

This Inspection Report has been prepared on the basis of information provided by Bridge, Ropeway, Tunnel and Other Infrastructure Development Corporation of Uttarakhand Ltd. (BRIDCUL). The office of the Principal Accountant General (Audit) Uttarakhand, Dehradun disclaims any responsibility for any misinformation, non submission or submission of incomplete records.

Audit inspection of accounting records of MD Office, BRIDCUL, Dehradun for the period Since Inception to March 2018 was carried out in exercise of the power conferred by section 19 of the C&AG, DPC Act, 1971 read with section 143 of Companies Act, 2013. Audit Inspection was conducted by Shri Khub Chand, AAO and Shri Amit Kumar, AAO under the supervision of Smt Usha Singh, Audit Officer during the period from 28.05.2018 to 16.06.2018.

Part-I

1. **Introduction:-** In current audit, accounting records of the period Since Inception to March 2018 were examined.

2. **(i) Functions and geographical jurisdiction of the unit:**

The Bridge, Ropeway, Tunnel and Other Infrastructure Development Corporation of Uttarakhand Ltd. (BRIDCUL), *earlier* known as Uttarakhand State Infrastructure Development Corporation Ltd., was incorporated on March 25, 2008 as a main construction agency of Uttarakhand state to develop the infrastructure within and outside the State and anywhere in the World.

(ii) Auditing methodology and scope of audit:

Audit of Bridge, Ropeway, Tunnel and Other Infrastructure Development Corporation of Uttarakhand Ltd. (BRIDCUL) was conducted according to compliance auditing guidelines. This Inspection Report is based on the findings emerged during the course of audit and April' 10, March' 12, Jan' 14, May' 15, Nov' 16, and April' 17 selected for detailed examination and March' 11, February' 12, March' 14, April' 15, March' 17 and March' 18 were selected for arithmetical accuracy.

(iii) Revenue and Expenditure of the Company for the year 2009-10 to 2017-2018 is as under:

(₹ in Lakh)

Year	Revenue	Expenditure	Profit
2009-10	955.56	828.05	--
2010-11	1747.74	1825.28	--
2011-12	1982.47	1946.55	--
2012-13	2564.82	2705.53	--
2013-14	7128.95	5683.92	--
2014-15	5518.93	5798.14	--
2015-16	6628.57	6583.00	--
2016-17	7152.11	6711.68	--
2017-18	7492.30	7713.09	--

(iv) Organisation structure of the Company:-

Total sanctioned strength of the Corporation is 55 posts for the head office at Dehradun and 25 posts for each of the 4 unit offices. Three units, one at Dehradun and one each at Haldwani and Pithoragarh are presently functional. The organisation is headed by the Managing Director assisted by the General Manager-Civil, HR & Project.

Part II (B)

Para 1: Undue favour to contractor by awarding the work to L2 bidder in the event of refusal by L1 to negotiate the prices.

According to the Central Vigilance Commission OM issued in March 2007 generally there would be no negotiation with bidders. In special circumstances, if it is to be done, it should be done with the lowest bidder only. Further, the Fundamental Principles of Procurement in Uttarakhand Procurement Rules, 2008 also state that the negotiation shall be avoided. It may be conducted under exceptional circumstances with lowest bidder L-1 only and the reasons for such negotiations should be clearly recorded.

The Government of Uttarakhand (GoU) accorded (Nov 2013) administrative and financial sanction for construction of Govt. Degree College at Riknikhal, Distt. Pauri Garhwal at a cost of ₹ 483.03 lakh. The Bridge, Ropeway, Tunnel and Other Infrastructure Development Corporation of Uttarakhand Ltd. (Corporation) invited tenders in January 2014 for the construction of Administrative & Art Block for Govt. Degree College at Riknikhal, Distt. Pauri Garhwal with an estimated cost of the work at ₹ 4.25 crore. The last date of submission of bids was 24.01.2014. Three firms submitted their bids and financial bids were opened on 29.01.2014. The lowest bid was submitted by M/s Sanjay Singh at ₹ 4.52 crore (6.35 *per cent* higher than the estimates). The Corporation wrote a letter to M/s Sanjay Singh to reduce the contract price, however the same was denied by the bidder. After this the corporation wrote a letter to L-2 bidder *i.e.* M/s Dharamdatt Semwal to reduce the contract price. The bidder had quoted a contract price of ₹ 4.57 crore which was 7.4 *per cent* higher than the estimates. The bidder negotiated and reduced the contract price to ₹ 4.34 crore which was 2 *per cent* higher than the estimated cost. The work was awarded to M/s Dharamdatt Semwal at ₹ 4.34 crore.

Thus the work was awarded to L-2 bidder due to the refusal of negotiation by the L-1 bidder, which is violation of CVC guidelines and Uttarakhand Procurement Rules 2008. Further, the work should have been re-tendered in order to obtain fresh bid.

The matter has been brought to the notice of higher authorities, however reply is still awaited.

Para 2: - Avoidable expenditure of ₹ 2.16 crore.

The Bridge, Ropeway, Tunnel and Other Infrastructure Development Corporation of Uttarakhand Ltd. (BRIDCUL), *earlier* known as Uttarakhand State Infrastructure Development Corporation Ltd., was incorporated as the main construction agency of Uttarakhand state to develop the infrastructure within and outside the State.

Government of Uttarakhand (GoU) awarded (December 2013) the work of construction of Rajkiya Mahavidhyalaya, Doshapani, Nanital (Mahavidhyalaya) at an estimated cost of ₹ 4.74 crore. The location of the site was at Dosapani (Chaukhuta), Tehsil-Dhari, on Haldwani-Bhateliya-Kasialekh-Mukteshwar road, LHS, Dist. Nainital with a total campus area of 4.07 hectare. According to the records provided to audit, BRIDCUL invited tender for the same in October 2015 *i.e.* after 21 months of allotment of the work to BRIDCUL. Further, BRIDCUL awarded (04 December 2015) the work of construction of the Mahavidhyalaya to M/s Tarun Bhatt Bithotiya, Haldwani at a contract value of ₹ 4.03 crore and entered in to an agreement on 04 December 2015. The work was to be started from 11 December 2015 and was to be completed by 10 June 2017 *i.e.* within 18 months.

Scrutiny of records revealed that during 05 to 06 July 2017, heavy rain occurred in Nainital causing land sliding due to which the safety wall of the Mahavidhyalaya got damaged. This fact was also confirmed by an investigation (12 July 2017) carried out by the retired Superintending Engineer PWD who in his report stated that the water including the road side temporary drain came out behind the building at a level of 15 mt. below the ground level of building which resulted in massive land slide under mining, the bases of protection walls resulting in to the total damage of walls. It was apparent that the major cause of landslides and settling of hills mass was heavy rain water for which proper drainage was not available.

Another joint inspection with Public Works Department was carried out on 04.09.2017 which *inter alia* indicated that the slope of the main road was towards the project site resulting in wearing down of the soil during the heavy rain due to velocity of the water. Inspection report also recommended creating the necessary pipe line and constructing the Pushta wall to secure the site.

Audit further noticed that the Assistant Geologist, District Task Force, Nainital in its report (25 January 2016) also recommended to develop an effective drainage system for water and also indicated that the water logging and seepage may result in land sliding.

BRIDCUL appointed (17.11.2017) Dr. Amit Gupta, Engineering Consultant and Planners, Roorkee and Dr. Satyandra Mittal, Associate Professor, Civil Engineering Department, IIT

Roorkee as consultant for safety work of the Mahavidhyala at a cost of ₹ 6.50 lakh. As per the recommendation of the consultants, BRIDCUL prepared an estimate to overcome the damage and for safety and protection work of the site, costing ₹ 2.18 crore and send it for approval of the GoU in March 2018. The approval of the same is yet to be received.

During the scrutiny of records, audit noticed that as per above reports (dated 11 July 2017 and 04 September 2017), it was clearly indicated that the BRIDCUL failed to develop an effective drainage system. Further, BRIDCUL also failed to notice the slope of the main road which was towards the project site, this indicates that the proper study of the site was not done.

This resulted in damage of safety wall and led to land sliding which put entire project in danger and compelled BRIDCUL to go for the protection and safety work. The same led to increase in the project cost and an avoidable expenditure of ₹ 2.18 crore.

The matter has been brought to the notice of higher authorities, however reply is still awaited.

Para 3:- Non charging of Centage led to loss of revenue amounting to ₹ 25.65 lakh.

BRIDCUL being the construction agency of the GoU is executing various construction projects and is earning centage as per the order of the GoU dated 22 May 2008 where in GoU fixed the rate of centage charges as detailed below:-

- 1 Centage charges @ 10 *per cent* on the works up to Rs. one crore.
- 2 Centage charges @ 09 *per cent* on the works between Rs. one crore to Rs. five crore.
- 3 Centage charges @ 08 *per cent* on the works costing more than Rs. five crore.

Scrutiny of records revealed that during the period from 2011-12 to 2015-16, BRIDCUL received 14 Projects at an estimated cost of ₹ 786.39 crore (ranging between ₹ 295.84 crore to ₹ 0.65 crore) against which the fund of ₹ 4.90 crore was received for preliminary works such as preparation of Detailed Project Report. As per discussion with the Management, it was apprised to audit that out of ₹ 4.90 crore, BRIDCUL made an expenditure of ₹ 3.16 crore on preparation of Detailed Project Report during the period. All the allotted 14 works were taken back from BRIDCUL by the GoU and accordingly BRIDCUL returned the balance amount of ₹ 1.64 crore to the GoU after adjusting the expenditure of ₹ 3.16 crore.

Audit noticed that in compliance of the order of the GoU dated 22 May 2008, BRIDCUL had not charged/deducted its centage charge of ₹ 25.65 lakh (Annexure-1) against the expenditure incurred by the BRIDCUL. This resulted in loss of revenue of ₹ 25.65 lakh.

The matter has been brought to the notice of higher authorities, however reply is still awaited.

Para 4: Execution of extra works without approval of GoU.

The Government of Uttarakhand (GoU) accorded (March 2014) administrative and financial sanction for construction of Administrative Cum Art Block for Govt. Degree College at Nainbag, Distt.-Tehri Garhwal at a cost of ₹ 487.31 lakh. The work of construction of Administrative Cum Art Block for Govt. Degree College was awarded (December 2014) by the Corporation to M/s Jyoti Construction Laxmanpur Vikasnagar, Dehradun (Contractor) for ₹ 376.72 lakh. The work was started by the contractor in January 2015. The scheduled date of completion was June 2016 and the work was completed by the contractor in April 2017, however, the site was not handed over to the Principal, Govt. Degree College, Nainbag.

Scrutiny of records revealed that Principal, Govt. Degree College requested (March 2107) to BRIDCUL to do some other works which were not a part of DPR. These works pertained to installation of CCTV System, Water Cooler, Green Boards, Honour board and Chair & Table.

On the request of Principal, BRIDCUL issued a work order for the installation of Green Boards to Promark Techno Solution in Nov 2017 and the work was completed at a cost of ₹ 1.61 lakh. An another work order was also issued for installation of the CCTV System to Mondex Infotech Solution in Feb 2018 and the CCTV were installed by the Mondex Infotech Solution at the cost of ₹ 2.49 lakh.

Thus the above two works were done by BRIDCUL without any approval from the Government as these works were not a part of the DPR submitted to the Government for approval. Thus an extra expenditure of ₹ 4.10 lakh was incurred from the unspent fund without the approval of competent authority.

The matter has been brought to the notice of higher authorities, however reply is still awaited.

Para 5: Excess expenditure incurred under Contingency.

The work of Construction of Multipurpose Hall at Govt. Degree College Campus Bazpur, Distt.-U.S. Nagar was awarded to M/s Sharma Construction at a cost of ₹ 422.71 lakh. The scheduled date of completion was 18 months from the date of start of work *i.e.* 27.11.2015. An amount of ₹ 13.27 lakh was approved under the contingency head of the said work. Till the completion of the project an expenditure amounting to ₹ 19.76 lakh was incurred in the contingency head. Thus the expenditure under the contingency head exceeded by ₹ 6.49 lakh. During the audit it was observed that the above extra expenditure of ₹ 6.49 lakh incurred under the contingency head was adjusted under the contingency head of the other ongoing projects *i.e.* ₹ 3.30 lakh adjusted under contingency head of Government Degree College, Bazpur and ₹ 3.20 lakh was adjusted under the contingency head of Food Craft Institute, Almora.

Further it was also observed that the work was completed on 31.03.2016, however the project could not be handed over to the client even after lapse of one year. Due to the delay in handing over the project, the client could not avail the benefit of the Defect Liability Period which is for a period of one year from the completion of the project.

The matter has been brought to the notice of higher authorities, however reply is still awaited.

Para 6: Non-recovery of expenditure incurred on preparation of DPR.

The Bridge, Ropeway, Tunnel and Other Infrastructure Development Corporation of Uttarakhand Ltd. (BRIDCUL), *earlier* known as Uttarakhand State Infrastructure Development Corporation Ltd., was incorporated as a construction agency of Uttarakhand state to develop the infrastructure within and outside the State. Today, BRIDCUL being the construction agency of the GoU is executing various construction projects and is earning centage as per the order of the GoU dated 22 May 2008.

Scrutiny of records revealed that during the period from 2015-16 to 2017-18, BRIDCUL submitted the DPR of 187 projects costing ₹ 597.22 crore (ranging between ₹ 0.1 crore to ₹ 87.02 crore) against which the fund of ₹ 5.15 crore was received for 17 project costing ₹ 330.66 crore only for preliminary works such as preparation of Detailed Project Report. However, no fund was received for remaining 170 projects (187 projects less 17 projects) costing ₹ 266.56 crore.

Further, as per discussion with the Management, it was apprised to audit that DPR of all the 187 projects was prepared by the BRIDCUL from its own funds. The records produced to audit revealed that the BRIDCUL had neither made any claim for preparation of DPR of these 170 projects nor calculated its expenditure towards the same. It was also noticed that the expenditure incurred in preparation of DPR was not claimed as there were no rates available for such claim. A proposal for determination of rate for reimbursement of expenditure incurred on DPR had been sent to GoU for approval however, the same is yet to be approved.

It is further stated that an order of the GoU dated 22 May 2008 clearly defines the rate of centage charges on the work done which should also have been claimed additionally on the expenditure incurred on preparation of DPR of 170 works. The same has not been done.

The matter has been brought to the notice of higher authorities, however reply is still awaited.

Para 7: Undue delay in execution of the work.

The work for Renovation and Upgradation of Govt. Degree College Manela Distt-Almora under the RUSA¹ scheme was awarded to M/S S.S. Engineers at a tendered cost of ₹ 173.47 lakh. The time completion for the work was 09 months. The work was started from 12.01.2016 and the scheduled date of completion was 11.10.2016.

During a review of the records pertaining to the execution of the work it was seen that the work could not be completed even after a lapse of 17 months from the scheduled date of completion upto March 2018:

Different letters were found on record wherein the contractor was time and again intimated about the slow progress of the work at the project site. The contractor was also instructed to increase the number of labourers and quantity construction material at the site so that the progress of work may be improved. Despite of the slow progress of work by the contractor, BRIDCUL granted time extension on several occasions. The reasons for time extension being heavy rainfall, festivals of Diwali and Holi and shortage of fund. Further the payment details also revealed that even though there was undue delay in the execution of work, no penalty was levied on the contractor.

In view of above the following additional information may be furnished to audit:-

- 1 Details of the fund (date wise) released to BRIDCUL specifically for the renovation and upgradation of Govt. Degree College, Manela.
- 2 The physical progress of the work done till the actual date of completion *i.e.* 11.10.2016 along with the actual payments made till 11.10.2016.
- 3 The detail of the time extension requested by the contractor from time to time.
- 4 The present status (including the physical and financial progress) of the work.
- 5 Details of any extra works done in the project.

The matter has been brought to the notice of higher authorities, however reply is still awaited.

¹ Rashtriya Uchchattar Shiksha Abhiyan (RUSA), a Centrally Sponsored Scheme dedicated towards the construction of Universities and Degree Colleges.

Para 8: Non adherence to the terms and conditions of agreement pertaining to Insurance.

The Clause 13 of General Condition of the Contract in Bidding Document prescribed that the Contractor shall provide, in the joint names of the Employer and the Contractor, insurance cover from the Start Date to the end of the Defect Liability Period the amounts and the deductibles stated in the Contract data for the following events which are due to the Contractors's risks.

- a) Loss of or damages to the works, Plant and Materials.
- b) Loss of or damages to Equipments.
- c) Loss of or damages of property (except the works, plant materials and equipment) in connection with the contract; and
- d) Personal injury or death

Insurance policies and certificates were required to be delivered from the successful bidder (Contractor) who was awarded the contract to compensate the loss or damage incurred.

During scrutiny of records, it was observed that insurance policies were not provided to the Corporation by any Contractor. It was also seen that in some cases notices were issued to the Contractor for providing the insurance policies in August 2017. The Corporation did not issue any reminders to the Contractor.

Due to non availability of Insurance policies, the Corporation has no means to financially secure/safeguard itself in the event of any loss or damage of work due to any reason. Thus, due to failure to ensure insurance cover for works, the Corporation's interest was at risk during this period. Further, it also led to unauthorised aid to the contractors.

Thus the adherence to the above conditions could not be seen on the records/files furnished to audit.

The matter has been brought to the notice of higher authorities, however reply is still awaited.

Para 9: Deficiencies in Internal Control System

During the review of records pertaining to BRIDCUL the following deficiencies were noticed in the system of Internal Control:

1. Negotiations are being done as a general practice with the bidder which is not in adherence to the CVC guidelines as well as Uttarakhand Procurement Rules.
2. The works not mentioned in the DPR are being done on the request of the client, without obtaining the prior approval of Government.
3. Payment files for the works is not being maintained in the Dehradun Unit.
4. Comparative statement of the price bid quoted by the bidders was not available in some files.
5. The records pertaining to the unsuccessful bidders were not attached with the relevant tender files. It was kept separately.
6. Most of the files were not page numbered.

The matter has been brought to the notice of higher authorities, however reply is still awaited.

Part III

Detail of unsettled paras of previous inspection reports:-

Inspection Report period and number	Part- II (A) Para number	Part-II (B) Para number
NA	NA	NA

Compliance report of unsettled paras of previous inspection report-

There was no outstanding para as the audit was conducted for the first time.

Part IV

Best practices of the unit

(Any good practices or innovations, if noticed, during the course of audit may be mentioned.)

--NIL--

Part V

Acknowledgement

1. Office of The Accountant General (Audit) Uttarakhand, Dehradun expresses gratitude towards Managing Director of the Company and their officers and employees for providing desired documents and information including infrastructure related co-operation during the course of audit.
2. **Though Documents were not produced during audit**
--NIL--
3. **Persistent irregularities.** ---NiL---
4. **The following officers held the charge of head of the office during the audit period:**

Sl. No.	Name	Post	Duration	Mode of Service
1	Sh. Utpal Kr. Singh	MD	12.05.08 to 03.10.08	Additional Charge
2	Sh. Atul Kumar	MD	03.10.08 to 15.01.09	Deputation
3	Sh. Utpal Kr. Singh	MD	16.01.09 to 30.04.09	Additional Charge
4	Sh. S.M. Ramchandani	MD	01.05.09 to 16.06.10	Deputation
5	Sh. Lalit Mohan	MD	16.06.10 to 21.12.11	Additional Charge
6	Col. H.P. Thapliyal	MD	22.12.11 to 21.12.15	Contract
7	Sh. H.K. Upreti	MD	18.01.16 to 31.01.16	Additional Charge
8	Sh. Manoj Kumar Semwal	MD	01.02.16 till date	Deputation

S.No.	Name	Post	Date of Joining	Mode of Service
1.	Shri Bhupesh Tiwari	CGM(F)	12.05.2008 to 03.12.08	Additional Charge
2.	Shri Khare	CGM(F)	03.12.08 to 21.02.09	Additional Charge
3.	Shri R.C. Agarwal	CGM(F)	21.09.09 to 17.08.09	Additional Charge
4.	Sh. R.C. Semwal	CGM(F)	17.08.09 to 1.10.09	Additional Charge
5.	Shri Saurabh	CGM(F)	02.01.10 to 12.10.10	Contract
6.	Shri Pramod Kumar Joshi	CGM(F)	15.11.10 to 27.08.14	Additional Charge
7.	Shri Bhupesh Tiwari	CGM(F)	27.08.14 to 14.05.18	Additional Charge
8.	Shri Pramod Kumar Joshi	CGM(F)	14.05.18 Till date	Additional Charge

Minor and operational irregularities which could not be resolved at the time of audit and have been included in Temporary Audit Note with the request that the compliance report on the same may be sent to Sr. DAG/DAG (concerned sector) within one month of receipt of the letter.

Sr. Audit Officer/ES-I

