ADVISORY: AUDIT OBSERVATIONS ON WORKS SERVICES

1. Audit/Draft Paras come up in the public domain and these are examined at the highest level by Public Accounts Committee of the Parliament. A review of latest Audit/Draft Paras in respect of MES raised by audit reveals non-adherence to the existing policies/rules and guidelines as the main cause of observations. In many instances, there has been lack of initiative to check recurrence. This advisory is aimed to serve as a guideline, highlighting observations raised and remedial measures/actions to be taken by MES executives and staff.

2. Inordinate Delay in Completion of Projects Due to Non-Synchronization of Works Involving Multiple Contracts. A case has come to light where a work of sewage scheme was executed through two separate contracts awarded to different contractors. Audit authorities noticed that the first contract was stalled after 85% progress due to pending progress of the second contract. Lack of synchronization was evident wherein there was a gap of three years in conclusion of these contracts and even after a lapse of seven years from the date of release, the work could not be completed. Following need to be strictly adhered to avoid such cases:-

(a) The tender will not be concluded if encumbrance free site is not available. A certificate regarding availability of encumbrance free A1 land/site is required to be attached with Board Proceedings during pre-administrative planning by station authorities. Hence user needs to be sensitized on this issue. In this connection, this office policy No 07/2012 vide letter No A/37696/TN/GEN/POL/E2W (PPC) dated 05 Sep 2012 merits attention.

(b) Synchronization in tendering and award of contract for works involving multiple contracts to be meticulously done.

(c) While planning Sewage Treatment Plant (STP) works, proper site selection including the levels for gravity flow/requirement of pumping, ground water table, wind direction, habitation etc need to be also looked into.

(d) As far as possible barring services contracts, effort to be made for minimum inter dependence of each contract on progress of overall work.

(e) The planning and procurement of stores for maintenance services to be scheduled in a manner that these are utilised at the earliest avoiding long term stock holding.
3. **Recoveries, Savings and Adjustments.** During the course of audit, several instances of irregular payments, under/ non-recovery of charges, issue of irregular sanctions and accounting errors were noticed. Such observations can easily be avoided by ensuring the following:

(a) Effecting timely recovery of rent and allied charges.
(b) Timely deposition of departmental charges in Government treasury.
(c) No overpayment to the contractor and in case done, necessary action to recover overpayment be initiated at the earliest.
(d) Timely initiation of reduction statement.
(e) Rendering correct advice to CFAs with respect to authorization and special items of work at Board of Officers stage and while submitting the estimates.

4. **Unfruitful Expenditure on Baffle Range.** In another case, due to non-compliance with provisions of DWP as regard seeking Revised Adm Approval (RAA), coupled with negligence in preparation of RAE (Revised Approximate Estimate) and inordinate delay in obtaining RAA resulted in work being held up and non-utilization of assets created. The scrutiny of documents by audit indicated that in the subject work, drawing for staggered boundary wall was included in the tender but the quantities of material for the wall were erroneously included which resulted in under estimation of cost. As a result of revision the cost of boundary wall increased. Although main Baffle range was constructed, the boundary wall could not be completed owing to delay in processing/ finalization of RAA. This led to non-utilization of Baffle Range. Such issues can be avoided by:

(a) Use of correct SSR rates in the AEs and for the items not available in SSR, market rates duly supported by quotations and market analysis should be attached.
(b) Preparation of Technical Sanction and tender documents needs to be done diligently and due care needs to be taken to ensure all requisite items have been included in the tender documents prior to its issue.
(c) Further post issue of tender documents, concerned GE/ AGE should carefully study the tender documents to notice any issues left out/ necessitate amendments and accordingly ensure that necessary amendments to the tender are issued.
(d) Clarification/ amplification of existing rules have been issued with respect to processing of Financial Concurrence (FC)/ RAA cases vide E-in-C’s Branch letter No A/95533/22-39/Pol/E2W (PPC) dt 12 Jun 14. It needs to be
ensured that the timelines for processing such cases are strictly adhered to. Attention is also drawn to Para 32(f) of DWP.

5. **Poor Workmanship and Inadequate Monitoring.** In another case at a station, poor workmanship and inadequate monitoring during execution of work led to substandard construction of buildings which were recommended for demolition and rehabilitation after seven years of construction as the buildings/structures experienced deterioration in terms of structural integrity. The Technical Board of Officers (TBOO) ordered found majority of infrastructure created was completely unsafe for occupation and balance buildings warranted special repairs. The TBOO also found that during the execution of work, eight inspection visits each were made by CE & CWE, but no remarks regarding quality of work was endorsed by them in the work diary. Hence due to poor workmanship by the contractor and inadequate monitoring by MES executives during execution of work, an avoidable liability on demolition of buildings and on subsequent reconstruction/rehabilitation was created. Such cases can be avoided in future by adherence to quality assurance operational procedures as given in RMES Paras 366 to 369 and E-in-C’s Branch Quality Assurance Manual No 7/2002. The salient aspects to be followed are reiterated as under:-

(a) Dividing the work in suitable packages and deciding on the agencies for execution.

(b) Drawing up an operational and monitoring programme complete with documents.

(c) Short-listing of reputed and experienced tenderer(s) after laying down a well-defined criteria.

(d) Listing out detailed specifications, including quality and performance requirements in the tender.

(e) Fixing the source of materials and equipment in conformity with the contract provisions by the site executives.

(f) Carrying out periodic tests at site laboratory. Plant and machinery to be tested at manufacturer’s premises and stamping for major plant/equipment like, cooling towers, generators, transformers approved before dispatch of materials.

(g) Proper transportation and handling of material and equipment to prevent damage in transit and at site.

(h) Proper storage, stacking, issue and accounting of materials.

(i) Approving sample workmanship of finishes, fittings and fixtures.

(k) Stage passing system during execution should be strictly adhered to with specific allocation of authority for stage passing to various levels of site executives. Progress on subsequent stages of work only after the earlier stage has been passed.
Creating awareness of adherence to approved sample workmanship by contractor(s) and MES supervisory staff. Demolition/ bringing down of work, which is not as per approved sample workmanship standards.

Immediate removal of materials from site not conforming to approved samples.

6. It is reiterated that above issues need to be addressed seriously at all levels by ensuring personal indulgence of the stakeholders on the subject to avoid raising of objections by the audit authorities.

7. This letter be put up to the Chief Engineer/ ADG for perusal and the contents be disseminated down to AGE/ JE level for strict implementation.

(Mohit Nautiyal)
Brig
DDGW (PPC & Est)
For E-in-C

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