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Corruption in construction and management of resources

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A10) Corruption in Construction and Management of Resources

The following report from one diocese of the Church of South India is an example of the mechanisms in misappropriation of funds in construction of buildings, management of land resources and project funds which may help to improve accountability.[286]

Summary of the Report of Mr. Joseph V. George, the one-man Commission appointed by the Bishop of CSI Madhya Kerala Diocese to study the Financial situation of the Diocese during the period 1996/97 to 2001/02, submitted in December 2002.

1. During the period under review, CSI Madhya Kerala Diocese (CSIMKD) spent Rs.86 million without any budget provisions.
2. During this period, the diocese incurred a liability up to Rs.83 million due to irregularities and cross-sector expenditure
3. During the period, the diocese spent Rs.85 million for various construction projects. However, the statutory requirements for carrying out such works like estimate of expenses, tenders, schedule of work, and work completion certificates are neither kept in the office nor brought to my verification when asked for.
4. Final bill for each work was prepared without examining the work by responsible committees and without calculating the amount to be paid by the architects/engineers
5. Before the work is completed, double or more than double the estimated expenditure is paid out.
6. When actual expenditure exceeds the estimated expenditure, usual practice is to prepare a revised estimate and to give administrative sanction for that. But this procedure is never practised here.

[286] Summarised and translated from Tamil by John Itty, Kerala/India.

7. In the estimates prepared by the architects, the quantity of steel rods and cement is not worked out.
8. As the measurement of steel rods required is not mentioned the quantity and cost of steel rods actually used cannot be calculated.
9. In order to prepare this kind of improper estimates, the services of one architect is used for all works by paying 3% of the total cost as architect's fee.
10. When the bill of the contractor is passed, the usual procedures – architect examining the quantity and quality of the work and engineer checking the measurement of work and calculating the cost – are not observed.
11. In the light of my verification, it is evident that in the matter of construction work in the CSIMKD, there are serious irregularities.
12. The practice of paying big amounts for various constructions without obtaining 'stage completion certificate' amounts to breach of trust and serious irregularity.
13. Rooms in the shopping complex are rented out to 36 persons without obtaining security deposits. Further, uniform principle is not followed for collecting security deposits from leases.
14. Rooms are leased out to 17 persons without obtaining lease deeds from them.
15. Out of Rs.16 million received from people for various endowments, Rs.12 million is not invested.
16. The records of CMS Press shows that the diocesan publication division is running on profit. But, the accounts of the printing school show recurring losses every year.
17. For the last many years, plantations of the diocese are not making profit. The diocese is not receiving statements of income and expenditure from the plantations, and the diocese did not take any efforts to examine this situation.

18. The money to be received from advertisements in the property of the diocese is not received.
19. There is no evidence of any committee of the diocese objected any of the irregularities to protect the interests of the diocese – cross-sector expenditure, expenditure without budget provisions, misuse of funds, payments in excess of contracted amount and non-observance of normal procedures in carrying out construction work.
20. Rs.0.6 million and Rs.0.63 million is used respectively for the send-off to Bishop Sam Mathew and the installation of Bishop Thomas Samuel.
21. All these years, in the matter of construction works executed in the diocese, the person to question and to be questioned was one and the same.
22. No money from Rs.1.9 million collected from the people for Gujarat Earth Quake Relief Fund was spent for that purpose.