting tender

Para retained for full and final compliance

Para 5: Double payment to the contractor M/S Konark Infra Ltd.

Para retained for full and final compliance

Para 6: Implementation of BSUP project Rahul Nagar and Walmiki Vasahat

Para retained for full and final compliance

Para 7: Non- conducting of periodic supervision & biometric survey for BSUP project by the consultants

Para retained for full and final compliance

Part I-C: Persistent Irregularities

--Nil--

Part II-A: Major Observations

Para 1: Avoidable expenditure of Rs. 88, 27,743 on work of disilting of Nallahs.

The Health department of Ulhasnagar Municipal Corporation (UMC) decided to take up the work of cleaning the Nallas before monsoon. Accordingly, Public Works department was directed to prepare the estimates for the work of disilting of all big and small Nallas. Tender for following two types of works were invited.

1. Providing and supplying poclain machine and JCB for disilting of Nalla before on set of monsoon to camp No 1 to 5 and transportation of garbage/silt with loading and unloading to dumping ground at U/S. 1 in Ulhasnagar area and
2. Disilting of Nallas by providing labour and lifting of garbage from site in PS 1 upto dumping ground.

The offer of M/s Shubham Construction for both the works was accepted at 4.94 above the estimated cost. The estimated cost for work No 1. was at Rs. 6281700/- and work No.2 was at Rs. 6857300/-. The work order was issued to M/s Shubham Construction on 18.05.2015 for both the work.

In this connection it was pointed out that Ulhasnagar Municipal Corporation the work of “collecting waste from house to house, community bins, silt, rabbit, debris and street sweeping waste from sweepers as well as collecting biodegradable and recyclable street sweeping waste from street sweepers and community bins in 4 wards committee deploying vehicles for collection of street waste from their bins as they bring the bins full of street sweeping for unloading into the vehicles and disposing it in the dumping ground” was outsourced and awarded to M/s Konark Infrastructure for which the work order was issued on 10.06.2013. M/s Konark Infrastructure tender was for the period of eight years with the offer of Rs. Rs. 446400/- per day accepted by UMC.

Thus, the work of disposal of all solid waste including silt was the responsibility of the M/s Konark Infrastructure as per the agreement executed between Health Department and UMC. Hence, including an item of disposal of silt removed from the Nalla was not required to be included in the estimates and tender for work at Sr. No.1 and 2.

It was also pointed out that in respect of **work at Sr. No 1**, an item of “Providing Dumper/Truck for disposal of sludge/garbage removed from various nalla sites of Ulhasnagar camp No 1 to 5

for the 10 Km and dump to dumping ground at Ulhasnagar in Camp No 1 including loading unloading etc complete” was provided costing Rs. **33, 89,267/- (I)**. The said item was not required to be included in the estimates as the same was the duty of M/s Konark Infrastructure who was awarded the work by UMC for eight years for disposal of solid waste including silt.

Further, from the abstract of **work No 2** furnished to audit it was noticed that the estimates were prepared for Rs. 68, 57,300/- which included an item of “Disposal of Sludge/Garbage removed from various nalla, gutter sites etc complete” and an item of “ Lead charges for carrying desilted dry sludge/garbage from vehicle on entry zone etc. complete job-Lumpsum costing Rs. **34,74,777/- (II)**.”

As the scope of the work estimated in the above work was well within the scope of work awarded to the M/s Konark Infrastructure. Hence, it was not required to include above items in the estimates which resulted into the avoidable expenditure of **Rs. 68,64,044 (I) + (II)** based on estimated cost. The final bill paid though called for was not furnished to audit.

B) It was further noticed that similar type of work was carried out by the department during 2013-14 and 2014-15 the details of which are as under.

Year	Name of the work	Agreement No/ Name of the Contractor	Estimated Cost	Accepted Cost	Estimated quantity under objection	Amount of item as per estimates	Total Expenditure Final Bill
2014-15	Providing and supplying poclain machine and JCB for disliting of Nalla before on set of monsoon to camp No 1 to 5 and transportation of garbage/silt with loading and unloading to dumping ground at U/S. 1 in Ulhasnagar	Shubham construction	756200	756200	Providing Dumper/Truck for disposal of Sludge/Garbage removed from various nalla sites of Ulhasnagar in camp No.1 including loading unloading etc complete. 2720.00 cum X 120.31 (The details of estimated quantity for the camp No. 2, 3 and 4 was not made available.)	327243.20	Not made available
2013-14	Providing and supplying poclain machine and JCB for disliting of Nalla before on set of monsoon to camp No 1 to 5 and transportation of garbage/silt with loading and unloading to dumping ground at U/S. 1 in Ulhasnagar	Shubham construction	4185162	4185200	Providing Dumper/Truck for disposal of Sludge/Garbage removed from various nalla sites of Ulhasnagar in camp No.1to 5 including loading unloading etc complete. 13602 cum x 120.31	1636456.62	Not made available
						1963699.82	

Thus it could be seen that though the work of carrying the garbage/silt was with the M/s Konark Infrastructure these items were included in the estimates resulting in the extra avoidable expenditure to the tune of **Rs. 8827743/-** (6864044 + 1963699).

The Xerox copies of estimates, final bills and measurement books in respect of above works in all three years though called for in audit was not furnished.

On this being pointed out in audit the department stated that necessary details would be furnished in due course.

Further progress is awaited.

Part II-B: Other Observations

Para 2: Irregularities in work of filling of potholes and patchwork to road. Avoidable expenditure of Rs 3429359/-

The work of filling the potholes occurring after the monsoon, digging the roads by telephone department and water department etc in all 4 ward/committee of the Ulhasnagar Municipal Corporation was approved by Commissioner on 01.06.2015 and accordingly e-tenders were invited. The period of tendering was 13.07.2015 to 05.08.2015.

The summary of the work namely "Filling of Potholes and patchwork to roads in Prabhag Samiti 1, 2, 3 and 4" are as under:

Name of Prabhag	Name of the bidders and rate quoted	Selected bidder and rate	Dt. Of work order and period of work
Prabhag Samiti 1 Est.Cost Rs. 8461797	(i)Jai Hind road Builders 21.96 % above (ii)Jai Bharat Construction 24% above (iii)Jha P and Co. 25 % above	Jai Hind road Builders At par	07.09.2015 6 months
Prabhag Samiti 2 Est.Cost Rs. 8710414	(i)Jai Bharat Construction 24% above (ii)Jha P and Co. 21.60 % above	Jha P and Co. At par	16.09.2015 6 Months
Prabhag Samiti 3 Est.Cost Rs. 8986137	(i)Jai Hind road Builders 27 % above (ii)Jai Bharat Construction 24% above (iii)Jha P and Co. 21.60 % above	Jha P and Co. At par	16.09.2015 6 Months
Prabhag Samiti 4 Est.Cost Rs. 12714108	(i)Jai Hind road Builders 24 % above (ii)Jai Bharat Construction 17.10% above (iii)Jha P and Co. 25.20 % above (iv) Sai Sidhnath Construction 13.11 % below	Sai Sidhnath Construction 13.11 % below	16.09.2015 6 Months

Scrutiny of relevant records alongwith above mentioned data revealed the following observations:

(A) After negotiations with bidders the L1s, Jai Hind Road Builders in ward/committee. 1, Jha P and Co. in ward/committee 2 and 3 respectively were awarded the work at par with the estimated cost. However, they had quoted more than 20 percent estimated cost. In Prabhag Samiti 4 the work was awarded to M/s Sai Sidhnath Construction who had quoted 13.11 % below the estimated cost.

Further scrutiny revealed that Vide letter no. UMC/PWD/CE/118 dt. 31.08.2015 the Corporation had called the three bidders Jai Hind Road Builders and M/s Jha P and Co for further negotiations. As a result of the negotiations, vide letter dt. 03.09.2015 and dt. 05.09.2015 M/s Jai Bharat Construction had expressed the interest and was ready to execute the said work at 13.11 percent below the estimated cost in all 3 wards. Further, it was also observed that the same work of fillings of potholes and patch up of road was entrusted to M/s Jai Bharat Construction during the previous season of 2014.

In view of the above, audit is opined that, as contractor was ready to do the same type of work in same locality at 13.11 percent below estimated cost (in ward 1) and after the negotiation L2 was ready to execute the same work at below 13.11 percent in ward 1 2 and 3 also, the awarding of works at par in ward 1, 2 and 3 resulted in avoidable expenditure of Rs.3429359 $\{(8461797+8710414+8986137)-13.11\}$.

The reasons for non awarding of work to M/s Jai Bharat was called for in audit.

On this being pointed out in audit the department stated that the work was entrusted to L1 in accordance with the central vigilance commission guidelines. The reply of the department is not tenable as M/s Jai Bharat Construction who had also completed the same type of work in previous year was ready to execute the work at 13.11 percent below and it could have been beneficial to the corporation. Further details of guideline on basis of which contract was awarded were not furnished to audit.

Further progress is awaited.

(B) As per standing order of Director of Municipal Administration regarding procedure of general purchases procedure, if any item is to be purchased from public money above Rs.100 lakh wide publicity to be given for inviting tenders for fetching competitive rates from the bidder. For this purchase advertisement is to be given in a national as well as a state level and a local news

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paper which have substantive copies in circulation. Further as per new policy of procurement in Government department for purchase of more than 3 lakh e-tendering is mandatory.

Similarly, if inadequate bids/offers are received i.e. less than three, then re-tender is to be sought for, for fair competitive and rate comparison.

Scrutiny of relevant records revealed that even after the estimated cost of Rs. 38872455 the publicity of above mentioned work was not given in any news paper.

Further scrutiny revealed that only two bidders responded for the said work in Prabhag Samiti 2 and the work was awarded to one of them. As only two bidders responded hence competition was lacking and re tendering should have been done.

In view of the above the audit is opined that non giving of wide publicity of the tender in national newspaper and awarding of work without proper competition resulted not only in flouting the norms of purchase procedure but also probable loss to the corporation.

On this being pointed out in audit the department stated that the publicity in news paper is given by the Public Relation Officer of the corporation, however, matter would be verified. Further it was stated that in spite of extension of the bid period only two parties responded and contract was awarded to one of them.

The reply of the department is not tenable as the process was lacking competition and in absence of at least three parties, retendering should have been initiated.

Further progress is awaited.

(C) Further scrutiny revealed that work order was issued to M/s Jai Hind road Builders at estimated cost of Rs. 84, 61,797 on 16.09.2015 with instruction to complete the work within 6 months ie 15.03.2016. However, scrutiny revealed that till 25.02.2016 the agency had not started the work. As stipulated date of completion of work was 15.03.2016, non starting of work till date could result in time and cost overrun. The action taken by the department for non completion of work in time was called for in audit

On this being pointed out in audit the department stated that the present status of the work would be communicated to audit shortly.

Further progress is awaited.

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Para 3: Appointment of agency for the work already carried out.

In accordance with the sanction of Standing Committee Resolution no. 145 dt. 27.02.2009, the work of consultancy for developmental works to be taken in BSUP scheme in Municipal limit was entrusted to M/s Vistar Architects and Planner, Navi Mumbai @ 2.5 percent of the estimated cost.

The work involved work of Socio Economic and Biometric survey, preparation of GIS MIS mapping under Rajiv Awas Yojna(RAY) was entrusted to M/s Vistar Architects and Planner vide letter no. UMC/PWD/CE/AA/26.02.2011 and payment of Rs. 1295443/- was made on 18.09.2013 to the agency.

Further scrutiny revealed that in September 2012, tender was invited for work of "Preparation of Action Plan for Slum Free city under Rajiv Awas Yojna. The work was awarded to M/s Sparsh Pratisthan on 27.02.2015 @ 21% below the estimated cost.

It was however noticed that Rajiv Awas Yojna scheme was withdrawn by the Govt in January 2015 and despite this fact the work order was issued to the agency in February 2015.

In this connection:

- i) Reason for appointing agency and issuing work orders after scrapping of scheme.
- ii) Details of payments, if any made to the M/s Sparsh Pratisthan.
- iii) Present status of work was called for in audit.

In reply, Department stated that details of present status of the matter would be communicated to audit shortly.

Para 4: Irregular payment of Rs. 22936/- to the Contractor.

As per approvals of District Planning Committee, Thane, Public Works Department of Ulhasnagar Municipal Corporation has undertaken specific works under MLA and MPLAD funds.

As per clause 8.2 of the tender document it would be the duty of the contractor to carry out the necessary tests of materials used on the works at their own cost.

On scrutiny of records relating to payment and other relevant documents, it was observed that the Corporation made the payments on account of testing of material which had to be carried out by the contractor and borne by the contractor. This resulted in irregular payment of Rs. 22936/- as detailed below.

(Amount in Rs.)

Name of the work	Name of the contractor	Amount paid on testing of material
Construction of Samaj Mandir at Sahad	Sainath Kripa MKSS	4024
Construction of C.C. Pavement at Jijamata Garden	Kamna Construction	6679
Construction of pavement road near BK 714/712	Jha P & Co.	12260
Total		22936

The above cases are illustrative and not exhaustive. A review may be taken to identify such cases and action taken may be intimated to audit.

On this being pointed out in audit the department stated that the matter would be verified and if necessary recovery would be made under intimation to audit.

Further progress is awaited.

Para 5: Irregular execution of excess quantities.

The work of construction of Samaj Mandir near Birla Gate, Shahad at Shivaji Nagar Ulhasnagar I was taken up under MP Local Area Development Fund. The work was awarded to M/s Sainath Kripa MKSS Ltd at par at an estimated cost of Rs. 10.00 lakh. The acceptance letter and work order was issued on 26.08.2015. The work was to be completed within six months from the date of work order. In this connection following observations are made.

1. On scrutiny of 1st R.A Bill it was noticed that certain quantities were executed more than 125 per cent of the estimated cost for which prior approval was necessary. It was however, noticed that prior approval for execution of excess quantity more than the estimated quantity was not obtained. The details of excess quantities are as under.

Item No	As per estimates			As per execution		Excess
	Quantity	Rate	Amount	Quantity	Rate	
5. Providing and laying Situ cement concrete mix PCC 1:3:6 CC M 10 grade concrete	5.23 cum	4703.72	24600	12.96	4703.72	60960
7. Providing and laying in situ CC M 20 of trap matal for RCC footing	6.68 cum	5492.90	36693	10.57	5492.90	58060
26. Providing and laying SW pipe lines of 150 mm dia slope line and level slope etc comple	6.00 Rmt	260.88	1565	10.00	260.88	2609

On this being pointed out in audit the department stated that the approval for execution of extra quantity would be obtained from the competent authority under intimation to audit.

2. It was further noticed that the contractor was paid 1st R.A. Bill which included laboratory testing charges Rs. 4024 for testing of Cement Cubes from the laboratory. However, the laboratory certificate for the material tested by the contractor was not on the record and attached with the bill. The payment of bill to the contractor without verifying the material test certificate indicated was against the prescribed procedures.

On this being pointed out in audit the department stated that the cost of testing would be recovered from the contractor and the test report would be obtained from the contractor and kept on record.

3. Further, the work was to be completed within six months from the date of work order. However, the work was not completed by the contractor till February 2016. Extension was granted by the department to the contractor till 31/08/2016. The contractor demanded extension on 02/07/2016 on the ground that site of the work is in dispute. The work has now been completed within stipulated time. In this connection, clarification regarding starting the work without obtaining no objection certificate for the land and action on the contractor regarding levying penalty for not following the time limit was called for in audit.

In reply, the department stated that due to dispute of land the work could not be completed in time hence extension was provided. Further it was stated that no extra payment would be made to the contractor.

Further progress is awaited.

Para 6: Preparation of improper estimate leading to extra items of Rs.15.67 lakhs.

Public Works Department of UMC undertakes the work of development of roads, construction of community places, health centres, buildings in UMC area etc. It was decided to construct C C Pavement Road and Drain from Block A-477 to transformer via Methodist Church W.56 in the year 2010-11. The work of Rs.83.16 lakhs was sanctioned vide SCR No.95 dated 25.10.2010 and the same was awarded to M/s. Inderdeep Construction Co. The period of work was 9 months. The work was started on 15.04.2011 and the completion date was 14.01.2012.

On scrutiny of records made available to audit following points were observed;

1. Due to the scarcity of sand in the year 2011 and delay in acquisition of land due to delay in demolition of existing construction, the work was delayed and extension for the work was granted till 31.12.2013.
2. In March 2012, department intimated about the bad quality of work done by the contractor and it was instructed to either reconstruct the road or repair the same.
3. Verbal requests were also made to complete the work before monsoon, but contractor failed to do so. In September, 2012 department instructed contractor to expedite the progress of work and to complete the same before Ganpati Festival. In the above said letter, department had also warned the contractor about the serious action if the work is not completed at the earliest.
4. Again extension for the said work was granted upto 31.08.2014.
5. From the available records it could not be ascertained whether the work was completed till date as the entire records such as latest R.A bill, measurement book etc were not furnished to audit. From the records it was seen that last extension was granted on 31.8.2014. The latest records, bill file, measurement book etc relating to the said work was called for in audit.

In addition to this, while scrutiny of vouchers of 3rd R.A. Bil I (date 2.8.2012) it was seen that 17 items amounting to Rs. 15.67 lakhs were executed as extra item till above mentioned date. These items included Excavation, Dismantling RCC work, engaging JCB machines, GI Pipes, etc. This shows that proper survey while preparing the estimates was not carried out. In this connection, details of the approval of competent authority before execution of the extra items and rates adopted for framing the estimates and rates adopted for payment of extra items was called for.

In reply, the department stated that the work has now been completed and final payment is yet to be done. The matter of penalty would be kept in mind during the payment of final bill. Further progress is awaited.

Para 7: Excess expenditure on the repair work.

The work of repairs of latrine at Prabhag Samiti 3 was given to M/s Sri Maa M.K.S.SS.Ltd. for an estimated cost of Rs. 5,51,743/-. The Work order was issued on 01.03.2011 and the period of work was for 120 days which was completed on 19.05.2011. The net bill of Rs.4, 78,500/- was paid on 08.01.2014.

The work given to the contractor was for repairs of the latrines. The estimates for the work of repairs of existing latrines and actual execution carried out by the contractor are shown in the table below.

(Amount in Rs.)

Description of item	Estimated quantity	Executed quantity	Extra quantity	Rate	Extra expenditure
P/F powder coated Bakelite door of required size	12.00 sq mt	16.32	4.32	1647.40	7116.76
P/F Indian type WC pan of required size	142	158	16	1050.00	16800.00
P/F non teakwood doors inc.framework	140	152.02	12.02	1372.50	16497.45
P/6 mmth ceramic tiles for flooring	130	138.78	8.78	828.47	7273.96
P/225mmth full round SW pipe at site	32	34.400	2.400	339.15	813.96
P/C BB Masonry inspection chamber size 90x45 cm etc.	6.00	7.00	1.00	3381.27	3381.27
					51883.34

The above work was of repair in nature and repairs were to be carried out to the existing latrines and no construction of new latrines was included in the scope of the work. However, it was noticed that the extra work was carried out by the contractor for the items like doors, Indian type WC, ceramic tiles for flooring, SW pipe and Masonry inspection chamber for which the estimated quantity was fixed and no variation was required as the said work was of repair nature.

Further, it was also noticed that the item for doors was considered in estimate two times i.e. for non-teak wood and for Bakelite doors. The reasons for estimation for the both the type of doors was called for as it seems to be an extra quantity not required to be executed.

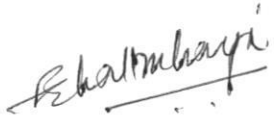
The execution of excess quantity in repair works than the estimated quantity needs justification.

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On this being pointed out in audit the department stated that the matter would be verified and details would be furnished shortly.

Further progress is awaited.

Part III – Test Audit Note

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Sr. Audit Officer/ ULB