

GOI Verification Report for the Financial Year 2017-18.

A. General observation-Capital Grant

B. The Governing Board had approved a format for submitting the project proposals for approval. During the verification it was found that the project proposals are not submitted on the specified format.

C. As required by General Financial Rules, 2017 “Open Tenders” have to be called for the works costing Rs.5/- lakhs to Rs.30/-lakhs and limited tenders to be called for works costing less than Rs.5/-lakhs, Rule 139 (iv) & (v), Pg 46.

Annually about Rs.15/-Crores are being spent on civil works from GOI Grants on various projects in Auroville, without inviting Tenders.

During the period when Work Allocation Team (WAT) under TDC was functional, tender for construction work costing more than 2 crores were called but even this practice has stopped since July 2017. However, none of the projects of SAIER followed the tendering process.

The present practice in Auroville, is that a Project Holder selects an Architect and then either Architect or the Project holder nominates the Contractor. The Contractor executes the work based on the finished item rates approved by Dr S. Kothandaraman, a professor in Pondicherry Engineering

College (PEC). The reference of rates are taken by the Pondicherry Schedule of Rates which has got much more cushion on unit rates. **However, the reference of rates for Auroville Project shall be Delhi Schedule of Rates (DSR) as Auroville Project falls under the Central Govt Grant.**

In the best of scenario, the Unit item rates shall be analyzed for specific condition at Auroville and the same should be applicable for all the projects.

In the absence of Tendering and competitive technical & price bidding system there is huge monetary loss to the Govt of India Grant through Av Foundation, as there is quite good % of cushion in the Pondicherry Schedule of Rates (PSR).

D. For Staff Quarters as per GOI Rules the type of accommodation admissible is Type IV with the living area of not more than 75 sq.m.

It has been observed that the Teacher's quarter constructed by SAIER is in excess of above norms due to which huge amount is being spent for lesser no of units while, if the norms are followed scrupulously, the same amount of Grant may give more number of staff quarters.

Here again, it is important to analyze, whether these staff quarters are going to be effectively utilized for what purpose and how Auroville is going to be benefited from it.

When there are so many Aurovilians renting places outside Auroville auspices for their accommodation, is it worth spending such an amount on this aspect of work.

In SAIER Staff quarters project, there are repetitive type of buildings/ Blocks being constructed. However, for each block the Architects are paid @ 3% instead of ½% for the repetitive design as per the Rules.

E. Sub standard quality of steel used in construction.

In general it is noticed that the estimates approved by the PEC staff contains first (1st) grade of steel reinforcement bars but while executing the construction work has been carried out with inferior quality of steel bars. In addition, these steel reinforcement bars are monitored and approved by the staff of PEC, which leaves nearly Rs. 9/- per kg of steel as excess fraudulent billing through the submitting RA Bills. Integrity of PEC staff is under question along with the spirit of Aurovilians involved in the project.

F. Approval of Detailed Estimates/ Certifying the RA Bills and issuing the completion certificate including being involved in the project as a structural engineer, by the same individual staff of PEC is seen as an irregular practice.

Detailed Observation:

1.Housing grant disbursed to Housing Service:

During the financial year 2017-18 a total sum of Rs.2,56,56,232/- was disbursed to Housing Service for the following projects:-

i)	Human Scape-1.A.	Rs.1,56,91,793-00
ii)	Human Scape-1.B.	5,50,000-00
iii)	Youth Housing Project-X	30,34,364-00
iv)	Youth Housing project-Y	34,70,685-00
v)	Human Scape-1A-	28,94,890-00
vi)	Vibrance Housing.	<u>14,500-00</u>

- a. As per CPWD Works Manual for construction works costing between Rs.2 to 5 crores the approved fee for preparation of detailed estimate (BOQ) the is $\frac{1}{2}$ % while for works more that Rs.5 Crores the charges are only $\frac{1}{4}$ % of the total cost of the project.

However, Dr. Kothandaraman from PEC has approved for Humanscape Project the charges for BOQ preparation as 1%.

B.Structural Design.

As per CPWD Works Manual for structural design the charges are 0 .75% for the works between Rs.2 to 5 Crores.

As per the statement received from Housing Service, the approved RA Bills was for Rs.4,35,02,503/- While total fee claimed and approved by Dr. S. Kothandaraman for the Humanscape Project, is Rs.3.45 lakhs, out of which Rs.2/- lakhs was paid to AVDC for structural drawings and 1.45 lakhs was towards structural Engineering Fees. However, the total expenditure on this account cannot exceed more than 0.75% of Rs.4,35,02,503/- which is equal to Rs.3,26,269/-. Thus there is excess payment of Rs.18,731/-.

It is important to verify the repetitive number of buildings because only 0.5% is to be charged towards the each repetitions of the building.

C.

Irregular/ in admissible expenditure - Humanscape project		Remarks
1 Travel and Conveyance	<u>Amount</u>	
<i>Bills submitted by Auroville design consultant for to cover the Travel and conveyance of Mr.sanjay prakash for the purpose of consultancy for green building benchmarking</i>	23,530.00	
2 Salary		
<i>Salary for the project Manager working in Humanscape project for the month of April, May and June'16</i>	112,800.00	TDS not deducted

3 **Solar Materials**

*Invoices submitted by sunlit
Future for Humanscape GOI
project* 793,194.00

*Being the amount paid as an
advance to Humanscape project
for paying to Sri ganesh
electronics for purchasing fridges
and washing machines for the*
4 *humanscape project Trf No:8116* 204,000.00

*Being the amount paid as an
advance to Humanscape project
for paying to Aqua dyn for
purchasing two number of water
filters for humanscape project Trf*
5 *No:8117* 81,420.00

*Being the amount paid as an
advance to Humanscape project
for paying to singapore steel
house for purchasing gas stoves*
6 *Trf No:8120* 25,500.00

*Being the amount paid as an
advance to Humanscape project
for paying to Sri Traders for
purchasing bison tables Trf*
7 *No:8121* 64,800.00

*Being the amount paid to
Gas service for purchasing gas
stoves for humanscape project*
8 *Trf No:8122* 16,746.00

<i>Being the amount paid to Alexy for purchasing household items for Humanscape project Trf</i>	
9 No:8123	8,412.00
Total	<u>1,330,402.00</u>

2.SAIER Construction.

- 1) For the Financial year 2017-18 SAIER had submitted Budget proposal as follows:

For Construction Rs.591-00 lakhs/ Grant received
Rs.339.53 lakhs

For Equipmetns Rs.40-00 lakhs / Grant received Rs.41.15
lakhs.

Observation:

- a) During the verification it was noticed that there are variations in the proposal submitted and the actual works executed.

A total amount of Rs.91-63 lakhs was diverted for executing the works which were not originally proposed and approved by the Board. The details of which are as follows:-

Details of grant diverted on non approved projects:-

- a) Dehashakthi Sports covered play area Phase-1 Rs.16.75 lakhs.
- b) Do Phase-II Rs.18.35 lakhs.
- c) Kuilapalayam Cultural Center Office Building Rs.16.74 lakhs.
- d) AV Sports Resource center-Toilet Block Building Rs.10.29 lakhs.
- e) AV Tinkering Lab-Science Lab Building Rs.1.04 lakhs.
- f) Deepanam School ATB Hall Building Rs.0.94 thousand.
- g) Aranya Project Multipurpose Hall & Toilet Building. Rs.20.42 lakhs.
- h) Kindergarten School Parking Shed Building. Rs.7.10 lakhs

Execution of all the above projects, without the Administrative approval of the Governing Board is a highly irregular practice. SAIER to furnish clarification for diversion of funds and get the Boards ratification of the above expenditure.

Further, the above irregular diversion needs to be ratified by the Foundation & Governing Board.

This shows the lapse of effective Monitoring by GOI Group.

- b) The Governing Board had approved a format for submission of Plan Grant proposals. This is not at all

followed by any of the projects at present. The GOI Grant Group to clarify why this is not being followed.

c) Non adherence of GFR 139.

As per GFR 139 open Tenders have to be called for the works costing Rs.5/-lakh and above. During the year SAIER has executed several works (about sixteen nos) without inviting the Tenders. Violation of GFR Rule brought to notice for regularizing.

d) Unity Pavilion Toilet Block.

SAIER in its Budget proposal it has proposed to build this Toilet Block for Rs.7/- lakhs. However, the total cost approved by PEC was Rs.29,31,386/-

Any additional expenditure over and above the approved budget needs Foundation/ Boards ratification. Till date request for ratification has not been made by SAIER, it continues to incur expenditure. As on 31.03.2018 Rs.14,06,143/- has been incurred on this project.

Architect Fees of Rs.82,343/- was paid to Pierro Cicionesi without deducting the TDS.

e) Auroville Library Extension.

PEC had approved the total cost of the work for Rs.27,80,930/-. However, an additional expenses of Rs.3,96,498/- has been incurred without getting the prior approval of Auroville Foundation. Justification for the additional expenses may be furnished.

f) Auroville Sports Resource Center-Toilet Complex

PEC had approved the total cost of the work for Rs.13,62,234/-. In this case also there is an excess expenditure of Rs.74,252/- which needs to be ratified by the Foundation.

g) SAIER Staff Quarters Phase-1.

PEC had approved the total cost of the project at Rs.94,17,836/-. Tenders were not invited the work was awarded to Mahasaraswati Construction.

On the project the additional expenditure incurred was Rs.14,34,521/- . Administrative & Financial approval was not obtained from Auroville Foundation to incur additional expenses which is highly irregular and violation of Rules provision.

h) SAIER Staff Quarters Phase-II & Phase-III.

The cost of the projects are Rs.99,27,684/- & Rs.1,04,81,085/- respectively. For both the projects Tenders are not invited and the contract was awarded to Auroville Construction units.

i) SAIER Staff Quarters Prosperity Phase-I & Phase-II.

The cost of the projects are Rs.99,90,501/- & Rs.1,07,90,436/- respectively. In this case also Tenders are not invited.

j) Steel used in construction.

PEC had accorded approval of steel works @Rs.72-93 for the Tata steel or JSW steel. However, in all the above construction the contractors have used Surya Dev steel costing Rs.37-50 to Rs.39-50 per kg in the construction of Staff Quarters-Prosperity by Nala Builders and by Mahasaraswati TMT and Surya Dev steel are used costing only Rs.34/- to Rs.37/- per KG.

It is not clear how PEC has approved the RA bills for steel @ Rs.72-93 per KG.

This issue needs to be further investigated by a Technical person and excess claim needs to be recovered.

k) Savitri Bhavan Picture Gallery.

Rs.9,15,620/- was paid to New Dawn Carpentry.
Detailed bill for the work done was not available.

Infrastructure works:

3. Infrastructure Electrical works by AVES 2017-18 from GOI.

1. Grant of Rs.1,41,65,326-00 was disbursed during the financial year to AVES by GOI Grant Group.

2. Improper planning and execution of works.

TDC/ WAT issued approval for purchase of HT Cables on 31.12.2016 for its use in Admin Area. However, the purchased cables, to the extent of 1500 mts could not be used till date, for non-issuance of Work Order by the TDC.

Observation:

The improper planning and purchase of cables has resulted in dead investment of about Rs.23-76 lakhs. TDC/ AVES may clarify why the cables could not be laid till date?. Further, what precautions have been taken for

the safe custody of the Cables. What is the present status of these Cables?

3. Admin Area-HT Electrical Room.

For Admin area HT Electrical Room work, the Architect fees of Rs.35,045/- @ 5% of the estimate was approved. However, final amount paid to the Architect was Rs.58,217/-.

Observation:

The excess payment to the Architect needs to be clarified. Further, as per CPWD Rules only 3% is allowed as Architect Fees.

4. Maduca TNEB Charges.

The following amounts have been shown as disbursed towards Maduca TNEB charges:

2015-16.....	RS.1,35,999-00
2016-17.....	Rs.3,61,874-00

Perusal of the records shows that it is EMD amount paid for additional load consumed by the Maduca Community.

Observation:

Such expenses should be borne by the Maduca Community.

It is highly irregular to book the above expenditure under Capital Grant. The total amount of Rs.4,97,873-00 needs to be refunded to Auroville Foundation/ GOI.

5. Meetering work.

For Maduca Residential Zone a total sum of Rs.16.57,983-00 was spent for installation of sub meters.

Since it is a Residential Zone the total cost should be borne by the Maduca residents. Booking of such expenses under GOI is highly irregular.

6. Purchase of high value items without following GFR Rules.

It is noticed that LT Panels and other high value items are purchased without calling Tenders.

7. LT Improvement works.

The expenditure incurred on LT Improvement work in 2017-18 are as follows::

- | | | |
|------|-----------------------------|-----------------|
| i) | LT Improvement work-Aurodam | Rs.30,67,901-00 |
| ii) | do -Center Field | Rs.17,27,961-00 |
| iii) | do -Kinder Garden | Rs. 7,47,052-00 |
| iv) | do -Savitri Bhavan | Rs.17,30,801-00 |

v)	do	-Sincerity	Rs.12,22,168-00
vi)	do	-Surrender	<u>Rs. 89,737-00</u>
		Total	<u>85,85,620-00</u>

Observation:

The above expenditure should have been covered under City Service Budget and not from GOI Grant.

It is not clear whether the above works were approved by the Foundation/ Governing Board.

8. Completion certificates for all the above mentioned work are not issued by a qualified Engineer, after completion of the project. Hence, real status of these projects is not known.

9. For each project, estimates are prepared by AVES, the works are executed by AVES only and bills are also raised by AVES only without indicating the actual measurement of the works executed.

Observation:

In the absence of certification of work by a qualified Electrical Engineer, the expenditure incurred could not be justified.

10. It was noticed that in respect of the following works the unspent balances are lying since 31.3.2017:

- I) Admin area-100 KVAR APEC Panel...Rs.9,646-00
- II) Admin area-3 lineup VCB Panel Rs.6,091-00
- III) Admin area reactor panel bank
Rs.95,943-00

The unspent amount should be refunded to Foundation.

11. It is noticed that the GOI Grant Group is not exercising due diligence while disbursement of grants to the projects.

4. Infrastructure Road works.

1. Wasteful expenditure of Rs.1,32,325-00

For laying Earth Poured Concrete from Courage to Solar Kitchen the following expenditure were incurred:-

- i) For Survey by AVSM Survey and Mapping a unit of Auroville Rs.36,000/-. The work was carried out by Julio an aurovillian.
- ii) To Earth Institute for study on the above road Rs.51,325-00

- iii) To Pondicherry Engineering College for verifying and certifying the BOQ Rs.45,000/-

After spending the total amount of Rs.1,32,325-00 the Auroville Road Service was unable to lay the proposed road, as the land is not owned by Auroville.

Observation:

Auroville Road Service/ TDC/ GOI grant group may clarify the serious lapse and refund the total amount of Rs.1-32 lakhs to Government.

Further, the charges by AVSM & Earth Institute are seems to be exorbitant.

2. Exorbitant / wasteful expenditure incurred on Solar Kitchen round about Circle work.

It is noticed that the following expenditure are incurred over the years for work done on Solar Kitchen round about circle:

Initial expenditure on the SK Circle.	Rs.18,80,464-00
Extra work on the SK Circle.	6,86,973-00
Modification work on SK Circle.	<u>84,008-00</u>
	26,51,445-00

Proposed further modification as

Advised by IIT, Chennai (not done) 1,14,760-00

Total **27,66,205-00**

Observation:

Such wasteful expenses to be stopped immediately, any further expenditure on this work needs to be carried out with the specific approval of Auroville Foundation after obtaining a Technical review.

TDC/ GoI Grant Group to furnish clarification on the above.

3. Repaving and removing speed hump MM to VC.

The total expenditure incurred on the above stretch of work is Rs.46,55,863-00 is extremely high needs to be justified.

4. Cycle Path.

Rs.5/- lakhs has been spent on Cycle Path is also very high.

5. Crown Road and Radial Roads.

The GOI grant was originally sanctioned for laying Crown Road and Radial Roads. It is noticed that AVRS is not focusing on the development of Crown & Radial Roads

rather spending annual grant more and more on upgrading already existing Roads.

Observation:

AVRS & TDC may clarify till date how many KMs of Crown & Radial Roads are laid and the expenditure incurred on the same.

6. Sewer project.

AVRS has spent a total sum of Rs.34-50 lakhs for laying the sewage line from Kalpana Housing project to Maitreye in order to collect the sewage water from all the residential communities to the treatment plant at Maitreyee and then pump the recycled water back to the various residential communities for its use in Garden.

Observation:

The above expenditure should to be supported by City Service Budget and not from GOI.

5. Infrastructure VORTEX DEWATS

7. CSR RZ-Vortex.

On RZ-Vortex DEWATS System for Residential Zone the following amounts have been spent by CSR;-

i)	2016-17	Rs.20,77,508-00
ii)	2017-18	33,68,646-00
iii)	2018-19 15.1.)	<u>30,07,000-00</u> (spent Rs.15-71 lakhs till 15.1.)
	Total	<u>84,53.154-00</u>

Detailed approved bill of quantities are not available, only preliminary estimate approved by Bremen Overseas Research & Development Association , Bangalore for a sum of Rs.31,82,439-00 was available for the financial year 2017-18.

Observation:

As per the prevailing practice in Auroville i.e all the works are approved by PEC, it would be better to get the PEC approval for such works.

Further, for each financial year the detailed approved quantities with the expenditure incurred needs to be certified by the competent Technical Authority i.e PEC.

Consultancy Fees of Rs.One lakh has been paid to Gill Bully Cot, the works are executed as per the advise of Bremen Overseas Research & Development Association, the need for paying consultance fees of Rs.1/- lakhs needs to be justified.

Further, payment of such huge consultancy fees is not as per the GFR Rules.

The above expenditure to be supported by City Service Budget and not from GOI.

6..Infrastructure –OFC Work.

B. GOI verification Report Grant General

1. Working Committee / FAMC

For the financial year 2017-18 Working Committee /FAMC had received Grant of Rs.45/- lakhs.

Accounts are not maintained as required by Financial Rules. In support of expenditure incurred proper bills/ vouchers are not available In the absence of basic account records, it is not clear how Chartered Accountant have audited the accounts and incorporated it in the consolidated accounts of Auroville Foundation.

2. Rs.11,500-00 paid every month to ACUR for Office Space of the Working Committee. Such expenses are not covered under GOI grant.

3. Every month there is a payment of Rs.7,000/- as Monthly Budget. It is not clear for what purpose this payment is made. Needs to be clarified.

4. On 20.7.17 Lap Top was purchased for Rs.32,400/- from Indica Computers. Purchase of Lap Top is not admissible as per GFR.

5. On 3.8.17 the following expenditure are incurred:

i)Purchase of Desk Top.....Rs.61,800-00

ii)Purcashe of Tally.ERP Gold South Asia ...Rs.63,720/-00

The justification for the above purchase be submitted.

6. The following payments needs to be justified, as the individuals are not Working Committee Members:

a) Payment for Eric Bunty-Rs.2/-lakhs WC PR Desk.

b) Payment to ICC Surya Rs.1/- lakh.

7. On Travel Rs.2,94,746-00 was spent towards air fare / taxi and boarding and lodging expense. The expenses seems to be very high. The purpose of travel and a brief summary of

visit and its outcome needs to be submitted to Auroville Foundation.
