

No. G.24011/3/2017-18/F1(B)
GOVERNMENT OF PUDUCHERRY
FINANCE DEPARTMENT

Puducherry, dt. 24th October, 2017

I.D.NOTE

Sub: Finance Department- Distortion of budget and expenditure management by Awarding of Works without call of tender on Nomination basis - Instructions for strict compliance of GFR, 2017 and provisions of CPWD Manual - Issued.

Ref: I.D.Note No.6351/PW/CE/SAO/PO/BCV1A/2016-17 dated 05.09.2017 of the PWD, Puducherry.

Rule 21 of GFR, 2017 states that every officer incurring or authorizing expenditure from public moneys should be guided by high standards of financial propriety and every officer should also enforce financial order and strict economy and see that all relevant financial rules and regulations are observed by his own office and by subordinate officers. **Rule 22 of GFR, 2017** on 'Expenditure from Public Funds' also states that 'no authority may incur any expenditure or enter into any liability involving expenditure unless the same has been sanctioned by a competent authority'. **Rule 57** assigns the responsibility for control of expenditure against the budget on the concerned Department and that such control shall be exercised through the Head of Department (i.e. Chief Engineer, in the present case) and other Controlling Officers, if any, and Disbursing Officers subordinate to them.

Rule 136 of GFR,2017 also stipulates that 'no works shall be commenced or liability incurred in connection with it until administrative approval and sanction to incur expenditure has been obtained from the appropriate authority in each case, a properly detailed design and estimates containing the detailed specifications and quantities of items have been prepared on the basis of Schedule of Rates and sanctioned, funds to cover the charge during the year has been provided in the Budget by competent authority and tenders invited and processed in accordance with rules'.

2. In the light of the letter and spirit of the above provisions, the proposal received from the Public Works Department vide reference cited, seeking additional funds towards settlement of pending payment to the Contractors to a tune of Rs. 115.00 Crores has been analyzed /examined in detail and the following glaring discrepancies have been noticed:

- (i) Non-building category works have been awarded without call of tender on nomination-basis by PWD for which they are not empowered to do so.
- (ii) More than 70% of the liability works have been awarded on nomination basis without call of tender.

OS
26/10

- (iii) Most of the works have been split-up into more number of works for smaller amount in order to avoid getting approval/ sanction of the higher authorities and/or to facilitate award of work on nomination basis.
- (iv) Majority of the works / routine works have been taken up on nomination basis without any urgency involved in the works in violation of CPWD Manual.
- (v) No grouping of works has been done.
- (vi) For most of the works awarded on nomination basis for which liability is shown (i) approval of the competent authority is yet to be obtained (ii) bills are yet to be submitted (iii) estimate is yet to be submitted or (iv) estimate is yet to be prepared.
- (vii) In few cases, it is noticed that the works started on urgency grounds through nomination basis, is yet to be completed even after lapse of several months.
- (viii) Majority of the works have been awarded without call of tenders / with call of tenders, without ascertaining fund/budget availability for the (a) current proposal (b) ongoing works and (c) completed works for which payment is pending.
- (ix) The department has taken up works without budget availability and through nomination basis, as a matter of routine, without any concern for prudent expenditure/budget management.
- (x) Classification of expenditure under Revenue and Capital, depending upon the nature of work has not been properly done.
- (xi) The reason for the huge pending liability is mainly due to lack of planning and budgetary management by the concerned authorities in the Public Works Department and lack of appropriate monitoring and review.

3. The above deviations would attract serious audit objections and could also lead to filing of more number of arbitration cases for payment of award in such works, adding to the financial burden of the Government. In view of the above and in order to execute the works, as per the guidelines of CPWD Manual without any deviation and to ensure financial prudence and proper budget / expenditure management, the following instructions are issued for strict adherence.

- (a) The Department should submit an Annual Action Plan during submission of Budget Estimate every year factoring the liability for ongoing and completed works. The works should be strictly executed as per Annual Action Plan and in strict compliance of GFR provisions and provisions of CPWD Manual.
- (b) No works shall be commenced or liability incurred in connection with it until administrative approval and sanction to incur expenditure has been obtained from the appropriate authority in each case, a properly detailed design and estimates containing the detailed specifications and quantities of

