

From

Director, Urban Local Bodies,  
Haryana, Panchkula

To

1. All the Commissioners of Municipal Corporations in Haryana State.
2. All The Chief Engineers/Superintending Engineers/Executive Engineers/Municipal Engineers of Municipal Corporations/Councils/Committees in Haryana State.
3. All the Executive Officers of Municipal Councils in Haryana State.
4. All the Senior Accounts Officers/Accounts Officers/Accountant of Municipal Corporations/Councils/Committees in Haryana State.
5. All the Deputy Directors/Resident Audit Officers of Local Funds Accounts in Municipal Corporations/Councils/Committees in Haryana State
6. All the Secretaries of Municipal Committees in Haryana State

Memo No. DULB/St.A/2014/ 32525-602

Dated: 10-7-14

**Subject: Instructions regarding allotment of works.**  
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On the subject noted above.

2. I am directed to inform that it has come to the notice of this office that the following wrong practices are being adopted by the municipalities in the field during allotment and payment of the development works:

a. Municipalities recommend the case of approving higher rates to the competent authority for the allotment of work to the contractor, in which sometimes there are non-schedule items. The competent authority approves the rates as per the recommendation of municipality and hence while doing so above rates on non-schedule items get approved. It is a wrong practice because non-schedule items are based on market rates and analysis are prepared keeping in mind all the applicable taxes, market prices and contractor's profit. As the rates include contractor's profit and are based on latest market rates, thus rates in excess of analysed rates of non schedule items cannot be allowed in any case.

b. Financial irregularities have also been noticed in municipalities while making the payments of development works to the contractors. An example of such irregularities is placed below:

An DNIT is prepared in which there are items based on HSR as well as analysis based on quarry rates (especially in case of road works) and non schedule items e.g.

HSR Item No.	Quantity	Particulars of items	unit	Rate	Per	Amount
6	a	Some HSR item	cum	A	cum	Aa
10	B	Another HSR item	cum	B	cum	Bb
Analysed item	c	Item based on Quarry rates	cum	C	cum	Cc
NS	d	Non-schedule item	each	D	Each	Dd
				Total (Aa+Bb+Cc+Dd)	Amount	Say 'X'

After inviting tenders, let us say following rates are allotted to the agency.

HSR Item No.	Quantity	Particulars of items	unit	Rate	Per	Amount	Rates allotted to the agency	Amount as per allotted rates	% above estimated rates
6	a	Some HSR item	cu m	A	cu m	Aa	e	ae	E% above
10	b	Another HSR item	cu m	B	cu m	Bb	f	fb	F % above
Analysed item	c	Item based on Quarry rates	cu m	C	cu m	Cc	g	cg	G% below
NS	d	Non-schedule item	ea ch	D	ea ch	Dd	h	dh	H% above
				Total (Aa+Bb+Cc+Dd)	Amount	Say 'X'		Say 'Y'	Say 'Z%' above (Overall)

It can be made out very clearly that the value of 'Z' keeps on changing with every change in the value of a,b,c and d. Also it is very much clear from the above table that which item is more profitable and which item is either in loss or non profitable or less profitable. It means that when the quantity of more profitable items is increased or quantities of less profitable items are decreased, then the value of 'Z%' increases which is wrong because in no case the value of Z should increase. Also at the time of inviting tenders one contractor quoted the rates of one item higher than the other and lesser rate in another item and due to financial statement work is allotted to first lowest contractor. In case the quantities of the items executed by the contractor whose rates are higher than succeeding contractor and less quantities of the items are executed whose rates are lower than the succeeding contractor then it could happen that if the work could have been executed by the succeeding contractor, the amount of payment would have been lesser than the actual paid which means that L-1 does not remain L-1 and L-2 becomes L-1 in such cases. It is how such a hidden financial irregularity often happens.

c. It is also seen that the amount shown in the Letter of allotment/Letter of acceptance/work order is usually the estimated amount whereas on the work order/Letter of acceptance/letter of allotment, there should always be mentioned agreement amount which is always based upon approved rates of the contract and in no case the payment of the work should exceed the restricted amount of the agreement which must be mentioned on the Work order/Letter of Acceptance/Letter of allotment.

3. So keeping in view of above, all the municipalities are hereby directed to comply with the following instructions, to avoid the above mentioned irregularities:

- a) In no case, municipalities will allow the rates in case of non-schedule items higher than the analysed rates as approved by the competent authority i.e. no tender premium is to be allowed over the NS items.
- b) All the municipalities shall indicate the agreement amount to be restricted and the overall percentage of work above estimated rates in the letter of acceptance/letter of allotment/work order with a condition that the amount of payment of work should not exceed the overall percentage rate of work i.e. amount of payment of executed quantities when compared with estimated rates should not exceed the overall percentage of work at which the work was allotted.
- c) In no case, amount of work done in excess of the restricted agreement amount as per work order/letter of allotment/letter of acceptance be allowed.



Executive Engineer-IV

For Director, Urban Local Bodies, Haryana,  
Panchkula