

**Inspection Report on the Accounts of the City Engineer, Water Supply Department, Vasai Virar City Municipal Corporation for the period 2013-14**

**Part I A Introductory**

a) A test audit of the accounts of the City Engineer, Water Supply Department, Vasai Virar City Municipal Corporation for the period 2013-14 was conducted locally by Shri. S.V. Kadulkar, A.A.O. and Shri. D.S. Ghadse, Sr. Auditor under the supervision of Smt. S.S. Mohite, Audit Officer from 10-07-2014 to 17-07-2014 and the following remarks are offered.

b) Following officials persons held the charge of the post of the Executive Engineer during the period covered by audit.

<b>Name of the official</b>	<b>From</b>	<b>To</b>
<b>Shri B.M.Machewad</b>	<b>1-4-2013</b>	<b>To date</b>

Internal control mechanism of Water Supply Department in VVCMC: The bills are being scrutinized by Jr. Engineer up to Rs. 5 lakh and above 5 lakh the bills are scrutinize by City Engineer.

**c) Grant & expenditure**

<b>Name of Scheme</b>	<b>(Rs.in lakh)</b>	
	<b>Period 2013-14</b>	
	<b>Grant</b>	<b>Expenditure</b>
Estt. Expenditure	955.89	807.60
Other Expenditure	30605.11	28986.86
<b>TOTAL</b>	<b>31561.00</b>	<b>29794.46</b>

**d) Revenue**

(Rs. in Lakh)

<b>Particulars</b>	<b>2013.14</b>
Opening Balance	3760.64
Sp. Tax on water	3542.29
Sp. Tax on Sanitation	688.23
Tap Connection Fess	13.23
Warrant/Notice Fee	0.06
Fees for change of name for water connection	0.12
Fees for transfer of water connection	0.87
Fines for unauthorized connection	0.16
Rent (Sanitation tanker)	2.97
Rent (Sulabh Shouchalya)	1.26
Interest on Investment	186.14
Fees for digging of Road (Water connection)	8.42
Form Fee for water connection	0.19
Miscellneous	8.61
Others	31.66.44
Deposit	21002.07
<b>TOTAL</b>	<b>31260.5</b>

**e) Details of audit inspections conducted**

<b>Name of authority</b>	<b>Period Covered</b>	<b>Date of Inspection</b>	<b>Report received/ not</b>
Dy. Chief Auditor ( local fund)	2011-12	---	Yes

f) A total of 05 paras of Local Fund Audit for the period prior to 2000 up to 2007-08 are outstanding

**g) Cash Book and Pass Book**

Department has not maintained any cash book.

## **Disclaimer Certificate**

The inspection report has been prepared on the basis of the information furnished and the records made available by the City Engineer, Water Supply Department, Vasai Virar City Municipal Corporation. The Office of the Pr. Accountant General I (Audit) Mumbai disclaims any responsibility for any non-information and /or misinformation on the part of the Audited Entity.

### **Part I B Outstanding paras from previous Inspection Reports**

#### **Outstanding paras from Inspection period for 2009-10 to 2010-11:**

**Para 4:** Loss of revenue due to application of different rates for water supply to consumers for Rs. 289.72 lakh.

Department in reply stated that the proposal for uniform water charges is taken up with Government and correspondence in this regard is in progress. Final reply is awaited.

**Para 7:** Incomplete work resulting in blocking of fund Rs. 197.10 lakh.

In reply department stated that the works mentioned in the para are still in progress. Final reply awaited.

**Para 8:** Avoidable expenditure on payment of power factor penalty -Rs. 290 lakh.

Para updated in current I.R. hence proposed for closure.

**Para 11:** Short payment of Stamp Duty.

Department in its reply stated that the stamp duty will recovered from the contractor under intimation to audit. Final reply is awaited.

**Para 12:** Non recovery of Insurance Charges

Department in its reply stated that the insurance charges will recovered from the contractor under intimation to audit. Final reply is awaited.

**Outstanding paras from Inspection period for 2011-13:**

**Para 5:** Blockage of fund under Dalit Vasti Sudhar Yojana- Rs.58.22 lakh

Department in its reply stated that work is still not completed. The penalty for delay of work will be charged in the final bill from the Contractor and Completion Certificate will be issued under intimation to audit. Final reply is awaited.

**Para 6:** Outstanding recovery of Water Charges- Rs. 4.09 crores.

Para updated in current I.R. hence proposed for closure.

**Para 7:** Non-availing of rebate on Water Cess amounting to Rs.1.27lakh.

Para updated in current I.R. hence proposed for closure.

**Para 8:** Improper fund management in r/o water supply.

The department in reply stated that the work of STP is under progress and rebate on Water Cess shall be deducted once the STP commences. Final reply is awaited.

**Para 10:** Avoidable payment of Electricity Duty- Rs. 3.47 crores.

Para updated in current I.R. hence proposed for closure.

**Part I C Persistent Irregularities.**

**Nil**

**Part II A Major Irregularities**

**Nil**

## Part II B Other Observations

### Para 5: Water Supply through Water Tanker- avoidable loss of Rs 45,63,000.00

Scrutiny of records of Water Supply Department, VVMC, Virar, pertaining to water supply through tanker, revealed that supply of water through tanker to some areas started from the year 2010 onwards and continues till today, through the Contractor M/s Baba Water Suppliers, Nallasopara.

It was observed that VVCMC, Virar had not been charging service charges for supply of water through tanker from the beneficiaries, as done in other Municipal Corporations viz. Thane, Mira Bhayander, Ambernath etc., which procure water through tankers. The expenditure incurred yearwise for water supply through tankers is detailed below:

Year	Expenditure (Rs. in lakhs)
2010-11	0.04
2011-12	1.49
2012-13	0.00
2013-14	44.10
<b>Total</b>	<b>45.63</b>

Had the service charges been collected by the Corporation from the beneficiaries on “No Profit No Loss “ basis, the VVCMC could have adjusted the expenditure incurred on tankers amounting to Rs.45,63,000 .00 as mentioned above against the income of service charges.

In reply the department stated that it is the duty of VVCMC to supply water to beneficiaries through tankers from VVCMC water sources. Also 2% income tax is deducted from the bills of the contractor.

The reply of the department is not tenable because had the department supplied water to beneficiaries on “No profit No loss” basis, the amount collected in the form of service charges from the beneficiaries could be adjusted against the expenditure incurred on the tankers.

#### **Para 6: Non- implementation of Revision of Rates of Water Charges**

As per Section 63(20) of the Bombay Provincial Municipal Corporations Act, 1949, (BPMC), it is the duty of the Corporation to manage and maintain municipal water works for providing sufficient water supply for public and private purposes. The Town Planning Department, Government of Maharashtra (GoM) in February, 2001, issued instructions to all municipal corporations to avoid misuse of water and to run water supply schemes on “no profit no loss” basis. It was further instructed that the municipal corporations should revise the water charges from time to time so as to meet the cost of maintenance and repairs of water supply schemes.

Scrutiny of records of Vasai Virar City Municipal Corporation (VVCMC) revealed that the rates of Water Charges were still applicable as per the applied rate approved by the then Virar Municipal Council prior to the formation of the Corporation. Even after the formation of the formation of the VVCMC in 3<sup>rd</sup> July, 2009, the rate of Water Charges had not been revised.

Non-revision of rates of water charges had led the Corporation to losses.

In reply the department stated that the proposal for uniform water charges is taken up with the Government and correspondence in this regard is in progress. Final reply is awaited.

**Para 7: Avoidable Expenditure on payment of power factor penalty of Rs. 5.85 lakh**

As per the agreement with MSEB for supply of energy to water work project, the department agreed for maintenance of power factor at 0.90 and if failed to maintain, the penalty for the same would be paid at prescribed rates.

Scrutiny of payment of energy charges to MSEB in respect of water supply work at Dukhtan on Surya project and at Usgaon, Shrivali and Parul project revealed that the unit had not maintained power factor as per agreed condition and paid power factor penalty charges amounting to Rs. 5,84,950.78 (as detailed in Annexure –A). The list of power factor is illustrative and not exhaustive.

It is seen from the above that due to non maintenance of power factor at 0.90, the corporation incurred extra expenditure on payment of power factor penalty.

In reply the Department stated that the VVCMC will take care to maintain Power Factor in future. Final reply is awaited.

**Para 8: Outstanding Recovery of water charges of Rs. 6.19 crore.**

As per the section 134 of the BMC Act 1949, the Vasai, Virar City Municipal Corporation is empowered to levy and collect water charges from the consumer for the water facility provided to them.

Scrutiny of records relating to Water Supply Department, VVCMC revealed that during the year 2013-14 there was outstanding recovery of water charges amounting to Rs.6,18,98,300.00 in r/o four zones as detailed below:

Name of the Ward	Outstanding + Current Demand			Recovery			Outstanding		
	Previous	Current	Total	Previous	Current	Total	Previous	Current	Total
Ward A & B	15364388	128440560	143804948	9205822	110895609	120101431	6158566	17544951	23703517
Ward C	18487011	135488370	153975381	11801360	121021737	132823097	0	0	21152284
Ward D	7772753	75036653	82809406	3491028	68433908	71924936	4281725	6602745	10884470
Ward E	4270872	15363397	19634269	1282944	12193296	13476240	0	0	6158029
<b>Total</b>	<b>45895024</b>	<b>354328980</b>	<b>400224004</b>	<b>25781154</b>	<b>312544550</b>	<b>338325704</b>	<b>10440291</b>	<b>24147696</b>	<b>61898300</b>

The non recovery of water charges in full affected the revenue receipts of the VVCMC to the tune of Rs. 618.98 lakh till 31<sup>st</sup> March 2014.

The Department in reply stated that the water bills are provided to the consumers six months in advance and recovery process is completed during the respective financial year. Final reply is awaited.



**Para 9: Non-commencement of Sewerage Treatment Plant and loss of rebate thereon on**

**Water Cess**

As per the provisions contained in the Sub-section(1) of Section 5 of the Water (Prevention and Control of Pollution) Cess Act, 1977 (36 of 1977) read with the sub-rule (1) of Rule 4 of the Water (Prevention and Control of Pollution ) Cess Rules, 1978, the Urban Local Bodies are required to pay Water Cess towards water lifted from rivers for their water supply schemes to Maharashtra Pollution Control Board (MPCB) on periodical basis.

As per Section 7 of the said Act, where any person or local authority, liable to pay cess under this act, installs any plant for the treatment of sewage or trade effluents, such person or local authority provided that the person/local authority is not contravening section 25 of the Water Act 1974 and effluent standards prescribed under EPS, 1986 and is not consuming water in excess of the maximum quantity as may be prescribed by the government for any specified industry or local authority.

To tackle the problem of contamination of water, construction of Sewerage Treatment Plant (STP) in the city of Virar, VVCMC had commenced as STP-2 project under “Satellite City” scheme at a cost of Rs.114 crores, awarded to Contractor M/s Gharpure Engineering and Construction Company Pvt. Ltd. vide Work Order dated 26.03.2013. But the project is still under construction stage, thereby depriving the VVCMC, Virar of claiming a rebate of 25 % on the Cess payable i.e Rs.1,77,11,452.00 as detailed below:

<b>Period</b>	<b>Total Water Charges paid</b>	<b>Water Cess applicable @ 20%</b>	<b>Rebate eligible @ 25 % on Water Cess</b>
2013-14	Rs.35,42,29,043.00	70845808.60	17711452.15

The department in reply stated that work of STP is under progress and rebate on Water Cess shall be deducted once the STP commences. Final reply is awaited.

**Para 10: Avoidable payment of Electricity Duty of Rs. 3.64 lakh.**

As per section 3(2)(i)(ia) of the Bombay Electricity Act 1958, electricity duty is not to be levied on consumption of electricity in respect of Public Utilities services such as Public Health, Water Supply Project and drainage.

Scrutiny of records of electricity bills of Pelhar Water Projects paid for the period 2013-2014 by the Water Supply department of Vasai Virar City Municipal Corporation in respect of electricity consumed on account of pumps installed for drawing water from Pelhar Water Project, it was noticed that an amount of Rs. 3,64,491.87 detailed below:

Month of Electricity Bill	Amount of Electricity duty Charged (in Rupees)
April-13	21223.08
May-13	19676.42
June -13	22420.09
July-13	30783.04
August-13	35881.17
September-13	27645.14
October-13	36237.31
Novemebr-13	34993.77
December-13	36019.47
January-14	35475.42
February-14	29743.26
March-14	34393.70
<b>TOTAL</b>	<b>3,64,491.87</b>

As the department consumed the electricity for distribution of water which is public utility service, the electricity duty should have been exempted. Hence the electricity duty paid to MSEB is not in order.

In reply department stated that the correspondence with the concern department is in progress.

Final reply is awaited.

**Para 11: Wasteful Expenditure on Bore well amounting to Rs. 3,29,817.00.**

During the scrutiny of records related to construction of new Bore wells work within the VVCMC area reveals the following points:

Yearly tender work was allotted to M/s Naresh Enterprises, at an estimated cost of Rs. 3,29,817.00, vide Resolution No.630 dated 27/09/2013 Ward committee 666 dated 27/09/2013 at Navghar, Vasai Road. As per the terms and conditions of agreement, before commencing the work of Bore well, it is essential to obtain the test report of the Water & Soil Conservation and Survey certificate in respect of feasibility of successful or unsuccessful utility of ground water from the particular area from Ground Water Survey Department,

However it was noticed that the aforesaid work was completed without obtaining the Ground Water Survey Report. Hence the expenditure incurred on the work amounting to Rs. 3,29,817.00, was a waste full expenditure on the part of the department.

In reply department stated that if the ground water level is low, digging of bore well is unsuccessful. However if the post monsoon test of ground water level is successful, hand pumps are installed.

The reply of the department cannot be accepted as the uncertainty of obtaining the ground water cannot be ascertained.

**PART III – TEST AUDIT NOTE**

-Nil-

**Audit Officer/LAP I**

**City Engineer,  
Water Supply Department,  
Vasai Virar Municipal Corporation,  
Virar  
may please see and discuss the report.**

**Audit Officer/LAP I**

## **Assurance Memo**

An audit of the accounts of the City Engineer, Water Supply Department, Vasai Virar City Municipal Corporation for the period 2013-14 was conducted locally from 10.07.2014 to 17.07.2014 by an audit team comprising Shri S.V. Kadulkar, Asstt. Audit Officer, Shri D.H. Ghadse, Sr. Auditor under supervision of Smt. S.S. Mohite, Audit Officer.

1. The audit programme has undertaken as per approved programme.
2. All observations pointing out lapses in the implementation of system and procedure and all weakness in the responsibility contents have been discussed with the Joint City Engineer, Water Supply Department, Vasai Virar City Municipal Corporation and assurances obtained in regard to corrective measures for arresting potential risks.
3. All contested evidences have been conclusively handled with reference to facts at the disposal of audit.

**Audit Officer/LAP-I**

**SS-I/LAP-I**

**VIRAR**

**Date: 17.07.2014**

**Appraisal Note**

Submitted:

An Audit of the City Engineer, Water Supply Department, Vasai Virar City Municipal Corporation for the period 2013-14 was entrusted to LAP-I from 10.07.2014 to 17.07.2014. On exercising all types of checks, following observations were incorporated in current Inspection Report.

**Para 5: Water Supply through Water Tanker- avoidable loss of Rs 45,63,000.00**

**Para 6: Non- implementation of Revision of Rates of Water Charges**

**Para 7: Avoidable Expenditure on payment of power factor penalty of Rs. 5.85 lakh.**

**Para 8: Outstanding Recovery of water charges of Rs. 5.99 crore.**

**Para 9: Non-commencement of Sewerage Treatment Plant and loss of rebate thereon on Water Cess.**

**Para 10: Avoidable payment of Electricity Duty of Rs. 3.64 lakh.**

**Para 11: Wasteful Expenditure on Bore well amounting to Rs. 3,29,817.00.**

**Audit Officer/LAP-I**

**SS-I/LAP-I  
VIRAR  
Dated:**

**To,**

**The Sr. Audit Officer/Social Sector I,**

**O/o The Pr. Accountant General (Audit-I,**

**Pratishtha Bhawan, Old CGO Building,**

**101, M.K. Road, Maharashtra, Mumbai – 400020.**

Subject:- Draft Inspection Report on the accounts of the City Engineer, Water Supply Department,  
Vasai Virar City Municipal Corporation for the period 2013-14.

I am to submit herewith the following documents in connection with the above mentioned  
subject:

- PART - I.**
1. Appraisal Note
  2. Assurance Memo
  3. Code of Ethics, Minutes of Entry & Exit Conference.
  4. Title Sheet.
  5. Duty List.
  6. Verification Note of previous Inspection Report / TAN.

**PART - II.** Draft Inspection Report

**PART - III.** List of Half Margin's is

**Yours faithfully,**

**Asstt. Audit Officer/LAP-I**

## **PART II**

# **DRAFT INSPECTION REPORT ON THE ACCOUNT OF THE CITY ENGINEER, WATER SUPPLY DEPARTMENT, VVCMC, VIRAR**



# PART I

# PART III

**Duty List**

**SS-I/LAP-I**

**City Engineer, Water Supply Department, Vasai Virar Municipal Corporation, Virar**

Shri S.V. Kadulkar, AAO	Scrutiny of the records relating to works of various schemes carried out in various Wards, Records relating to electricity duty and power factor, disposal of old outstanding paras
Shri D.S. Ghadse, Sr. Auditor	Scrutiny of the records relating to works of Bore wells, water charges receipts and cash book and preparation of Inspection Report

**Audit Officer/LAP-I**

**Minutes of the meeting**

An **Entry Conference** on the audit of the City Engineer, Water Supply Department, Vasai Virar Municipal Corporation, Virar held on 10<sup>th</sup> July 2014.

The following officials attended the meeting:

<b>O/o the Pr. Accountant General (Audit)</b>		<b>O/o The City Engineer, Water Supply Department, VVCMC, Virar</b>	
<b>Sr. No.</b>	<b>Name of the official</b>	<b>Sr. No.</b>	<b>Name of the official</b>
1.	Smt. S.S.Mohite, Audit Officer	1	Shri B.M. Machewad, City Engineer
2.	Shri S.V. Kadulkar, Asstt. Audit Officer	2.	Shri Mahesh Patil, Sectional Engineer
3.	Shri D.S. Ghadse, Sr. Auditor	3.	Shri Premnath Gharat, Sr. Clerk

The City Engineer welcomes the officials.

Smt. S.S. Mohite, Audit Officer from the O/o the Pr. Accountant General (Audit)-I, Mumbai introduced the Local Audit Party. After the initial welcome, the meeting began with Audit Officers briefing the commencement of the audit, period of audit, scope of audit, audit coverage and methodology.

The City Engineer enquired about the period to be covered by audit. Shri S.V. Kadulkar, Asstt. Audit Officer told about the manner and period of audit to be covered.

Meeting ended with vote of thanks.

**Audit Officer/LAP-I**

**City Engineer,  
Water Supply Department,  
VVCMC, Virar**

**Minutes of the meeting**

An **Exit Conference** on the audit of the City Engineer, Water Supply Department, Vasai Virar Municipal Corporation, Virar held on 17<sup>th</sup> July 2014. The following officials attended the meeting:

<b>O/o the Pr. Accountant General-I(Audit)</b>		<b>O/o The City Engineer, Water Supply Department, VVCMC, Virar</b>	
<b>Sr. No.</b>	<b>Name of the official</b>	<b>Sr. No.</b>	<b>Name of the official</b>
1.	Smt. S.S.Mohite, Audit Officer	1.	Shri B.M. Machewad, City Engineer
2.	Shri S.V. Kadulkar, Asstt. Audit Officer	2.	Shri Mahesh Patil, Sectional Engineer
3.	Shri D.S. Ghadse, Sr. Auditor	3.	Shri Premnath Gharat, Sr. Clerk

The requisite information and records were made available to audit in time and audit was conducted smoothly. The Draft Inspection Report discussed with the City Engineer, Water Supply Department, VVCMC, Virar and he assured for compliance for audit paras.

The Meeting ended with vote of thanks.

**Audit Officer/LAP-I**

**City Engineer,  
Water Supply Department,  
VVCMC, Virar**

**ANNEXURE –A**

**Amount paid to MSEB as power Factor Penalty**

MONTH	DUKHTAN	USGAON	SHIRVALI
April-2013	0.00	9075.00	0.00
May-2013	0.00	7137.00	8159.56
June-2013	110830.28	40767.12	6206.56
July-2013	0.00	15595.00	17751.45
August-2013	149507.20	11763.01	11987.46
September-2013	0.00	13291.60	14317.18
October-2013	0.00	7709.36	13103.19
November-2013	0.00	7641.09	32330.38
December-2013	0.00	3517.64	0.00
January-2014	0.00	14136.61	27866.97
February-2014	0.00	18472.78	10752.49
March-2014	0.00	20012.03	13019.82
<b>TOTAL</b>	<b>260337.48</b>	<b>169118.24</b>	<b>155495.06</b>

**GRAND TOTAL =Rs.5,84,950.78**

**Asstt. Audit Officer/LAP-I**

**Inspection Report of the City Engineer, Works Department, Vasai Virar City Municipal Corporation, Virar for the period 2013-14**

**Part I A Introductory**

- a) A test check of the records of the City Engineer, Works Department, Vasai Virar City Municipal Corporation, Virar (VVMC) for the year 2013-14 was conducted locally from 02-07-2014 to 08-07-2014 by the audit team comprising of Shri S.V.Kadulkar, Asst.Audit Officer, Shri D.H.Ghadse, Sr.Auditor and Smt.Seetha Pankajakshan, Sr. Auditor (02.07.2014 to 03.07.2014), under the supervision of Smt.S.S.Mohite, Audit Officer.
- b) Shri B.M.Machewad held the charge of City Engineer, Works Department during the period covered by audit.
- c) Internal control mechanism of Works Department in VVMC. The bills upto Rs. 5 lakh are being scrutinized by Jr. Engineer and bills above 5 lakh are scrutinized by City Engineer.
- d) **Grants and Expenditure**

**(Rs. in lakh)**

Particulars	2013-14				
	O.B.	Grant received	Interest received and contribution of the Municipal Corporation	Total	Expenditure
Road grant	110.00	440.00	4.32	554.32	554.32
Dalit Vasti	301.00	209.00	9.95	519.00	234.00
Commission	Nil	Nil	Nil	Nil	Nil
MP/MLA Fund	392.00	246.00	16.00	654.00	457.00
13 <sup>th</sup> Finance Commission	Nil	Nil	Nil	Nil	Nil
Suvarna	231.00	3.84	9.45	244.29	53.13

Jayanti City Employment Scheme					
CIDCO	Nil	Nil	Nil	Nil	Nil
Special Works Fund	Nil	Nil	Nil	Nil	Nil
Minority Works	20.00	20.00	1.43	41.43	26.00

**e) Internal Audit/Inspection:**

- i) Post audit of transactions is regularly conducted by Municipal Chief Auditor
- ii) The MCA audited the records upto 2013-14 and 50 paras are pending.
- iii) The Local Fund has audited the Corporation upto 2013-14 and there are 25 paras pending.
- iv) No separate Cash Book is being maintained by the Works Department.
- v) There were no court cases pending as on 31-3-2014.
- vi) There were no misappropriation/embezzlement cases as on 31-3-2014.

**Disclaimer**

The Inspection Report has been prepared on the basis of the information furnished and the records made available by the City Engineer, Works Department, Vasai Virar City Municipal Corporation, Virar. 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.



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Virar City Municipal Corporation for the period 2013-14**

**Part I A Introductory**

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b) Following officials persons held the charge of the post of the Executive Engineer during the period covered by audit.

<b>Name of the official</b>	<b>From</b>	<b>To</b>
<b>Shri B.M.Machewad</b>	<b>1-4-2013</b>	<b>To date</b>

Internal control mechanism of Water Supply Department in VVCMC: The bills are being scrutinized by Jr. Engineer up to Rs. 5 lakh and above 5 lakh the bills are scrutinize by City Engineer.

**c) Grant & expenditure**

<b>Name of Scheme</b>	<b>(Rs.in lakh)</b>	
	<b>Period 2013-14</b>	
	<b>Grant</b>	<b>Expenditure</b>
Estt. Expenditure	955.89	807.60
Other Expenditure	30605.11	28986.86
TOTAL	31561.00	29794.46

## **PART I B**

### **Paras outstanding from previous Inspection Reports:**

#### **Inspection Report for the period 2009-2010 to 2010-2011**

##### **Para 9: Non-recovery of Royalty Charges of Rs.269323.00 resulted in excess payment to the Contractor**

Full and final compliance is awaited.

#### **Inspection Report for the period 2011-2013**

Para 11: Staff requirement and position

The Department in its reply stated that the matter has been taken up with urban development department. Para retained for full and final compliance.

### **Part I C: Persistent Irregularities:**

**Nil**

### **Part II: Current Audit**

#### **Part II A: Major Irregularities**

**--Nil--**

## Part II B: Other Observations

### Para 1: Work of Flyover Bridge over railway line at gate no. 40

Construction of Flyover Bridge (ROB) across Level crossing Gate No.40 at Virar was approved vide Agreement on 22.02.2005 entered between Western Railway and the then Virar Municipal Council at an estimated total cost of Rs. 1282.74 lakh (Bridge cost Rs.998.56 lakh and Rs.284.19 lakh). The cost sharing was as follows:

Railways (50% )	Rs. 61.37 lakh
VVMC (25 %)	Rs. 341.37 lakh
CIDCO : 25% upto a maximum of Rs.300.00 lakhs	Rs. 300.00 lakh
Total	Rs. 1282.74 lakh

The implementing agency appointed for the above project was Chief Engineer (PW) Special Project, Thane Division. Technical Sanction for the work was given on 9.2.2005 for Rs.589.63 lakh and Work Order issued on 24.05.2006. The work was to be completed within two years. So far Vasai Virar Municipal Corporation made payment to PWD as detailed below:

Sr.No.	Cheque No. & Date	Amount
1.	507222 dated 03.04.2013	Rs. 2,03,95,000.00
2.	580553 dated 19.05.2014	Rs. 1,26,05,000.00
	Total	Rs. 33,000,000.00

After sanctioning two extensions (08/11/2012 and 31/03/2013), the Railway Flyover Bridge was inaugurated on 26th, January, 2014.

The following observations were made in this regard:

1. There was a delay of seven years in the implementation of the project. However, penalty for delay has not been recovered from the contractor.

The department in its reply stated that correspondence for recovery of penalty is being taken up with the PWD, Thane.

2. Even though the bridge had started functioning fully, Completion Certificate of the Work by the Public Works Division, Thane was not available in the records. In reply the Department stated that Completion Certificate is being obtained from the P.W.D., Thane. The reply given is not tenable as without obtaining the Completion Certificate the Flyover has been thrown open to the public on 26.01.2014, which is illogical.
3. The litigation case of the land on which the ROB has been constructed was still pending. The department stated that there was no Stay Order from the court hence the work was completed. The reply is not tenable as the VVMC should have essentially cleared the land acquisition issue/dispute at the planning stage itself, before commencing the project.

Further progress on the matter is awaited.

**Para 4: Blocking of fund due to incomplete works in VVMC, Virar amounting to Rs.33, 75, 25,252.00 lakh.**

Scrutiny of records revealed that the following works were allotted but remained incomplete as on 6/2014.

Detailed scrutiny of the incomplete works further revealed the following:

Name of ward	Name of the work	Date of Work Order/Due Date	Delay as on 6/14
A Ward	1) Construction of Samaj Mandir at Virar (East) for Rs.15,09,794.00	16.2.13/ 3 months	2 months
B Ward	Construction of essential facilities at Industrial area in Sativalli	14.12.12/ 3 months	1 year and six months
C Ward	Construction of fire station at Nallasopara	30.11.12/ one year	7 months
D Ward	1) Construction of slab to increase height of gutter at Ward No.25 2) Construction of Road	01.10.13/ 6 months 07.11.201/ 6 months	8 months 3 months

	over Nullah between Virar and Nallasopara		
E Ward	Construction of Postmortem Room and cabin at Graveyard at Umale	21.4.12 / 2 months	1 year and 2 months

The above cases are illustrative and not exhaustive. It could be seen that there was delay ranging from 2 to 18 months.

The reason for incomplete works and action proposed for completion of works was called for from the Department. In reply the Department stated that the incomplete work shall be taken up and progress on the same shall be intimated to audit. Final reply is awaited.

#### **Part II C: Test Audit Note**

**--Nil--**

**Audit Officer/SSI.**

**Para 2: Payment to contractor for removal of debris without supporting proof**

During the scrutiny of records related to work orders of the works mentioned in the Annexure and RA bills it was observed that payment was made to the contractor for removal of debris. However, there was no evidence on record which could show that the debris was dumped in the VVMC approved dumping ground, as permission from VVMC for dumping the debris on approved site or challan issued by the VVMC to Ward authorities was not available on record..

On this being pointed out the Department stated that henceforth, debris would be disposed in authorized VVMC Dumping ground and a proof to that would be obtained from the Contractor.

Final reply is awaited.

**Para 3: Non-crediting of Royalty amount of Rs. 2, 28, 81,411.00 collected from Contractor to the Government Treasury**

As per the Government Treasury Rules, the amount of Royalty collected from Contractors should be deposited to Government Account immediately.

Scrutiny of the records revealed that challans of Royalty recovered from Contractors for the period 2012-2013 and 2013-2014 were kept with the Corporation itself, instead of crediting the same to Government Treasury. The amount of royalty worked out to Rs.22881411 as detailed below:

Year	Amount (Rs)
2012-2013	4546746
2013-2014	18335165
Total	22881911

In reply the department stated that the amount of Royalty would be credited to Govt. Account henceforth and intimated to audit. Final reply is awaited.

**Para 5: Deviation of work amounting to Rs.11,24,934.17 leading to undue favor to contractor**

As per PWD Manual, the Contractor has to execute the work as per the schedule B of the tender. The contractor can make upto 10% deviation in the estimated work. Further as per clause No. 13 of Tender Conditions, the Contractor shall execute the whole and every part of the work in the most substantial and workman like manner and both as regards material and every other respects in strict accordance with specifications.

The scrutiny of records related to work of Beautification and Development of Dewale lake in VVCMC, Virar revealed the following:

The work was allotted to Shri Ganesh Enterprises at 5% above the estimated cost on 22.03.2013 and work was completed on 15.01.2014. During scrutiny of Final R.A. Bill and Statement No.132 of excess saving statement, following deviation/variation was observed:

No.	Particulars	Measurement as per Estimate	Actual Work done	Amount of difference (in Rs.)	Deviation in %
1	Earth work in Marshy Soil	540.00	1357.00	219655.30	151%
2	Filling	480.65	1406.70	251617.05	192%
3	M-20 R.C.C. Raft	196.67	301.50	461558.10	53%
4	M-20 R.C.C. Column	2.88	4.45	8561.08	54%
6	M-20 R.C.C. Slab	8.18	15.22	50585.36	86%
7	Mild Steel Grill	265.65	317.90	101769.93	19%
8	External Plaster	492.72	592.75	31187.35	20%
	<b>TOTAL</b>			<b>1124934.17</b>	

It can be seen from the above table that the items mentioned therein were deviated from 19% to 192%.

Reason for such deviation was called for from the Department.

In reply department stated that deviation in the work was done due to site condition. While doing the work R.C.C. design were required to be changed as the marshy land was found.



The department reply is not acceptable because deviation upto 10% is acceptable. In the above contract there was a deviation in the work upto 192% which was not acceptable. Also it should have tested the soil conditions before taking up the work.

**Part II C: Test Audit Note**

**--Nil—**

**Audit Officer/SSI.**

**Para 9: Blocking of fund due to incomplete works in VVMC, Virar amounting to Rs.33,75,25,252.00 lakh.**

Scrutiny of records related to City Engineer of Works Department, VVMC, Virar revealed that the following works were allotted but remain incomplete during the year 2013-14. The ward wise list of incomplete work is attached herewith:

(Amount in Rs.)

Name of ward	Name of the work	Amount
A Ward	3	10084351
B Ward	14	67625368
C Ward	59	82788630
D Ward	14	127127031
E Ward	11	49899872
<b>TOTAL</b>	<b>101</b>	<b>337525252</b>

The  
The reason for incomplete works and action proposed for completion of works was called for from the Department. In reply the Department stated that the incomplete work shall be taken up and progress on the same shall be intimated to audit. Final reply is awaited.