Audit of Fraud
Fraud Detection Techniques & Forensic Audit

Fraudulent Payment on Carriage of Stone Chips/Metal

भारतीय लेखा परीक्षा एवं लेखा विभाग
Indian Audit & Accounts Department

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From PD’s Desk

As a part of our pursuit towards excellence in training in the area of “Audit of Fraud, Fraud Detection Techniques and Forensic Audit”, we bring out series of cases of frauds reported in the audit reports of Comptroller and Auditor General of India, as case studies. Simultaneously, we also endeavor to consolidate the approach and methodology followed by fraudsters in committing them as well as the manner in which they were prevented/detected.

This case study “Fraudulent payment on Carriage of Stone Chips/Metal” has been prepared based on the material reported under para 4.1.5 of the report of the Comptroller and Auditor General of India for the year ended March 2007-08 Government of Bihar.

I take this opportunity to extend my sincere thanks to Mr. Premal Dinraj, Principal Accountant General (Audit), Bihar, Patna who made us available all relevant documents of the case whenever requested for. I am also thankful to him for arranging for validation of the facts reported and conclusions drawn in the case study.

I commend the efforts of Shri K.G. Hatwar, Sr. Audit Officer/Core Faculty in preparing this case study on the lines directed from time to time.

I hope that the readers would benefit from this. The suggestions, if any, would help us in future such attempts.

RTI, Nagpur
February, 2011

(J. S. Karape)
Principal Director
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4.1.5 Fraudulent payment on Carriage

1. Background

Failure of Executive Engineer, Rural Works Department, Sitamarhi (Bihar) to ascertain the genuineness of procurement from the specified quarry led to fraudulent payment on carriage of stone Chips/Metal of Rs. 23.32 lakh.

2. Fraud Environment

As per estimate, the Stone metal/chips were to be procured from Sheikhpura quarry and accordingly lead was allowed to contractor. It was observed that against 3086.81 cum stone metal & 1207.30 cum stone Chips utilized in the work, the contractor availed exemption of royalty on the basis of certificate issued (January, 2007) by the Assistant Mining Officer, Sheikhpura. On scrutiny of the sanctity of the certificate by the division through same mining officer the letter of certificate was detected (February, 2007) as fake. Although the division detected this fact (22.02.2007) before payment of bill, it paid (March, 2007) the entire amount of bill amounting to Rs. 87.32 lakh including carriage cost amounting to Rs. 23.32 lakh from Sheikhpura quarry ignoring false royalty Exemption-Certificate. The reasons for payment to contractor without disallowing the carriage from Sheikhpura quarry to Sitamarhi were not on records.

3. Opportunity to prevent fraud

The act of fraud explained separately could have been avoided through the following controls:

a) Adherence of the Bihar Mines & Minerals Act, 1972 (Rule 40(10)).

b) Verification of the supporting documents vis-à-vis the amount claimed.

c) Non-admitting of claims with reference to quality test report of sub-standard material, if any, reported by field staff.
d) Non-adherence of quality control measures for the material to be utilized on work.

e) Periodical inspection of road work by the superior authority of the department.

4. Act of Fraud

As per estimate, the Stone metal/chips were to be procured from Sheikhpura quarry and accordingly lead was allowed to contractor. Against 3086.81 cum stone metal and 1207.30 cum stone Chips utilized in the work, the contractor availed exemption of royalty on the basis of certificate issued (January, 2007) by the Assistant Mining Officer, Sheikhpura. On verification of the sanctity of the certificate by the division through same mining officer, the letter was detected (February, 2007) as fake. Although the division detected this fact (22.02.2007) before payment of bill, it paid the entire amount of bill including carriage cost of materials without ascertaining effects of fake royalty exemption certificate on lead allowed from specified quarry. The reason for payment to contractor without disallowing the carriage from Sheikhpura quarry to Sitamarhi were not on records.

5. Opportunity to detect and proving the fraud

The Audit party of Principal Accountant General (Audit) Bihar conducted the audit of the records of the office of the Rural Works Department (RWD) during March, 2008 found that division favoured the contractor by making fraudulent payment of Rs. 23.32 lakh for carriage of stone metal/chips utilized in the work from Sheikhpura quarry by ignoring the false detection of royalty exemption certificate.
6. Red flag indicators
   a) Lack of evidence of exercising mandatory pre checks like quality of materials by the Engineer-in-Charge of the site and periodical inspection report of work by the superior authority.

7. Lessons Learnt—Preventive Controls/Defective Controls.
   a) Failure of the controlling officer to ensure procurement of material from the specified quarry with reference to utilization renders all the preventive control of the systems ineffective.
   b) Issuing orders for payment of Contractor’s bill without verifying all the documents which constituted the cost of work create scope for fraudulent payments.
Rupees 2.73 lakh (T.V.No.16 dated 16.03.2005) and Rs 6.09 lakh (T.V.No.29 dated 28.03.2005) was drawn from Madhubani treasury but this amount was not entered in the cash book. Thus, Rs 8.82 lakh was kept out of Government account.

The BDO stated (February 2008) that observation of audit is factual and recovery from erring officials would be made. However, factual position of recovery and action taken against erring official if any, has not yet been intimated by BDO, Rahika (November 2008).

Thus, non-adherence of provisions of the BTC led to misappropriation of government money amounting to Rs 18.11 lakh.

The matter was referred to Government (June 2008); their reply had not been received (December 2008).

**RURAL WORKS DEPARTMENT**

**4.1.5 Fraudulent payment on carriage**

| Payment of Rs 23.32 lakh on carriage of stone chips/metal without ascertaining the genuineness of the quarry. |

The work of widening and strengthening of Muraliya chak-Dumra road (3.68 km) under Rural Works Division (RWD), Sitamarhi was awarded (February 2006) to a contractor at an estimated cost of Rs 89 lakh. As per agreement (March 2006), the work was to be completed by September 2006. The work was completed within due date and an amount of Rs 87.32 lakh was paid to contractor (July 2007).

Scrutiny (March 2008) of records of RWD, Sitamarhi disclosed that as per estimate, the lead (215 Km) for stone metal/chips was provided from Sheikhpura. It was observed that contractor availed exemption of royalty (Rs 2.11 lakh) against 3086.81 cum stone metal and 1207.30 cum stone chips utilized in the work on the basis of certificate issued (January 2007) by the Assistant Mining Officer, Sheikhpura which was subsequently (February 2007) detected fake. As royalty exemption certificate issued against procurement of stone metal/chips from Sheikhpura quarry was fake, the procurement, carriage and use of specific (Sheikhpura) stone metal/chips were doubtful. But, ignoring these aspects, the division made payment (March 2007) up to 4th running account bill amounting to Rs 87.32 lakh (including carriage cost) without ascertaining the genuineness of procurement from the specified quarry.

Thus, division favoured the contractor by making payment of Rs 23.32 lakh on carriage of stone metal/chips from Sheikhpura without ascertaining the genuineness of the quarry of stone metal/chips.

\[ (\text{Rs } 4.34 \text{ lakh} + \text{Rs } 2.50 \text{ lakh} + \text{Rs } 2.45 \text{ lakh} + \text{Rs } 8.82 \text{ lakh}) = \text{Rs } 18.11 \text{ lakh}. \]
The matter was referred to Government (June 2008); their reply had not been received (December 2008).

**WATER RESOURCES DEPARTMENT**

4.1.6 *Misappropriation of Temporary Advance*

| Temporary advances of Rs 1.15 crore paid to AEs/JEs remained unrecovered/unadjusted. |

Bihar Public Works Account Code read with instructions of the Cabinet (Vigilance) Department (December 1983), provides that when a disbursing officer makes remittances to a subordinate officer to enable him to make a number of specific petty payments on a muster roll or other vouchers which has already been passed for payments, the amount remitted should be treated as temporary advance. The subordinate officer, to whom the advance was paid, is responsible for its accounting and should submit the account of advance within a month to Executive Engineer (EE). The EE in turn, should inform the officer concerned within 15 days regarding adjustment of advance or decision taken on the account submitted. No subsequent temporary advance should be granted without adjustment of previous advance.

Scrutiny of monthly accounts and vouchers of Bagmati Division No. I, Sitamarhi and Rural Works Department, Works Division, Buxar disclosed that temporary advance amounting to Rs 1.15 crore paid to AEs/JEs during the years 1996 to 2000 remained unadjusted or un-recovered till June 2008. The advance was paid without adjusting the previous advances and retained by the AEs/JEs for years together. The outstanding amount of advances was also not recorded in the LPC of AEs/JEs transferred from the Division.

However, Ex. Engineers of Bagmati Division No. 1 had published notices in the newspaper (June 2003 and August 2005) but could not initiate further action against defaulters. No action was taken by the Rural Works Department, Works Division, Buxar either to adjust or to recover the amount of advance.

The matter was reported to the Government (July 2008); their reply had not been received (December 2008).

4.1.7 *Loss due to injudicious decision of SRC and incomplete work*

| Injudicious decision to construct bed bars and non-approving the anti soil erosion work resulted in loss of Rs 10.08 crore and avoidable expenditure of Rs 55.89 lakh to the Government. |

The expert committee appointed (November 2006) by the Water Resources Department (WRD) to suggest the modalities of anti erosion work had recommended for boulder revetment in the left embankment of river Ganga near Khairpur, Raghopur and Akidatpur village under Flood Control Division,

---

10 Bagmati Division No:1: Rs 33.63 lakh and RWD (W) division, Buxar: Rs 81.43 lakh.
Records of measures and quantities of materials and substances in work done - Rs. 24,321.

Under the head of Rs. 15,474.74, a work of strengthening and widening of 2.12 km, depth Murshidpur Chak Dewan Road totaling Rs. 58.96 for Rs. 58.96 was allotted to a contractor (Smt. Madhu Kumari) by the P.C. (4.14.5) dated 23-2-1 - and the P.C.O. date amounting to Rs. 89, when

the per the agreement (3542) on 7-7-1), the work was to be completed up to 12-9-46. The work was finalized and paid Rs. 7,028. The work done in 502.5 cubic yards (equal to 87.91 m.length) dated on 7-7-47 and work no. 1378.

In subject of issue of clearance certificate of quality of stone metal 3286.71 m. and 2000 cubic feet 1287.30 m. 400 (Rs. 142.50 Rs. 112.45) issued to District Mines Officer. Subsequent from the Executive Engineer, work work division official received the letter of

additional mines official. Statements (4th. 5th. 6th. 15th. 1st. 7th) relating to containing declarations of supply of stone metal and clay from other places below officials and helped him in the summary of registers of material need in work.
Further it was noticed that in mines
the damaged found in vicinity of fello-
work at various places, structural engines
(1-50, Sub-section m) took
considerably (e.g. 58, 74 and 128-
806) to set right the damaged new
wood and these were not foreseen regularly.
Set-right: the wood damaged wood.

It is clear that the in-plant steel metal
and chips were used in work which led
to being damaged to nearly standard wood.

Thus, besides the in-plant standard examin-
ation of mines, the unanswerable question of 6-0-33

Item: 3066.31 m³ x Rs. 931.41 = Rs. 2.7
Item: 1204.20 m³ x Rs. 930.10 = Rs. 1.146

was made on carriage
of 8 m and chips from railway to work
site as the material not go directly from
Juchihar.

In reply, the Executive Engineer stated
and was ready to go on after revision.
材料清单

<table>
<thead>
<tr>
<th>名称</th>
<th>重量 (m²)</th>
<th>单位</th>
<th>价格 (₹)</th>
</tr>
</thead>
<tbody>
<tr>
<td>木制材料</td>
<td>252.355</td>
<td>m³</td>
<td>951.41</td>
</tr>
<tr>
<td>木制材料</td>
<td>174.983</td>
<td>m³</td>
<td>951.41</td>
</tr>
<tr>
<td>适宜材料</td>
<td>645.50</td>
<td>m³</td>
<td>951.41</td>
</tr>
<tr>
<td>合计</td>
<td>1072.838</td>
<td>m³</td>
<td>951.41</td>
</tr>
</tbody>
</table>

合计总价：

- 木制材料：951.41×252.355 = 238,950.80
- 木制材料：951.41×174.983 = 167,551.60
- 适宜材料：951.41×645.50 = 610,457.00

总计：238,950.80 + 167,551.60 + 610,457.00 = 1,016,959.40

总计：1072.838 m³ 花费：1,016,959.40 ₹
REPORT

The estimate is framed for strengthening of Murliachak Dumra road, which is situated in Sitamari Assembly Segment of District Sitamari.

The estimate is framed with Chief Engineer R.E.O. and Bazar Patna Letter No. 857 (Inc.) Patna dt. 2.4.05 and according to order and direction of Executive Engineer R.E.O. (W) Division Sitamari.

The above named road is presently 4.58 H.B.T. wide starts from Bari Bazar (NH-77) Dumra and fully connects Pardar, Madhuban, Murliachak and Gaukhala Chowk (NH-104). The above road is having great significance because it connects NH-77 to NH-104 through Gaukhala-Banshaur road, which is proposed to be constructed by NHPC under P.R.I.G.S.I.R. and act as a bypass road for Sitamari town. After completion it will significantly reduce to traffic congestion of Sitamari town.

The total length of the road is 4.45 K.M. out of which 2.65 K.M. is up to B.T. level, 0.325 K.M. is up to B.T. Soling and rest is up to Kocha. Presently the road is in very poor condition. Out of 4.45 K.M. road length 0.870 K.M. is proposed to be constructed under M.P. head with District Magistrate Sitamari Letter No. 1421 'C' dated 9.05.05 up to B.T. level (Estimated cost Rs. 20,000/dos) and rest 3.68 K.M. under 4515 head up to B.T. level, for which this estimate is prepared.

The C.B.R. value has been taken as 5.00 which is based on previous report of the soil in this zone, and C.V.P.D. value is taken in the range of 45 to 150. By keeping above values in view, thickness of different
1. Local sand filling - 100 mm
2. Brick flat filling - 15 mm
3. Stone metal gr. 0 - 75 mm
iv. Stone metal gr. 01 - 75 mm
v. B. S. G 50 mm - 50 mm
vi. SDBE - 25 mm

Carriage way width is taken 4.58 m wide as presently exist. Total 3 Nos 1000 mm dia. Nt. single Barrel H.P. curvett is provided and old 3 Nos. S.D. walk is already exist in the above road.

The provisions of different items of estimate and rates have been taken from correct SIR of Tirkut Circle Muzaffarpur. [Effective from 29.3.2005]
Detailed Estimate for Widening and Strengthening of Murdha-Chak - Dumna Road

L = 3.680 km (From Dumna Bari Ghat) under Sub-division - Sitamarhi

1. Providing granular sur-face (with approved quality sand in one or more layer compacted soil to achieve 95 to 100% MDD) as per approved design specification and direction of E/I

   Qnty as per calculation
   Chart - 106.46 m³ @ ₹ 199.68/m³ = ₹ 21,298.00

2. Providing 1:20 one brick flat sealing in raised embankment joints filled with local sand as per specification and direction of E/I

   Qnty as per calculation
   Chart - 1066.63 m² @ ₹ 92.50/m² = ₹ 98,663.00

3. Providing stone metal III
   (63 mm to 45 mm size) with screening material type A
   (12.2 mm size) in raised embankment as per specification and direction of E/I

   Qnty as per calculation
   Chart - 198.19 m³ = ₹ 462,672.00
(4) Providing stone material Gr. III (53 mm to 22.4 mm size) with screening material Type B' (11.2 mm size) in road embankment.
all complete job as per specification and direction of E/I

\[1 \times 3680 \text{ M} \times 4.58 \text{ M} \times 0.075 \text{ M} = 1264.08 \text{ m}^3\]

\[\text{\$2.374 = 341 m}^3 \quad \text{\$301,356 = 00}\]

(5) Providing 50mm thick compacted BS4 over WBM surface all complete job as per specification and direction of E/I

\[1 \times 3680 \text{ M} \times 4.58 \text{ M} \times 0.04 = 16854.40 \text{ m}^2\]

\[\text{\$167 = 93 m}^2 \quad \text{\$283,039 = 00}\]

(6) Earth work in road flanks and slopes all complete job as per specification and direction of E/I.
Qnty vide E/I4 calculation chart
\[3439.23 \text{ m}^3 \times \text{\$6.25 = 31 m}^3 \quad \text{\$87,047 = 00}\]

(7) Extra for cutted earth with tractor (lead 1 km)
Qnty vide E/I4 chart
\[1247.09 \text{ m}^3 \]

\[\text{\$65 = 86 m}^3 \quad \text{\$1,821,33 = 00}\]

(8) Rolling and compaction of road embankment by power road roller all complete job as per specification and direction of E/I.
Qnty vide Item no. (1) 3439.59 m^3.
(9) Nicking the existing B.T. surface at intervals of 1m at 45 degrees all complete roads per specification and direction of E.I.E.

\[ 1 \times 3.25 \times 4.58 \times 19.85 = 198.85 m^2 \]
\[ \times 2 = 201 m^2 \]
\[ \times 47.632 = 0 \]

(10) Providing and laying semi-dense type bituminous concrete with 100-120 TPH batch including Tack coat @ 2.1g/m² area. Complete job as per specification and direction of E.I.E.:

\[ 1 \times 3.68 \times 4.58 \times 0.025 \times 421.36 = 856.96 \]
\[ \times 461 = 731 m^3 \]
\[ \times 19.4 = 13980 \]

Add Construction C.O. Work:
3 lab work @ 1.0478 m² each (Attached details)

\[ \sqrt{856.96} = 0 \]

Provision for road furniture @ $10,000/km = $86,800

Total: $86,934.61 = 0

Signatures:
J.E. R.E.O.
R.E.O (J.O.)
Design of culvert based on effective area

Effective inlet area = 400m x 100m
= 40000 m²
= 0.04 km²

Discharge \( Q = CA^{2/3} \)
= \( 11 \times (0.01)^{2/3} \)
= 1.427 cubic m/sec \( \Delta \)

Headloss 1500mm = single vent 11.7 culvert

\( A = \pi r^2 \)
\( = \pi (0.5)^2 \)
\( = 0.785 \) m²

Design velocity \( V = 2.04 \) m/sec

Now, Design discharge = \( A \times V \)
\( = 0.785 \times 2 \)
\( = 1.57 \) m²/sec

Hence, design is safe.
(b) Steam Coal From India's 1st Work Site

<table>
<thead>
<tr>
<th>Year</th>
<th>Sale</th>
<th>Quantity</th>
<th>Rate</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1969</td>
<td>120</td>
<td>154,320</td>
<td>Rs. 59</td>
<td>Rs. 9,220</td>
</tr>
<tr>
<td>1970</td>
<td>120</td>
<td>217,240</td>
<td>Rs. 59</td>
<td>Rs. 12,773</td>
</tr>
</tbody>
</table>

Cost of Steam Coal at Site: Rs. 14,993/mt

Rs. 2620 = 69/mt

$2779 = 39$ MJ

B.E. 86/12
Engineer

REO (W) SURIN
S. Jamra

DUMRA

P.D. 86/12
Assistant Engineer

REO (W) DVI
S. Jamra
Cost of Stone from Source \( \rightarrow \) Rs. 18.25/\( m^3 \)

Carriage of Sand from Source to Work Site

<table>
<thead>
<tr>
<th>Distance (Km)</th>
<th>Rate (Rs)</th>
<th>Total Cost (Rs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>2.25</td>
<td>13.50</td>
</tr>
<tr>
<td>11</td>
<td>3.75</td>
<td>41.25</td>
</tr>
<tr>
<td>11</td>
<td>4.50</td>
<td>49.50</td>
</tr>
<tr>
<td>31</td>
<td>3.87</td>
<td>120.00</td>
</tr>
<tr>
<td>151</td>
<td>3.52</td>
<td>532.50</td>
</tr>
</tbody>
</table>

Total Cost: Rs. 775.02/\( m^3 \)

Cost of Cement at Site

<table>
<thead>
<tr>
<th>Rate (Rs)</th>
<th>Total Cost (Rs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>28.60</td>
<td>13.96/( m^3 )</td>
</tr>
</tbody>
</table>

Carriage of Cement from Site to Work Site: 41.25/\( m^3 \)

Total Carriage Cost: Rs. 231.80/\( m^3 \)

Cost of Sheikhpura Stone boulder at Source: Rs. 18.75/\( m^3 \)

Carriage from Sheikhpura to Nilgiri: Rs. 52.50/\( m^3 \)

Cost of Stone from Sheikhpura to Nilgiri: Rs. 45.80/\( m^3 \)

Carriage from Nilgiri to Work Site

<table>
<thead>
<tr>
<th>Distance (Km)</th>
<th>Rate (Rs)</th>
<th>Total Cost (Rs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.50</td>
<td>2.25</td>
<td>10.125</td>
</tr>
<tr>
<td>10</td>
<td>3.75</td>
<td>37.50</td>
</tr>
<tr>
<td>10</td>
<td>4.50</td>
<td>45.00</td>
</tr>
<tr>
<td>30</td>
<td>3.87</td>
<td>116.10</td>
</tr>
<tr>
<td>62</td>
<td>3.87</td>
<td>240.44</td>
</tr>
</tbody>
</table>

Total Carriage Cost: Rs. 1065.04/\( m^3 \)
Total cost of work concluded: \( \frac{337}{11} = 60 \) Rs/m

Cost of source (Sheikh Puran): \( \frac{284}{11} = 25 \) Rs

Carriage from Sheikh Puran to N.W. R.H. \( \frac{347}{11} = 31 \) Rs

Carriage from N.W. R.H. to Work Side \( \frac{347}{11} = 31 \) Rs

1.65 mm size stone chips

Cost of source (Sheikh Puran): \( \frac{284}{11} = 25 \) Rs

Carriage from Sheikh Puran to N.W. R.H. \( \frac{347}{11} = 31 \) Rs

Carriage from N.W. R.H. to Work Side \( \frac{347}{11} = 31 \) Rs

Carriage of Sheikh Puran to N.W. R.H. \( 467 = 59 \)

Carriage of: \( \frac{347}{11} = 31 \) Rs
1. First class bricks [Load = 8 kN]

- 0 to 5 kN: $R_{1} = 223 \div 37 = 6.03$%
- 6 to 8 kN: $3 \times 16 = 48 \div 73 = 6.56$%

Add 10% of 1525 kg: $R_{2} = 23 \div 48 = 4.79$%

Total: $R_{2} = 308 \div 78.7 = 3.93$%

Cost at 15%: $\frac{R_{2}}{2} = 16.5 \div 3.2$

2. Local Sand [Load = 5 kN (P) + 1 kN (K) = 6.2 kN]

- 0 to 10 kN: $R_{3} = 25 \div 73 = 3.41$
- 10 to 15 kN: $R_{4} = 29 \div 73 = 4.01$
- 15 to 20 kN: $R_{5} = 31 \div 73 = 4.22$
- 20 to 25 kN: $R_{6} = 24 \div 73 = 3.29$

Total: $\frac{R_{6}}{2} = 12.95 \div 3.12$

3. Sheikhpura [Load = 85 kN]

- Cost at Source (Sheikhpura) = $R_{7} = 224 \div 151 = 1.48$

Carriage from Sheikhpura to Nagpur: Amount $R_{8} = 224 \div 151 = 1.48$

- Total Cost of Sheikhpura = $124.5 \div 85$

4. Sheikhpura [Site = 85 kN]

- Cost at Source (Sheikhpura) = $R_{9} = 224 \div 151 = 1.48$

Carriage from Sheikhpura to Nagpur: Amount $R_{10} = 224 \div 151 = 1.48$

Carriage from Nagpur to Work Site: $R_{11} = 224 \div 151 = 1.48$

Total Cost of Work Site: $124.5 \div 85$

Total: $951.6$
श्रेयस भारत में दिल्ली की सिपाही सभा के सदस्यों के लिए विदेशी महासमाज के प्रतिवेदन में सुनिश्चित करने के लिए विधि अनुसार नियोजित हैं।

"Fraudulent payment of carriage"

वह वर्तमान अवधि से अलग समिति में कोई नया तथ्य को सामने लाने की क्षमता करता आर

उच्चायुक्त को उपस्थित इस प्रकार के दायित्व के अंतर्गत मुख्य मंत्री दा। यदि उनकी

अंतर्गत सरकार को कोई खिड़की प्राप्त नहीं होती है तो वह मान सूचित करता कि सरकार

शीर्षक/समिति में एक नये तथ्य को स्वीकार कर लिया है और प्रस्ताव पर उनकी कोई

विनिमय

दिनांक

प्रमुख हुसैन अंबानी ने संयुक्त अमूर्त संग सदस्य विल विभाग, विहार सरकार, फटना को सूचना एवं

उड़ान कर रहे अनुपत्त से।

व. लेखाप्रीति अधिकारी/रिपोर्ट (सिविल)

दिनांक

अधिकारी अंबानी से अमूर्त अपनी अंबानी (लेखाप्रीति रिपोर्ट) सम्मान प्राप्त महासमाज?

व. लेखाप्रीति अधिकारी/रिपोर्ट (सिविल)
CHAPTER-IV

RURAL DEVELOPMENT DEPARTMENT

Fraudulent payment of carriage

Fraudulent payment of Rs. 40.33 lakh for carriage of stone metal chips utilized in the work by ignoring the false detection of royalty exemption certificate and substandard execution of road work valued Rs. 87.32 lakh.

The work of widening and strengthening of Muraliya chak-Dumra road (3.68 km in length) under Rural Works Division (RWD), Sitamarhi was executed in 2006. An amount of Rs. 87.32 lakh was paid to contractor vide 4th running account bill (March 2007). However, 80% and final bill for nil amounts was yet to be passed.

A test check (March 2008) of records of RWD disclosed that as per estimate, the stone metal chips were to be procured from Sheikhpuram quarry and accordingly, lead was allowed to contractor. It was observed that against 3086.81cum stone metal and 1207.30 cum stone chips utilized in the work, the contractor availed exemption of royalty on the basis of certificate issued (January 2007) by the Assistant Mining Officer, Sheikhpuram. On verification of the sanctity of the certificate by the division through same mining officer, the letter of the certificate was detected (February 2007). Although, the division detected this fact (22.2.2007) before payment of bill, paid (March 2007) entire amount of bill without any deduction ignoring false royalty exemption certificate. The reasons for payment to contractor without disallowing the carriage from Sheikhpuram to Sitamarhi were not on records. However, after making payment of bill, the division intimated (August 2007) the contractor for recovery of the cost of metal/chips by treating it illegal. But, no recovery was affected as of March 2008.

Further, as the stone metal chips were not obtained from Sheikhpuram quarry, use of substandard quality of the material and substandard execution of road work cannot be ruled out. This fact was also substantiated by the report of the Assistant Engineer, Sub division nos-1 in which he had reported (August 2006) that newly constructed road got damaged at several places during execution. But, neither remedial measures nor any action against the contractor for substandard execution of work was taken by the division till the date of audit.
The division stated (March 2008) that the reply would be sent after verification. No reply has yet been sent. Thus, division favoured the contractor by making transacting payment of Rs 30.53 lakh for carriage of stone metal chips utilized in the work from Sheikhpura quarry by ignoring the false detection of royalty exemption certificate and intimation to contractor for recovery of the cost of material after making payment that too, without any further action. This led to substandard execution of road works valued Rs 87.32 lakh. The matter requires investigation.

The matter was referred to Government (May 2008); their reply had not been received.

Pr. Accountant General (Audit)
Bihar, Patna
Fraudulent payment of carriage

The Division allowed carriage payment of Rs 40.33 lakh despite knowing that the Royalty clearance certificate produced by contractor, in respect of minerals, was fake.

The work of widening and strengthening of Muraliya chak-Dumra road (3.68 km in length) under R.E. (works) Division, Sitamari, was executed in 2006. Rs 87.32 lakh (4th bill/March 07) was paid to contractor while the 5th and final bill for nil amount was prepared but not passed for payment without assigning any reason. According to the estimate/agreement (March 2006), the stone metal chips were to be procured from Sheikhpura quarry. Scrutiny disclosed that the contractor availed exemption from royalty on the basis of a fake royalty clearance certificate of Assistant Mines Officer, Sheikhpura for 3086.81 M³ stone metal and 1207.30 M³ stone chips. It was also noticed that District Mining Officer Sheikhpura on 22.2.07 informed the E.E. R.E.O. Sitamari that the royalty clearance certificate shown to be issued by the Assistant Mining Officer Sheikhpura on 15.1.07 was fake. Despite this, E.E. Sheikhpura on 7.3.07 paid Rs 40.30 lakh on carriage of material. In addition to this, the Assistant Engineer of subdivision no.4 also reported that the newly constructed road got damaged at several places during execution due to use of improper and unauthorized grade of stone metal and chips. Remedial measures taken up by the division were not on record.

In response to audit observation, the Executive Engineer stated that the reply would be sent after verification. But no reply was received till April 08. Thus, the E.E. failed to ascertain the genuineness of receipt of materials from approved quarry and payment of carriage of stone metal and stone chips was made even after the information from the District Mining Officer regarding fake clearance certificate had been received. The E.E did not take any action against the agency submitting the fake clearance certificate. Thus the payment on carriage of materials for Rs 40.30 lakh was fraudulent.
सृष्टि
आई ए एन्ड एस
dियाश्री

मे निवृत्त प्रोजेक्शन समया 277/2007-08 के अंतर्गत 5 मोटाई गई आपूर्तियां के कस्बे का विवरण स्वीकार कर रही हैं। इस क्रिया को नियमक रूप से परीक्षण के 31 मार्च 2008 को समाप्त करने के प्रति मे विनियमित किए जाने की सम्मानित है।

अतः अपरों अनुसार है कि अपना समय कृपया बार प्रायोजन के भीतर इस कार्यलय को भेजे।

अगर इस अद्वितीय मानता में नहीं है तो यह समझाए जाएगा कि आपसे अपकी स्वीकृति है एवं अभिनंदन का दिन है। मानसिक परीक्षण के 31 मार्च 2008 को समाप्त करने के प्रति मे विनियमित किए जाने की सम्मानित है।

पुष्पक नव दिवस की शुभकामनाएँ हैं।

भवानी

*चित्र* 2006 (क्रम)

*चित्र* 2007 (क्रम)

दिनांक 09/5/107

परीक्षा परीक्षा अधिकारी

प्रतिष्ठित अधिकार एवं समाप्त मानसिक प्रभाव, सौभाग्य, अनुभव, संपत्ति एवं सम्बन्ध नियन्त्रण कार्यक्रम है। अनुसार है कि अपना पर कृपया अपना मनोकामना इस कार्यलय का कार्य करने ।

संयोजन देखें परीक्षा अधिकारी
Fraudulent payment of carriage

The Division allowed carriage payment of Rs 40.33 lakh despite knowing that the Royalty clearance certificate produced by contractor, in respect of minerals, was...

The work of widening and strengthening of Murahiya-chak-Duntra road (3.68 km in length) under R.E.O (Works) Division, Sitamarhi was executed in 2006. Rs 87.32 lakh (4th bill/March 07) was paid to contractor while the 5th and final bill for nil amount was prepared but not passed for payment without assigning any reason. According to the estimate/ agreement (March 2006), the stone metal chips were to be procured from Shekhpura quarry. Scrutiny disclosed that the contractor availed exemption from royalty on the basis of a fake royalty clearance certificate of 'Assistant Mines Officer', Shekhpura for 4080.81 M³ stone metal and 1207.30 M³ stone chips. It was also noticed that District Mining Officer Shekhpura on 22.2.07 informed the E.E. R.E.O. Sitamarhi that the royalty clearance certificate shown to be issued by the Assistant Mining Officer Shekhpura on 15.1.07 was fake. Despite this, E.E. Shekhpura on 7.3.07 paid Rs 40.30 lakh on carriage of material. In addition to this, the Assistant Engineer of subdivision no. 1 also reported that the newly constructed road got damaged at several places during execution due to use of improper and unauthorized grade of stone metal and chips. Remedial measures taken up by the division were not on record.

In response to audit observation, the Executive Engineer stated that the reply would be sent after verification. But no reply was received till April 08. Thus the E.E. failed to ascertain the genuineness of receipt of materials from approved quarry and payment of carriage of stone metal and stone chips was made even after the information from the District Mining Officer regarding fake clearance certificate had been received. The E.E did not take any action against the agency submitting the fake clearance certificate. Thus the payment on carriage of materials for Rs 40.30 lakh was fraudulent.

Sr. A.O

D.A.G (Works)
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उपरोक्त सभी का साथ है कि तुम्हारे पास कितने मूल्य है।