

ECONOMIC SECTOR

WATER RESOURCES DEPARTMENT

3.8 *Misappropriation of Government money*

The failure of Divisional Officer (EE) in complying with the process, procedures and verification of amount reportedly remitted into the treasury facilitated misappropriation of Government money of ₹ 8.37 lakh.

As per Rule 18 of Bihar Public Works Account Code (BPWA) read with Rules 21, 22 (ii), 527 *ibid.* the Divisional Officer, as the primary disbursing officer of the Division, shall be responsible not only for the financial regularity of the transactions of the whole division but also for the maintenance of the accounts of the transactions correctly and in accordance with the rules in force. In discharge of his responsibilities he will be duly assisted by a Divisional Accountant, who as primary auditor would be charged with the responsibility of applying certain preliminary checks to the initial accounts, vouchers, etc, apart from monthly settlement with all treasuries in respect of the transactions of the entire division with them.

A test check of records (November-December 2013) of the Office of the Executive Engineer (EE), Head Works Division, Valmiki Nagar, West Champaran revealed that an amount of ₹ 10.45 lakh was shown as remitted into the treasury through 15 challans during June 2010 to October 2013. However, during treasury verification (Bagha Treasury), it was noticed that eight challans worth ₹ 2.08 lakh had only been remitted into the treasury. The rest seven challans totalling ₹ 8.37 lakh (*Appendix 3.10*) were neither remitted into the treasury nor credited into Government accounts. This was also confirmed (December 2013) by the Sub-Treasury Officer, Bagha and the State Bank of India (SBI), Bagha Branch. The audit observation was further confirmed by the fact that revised Form 51²⁷ for the period from March 2012 to February 2013, issued to the Accountant General (A&E), Bihar bore fake signatures of Sub-Treasury Officer, Bagha and Executive Engineer of the Division, which was duly confirmed by those officers.

Thus, the failure of Divisional Officer (EE) and Divisional Accountant in complying with the process and procedures and verifying the amount reportedly remitted into the treasury, as stipulated in BPWA Code, led to misappropriation of ₹ 8.37 lakh.

On this being pointed out, the EE accepted (December 2013) the audit observation and stated that the amount had not been remitted into the treasury by the then cashier which would be reported to the higher authority for action. The Government also accepted (August 2014) the facts and figures of the audit observation and forwarded (November 2014) the reply of the EE which stated (September 2014) that an FIR for defalcation of ₹ 7,70,377 had been lodged (September 2014) against the then cashier while the FIR for ₹ 66,343 had already been lodged against the erring official in December 2013.

²⁷ *Schedule of Monthly Settlement with Treasuries, Form 51 (Schedule, XLV-Form No. 162) (with supporting Consolidated Treasury Receipts and Certificate of Issues, signed by the Treasury Officers).*

3.9 Loss to the Government due to short deduction of royalty

Non-adherence to the Bihar Minor Mineral Concession Rules and Special Conditions of Contract led to short deduction of royalty to the tune of ₹ 12.28 crore and loss to the Government to that extent.

Rule 26 (5) of the Bihar Minor Mineral Concession Rules (BMMCR), 1972 stipulates that the State Government may, enhance or reduce the rate at which rents/royalties shall be payable in respect of any minor mineral²⁸ with effect from the date of publication of the notification. Further, Section 5 of the Special Conditions of Contract stipulates that the bills of the contractors will be cleared only after submission of the clearance certificate for payment of royalties for minor minerals from the competent authority failing which the same will be deducted from the contractor's bills at the current rates approved by the Mining Department.

As per notification issued (January 2012) by the Mines and Mineral Department, Government of Bihar, the rate of royalty on earth was revised from ₹ 15 to ₹ 22 per cum. The revised rate was effective from the date of issue of Gazette Notification.

Test check of records (August 2013 to July 2014) of seven agreements²⁹ under three divisions³⁰ revealed that against provision of 2,32,06,927.53 cum of earth in filling of embankment, 1,75,45,475.00 cum of earth was filled by the Divisions during March 2012 to March 2014 and deducted royalty at the rate of ₹ 15 per cum instead of applicable rate of ₹ 22 per cum. This resulted in short deduction of royalty of ₹ 12.28 crore as detailed in *Appendix 3.11*.

The Department (September 2014) accepted the audit findings and stated that the recovery of the differential amount of royalty would be made from contractors.

Thus, non-adherence to the provisions of the BMMCR and non-deduction of royalties at appropriate rates prevalent at the time of execution of work as per the Special Conditions of Contract resulted in short deduction of royalty of ₹ 12.28 crore as of March 2014 and loss to the Government to that extent.

²⁸ Ordinary earth used for filling or levelling purpose in construction of embankment, roads, railways and buildings.

²⁹ Four Agreements of Bagmati Division no. 1; Sitamarhi (1SBD/12-13; 22SBD/12-13; 23SBD/12-13; 17SBD/10-11, two agreements of Irrigation Division, Bhagalpur (13 SBD/2011-12; 01 SBD/2012-13) and one Agreement of FCD, Darbhanga (1SBD/12-13).

³⁰ Bagmati Division No-1 Sitamarhi, Irrigation Division, Bhagalpur and Flood Control Division, Darbhanga.