
OVERVIEW

The Report includes three chapters containing five reviews, one long paragraph and 24 paragraphs dealing with the results of performance audit of selected programmes and schemes as well as audit of the financial transactions of the Government.

The audit has been conducted in accordance with the Auditing Standards prescribed for the Indian Audit and Accounts Department. Audit samples have been drawn based on statistical sampling methods as well as on judgement basis. The specific audit methodology adopted for programmes and schemes has been mentioned in the reviews. The audit conclusions have been drawn and recommendations made, taking into consideration the views of the Government.

A summary of the important findings is given below:

1. National Rural Health Mission

The National Rural Health Mission (NRHM) was launched in April 2005 by the Government of India to bring about significant improvements in the health status of the rural population. The Mission sought to provide universal access to equitable, affordable and quality health care facilities in rural areas.

A performance audit of implementation of NRHM revealed that baseline surveys were not completed, Perspective Plans for the Mission and Annual Plans for districts, blocks and villages were not prepared regularly. The objective of the Mission to bring all health care activities under one umbrella was not achieved. The State Government did not contribute its share of 15 *per cent* funds during 2007-08. Funds amounting to Rs 2.12 crore were diverted from NRHM's funds to a State scheme during 2007-08. Funds remained unspent at the State Health Society/ District Health Societies level, thus defeating the goal of improving public spending in the health sector. None of the health care centres in the State were upgraded as per the Indian Public Health Standards. Despite provision of contractual appointments, there was a shortage of medical and para-medical staff. In 10 out of 12 test-checked districts, 101 Primary Health Centres were functioning without doctors. The fifth module training was not imparted to any of the Accredited Social Health Activists in the State. In the test-checked districts, 49 to 58 *per cent* of pregnant women were not registered in health centres during their first trimester. Targets set for spacing and terminal methods for family planning were not achieved. The current status of maternal mortality rate and infant mortality rate in the State remained high. Spectacles were not supplied to 30,715 out of 57,191 children suffering from refractive errors during 2005-09 in the test-checked districts. Due to non-formation of monitoring and planning committees, appraisal and evaluation of activities could not be ensured.

(Paragraph 1.1)

2. Construction and Maintenance of Roads and Bridges under the Build- Operate and Transfer scheme

The Government decided to involve private investors under the scheme called Build, Operate and Transfer (BOT) for construction and improvement of roads and bridges. It also decided to strengthen, widen and improve 15 State roads by providing subsidy upto 66 *per cent* of the estimated cost to private investors by issue of bonds and borrowings through the Madhya Pradesh Infrastructure Improvement Fund Board (MPIIFB). The investor was authorised to recover the capital invested by collecting toll tax from the users. This type of scheme was commonly called bond BOT. Initially, the schemes started in the year 2000 with 14 works which included strengthening and widening of five roads, construction of five bypasses and four bridges under BOT at a cost of Rs 176.03 crore and strengthening and widening of 13 existing State Highways at an estimated cost of Rs 901.52 crore, with Government support of Rs 462.74 crore as subsidy under bond BOT through the Madhya Pradesh Road Development Corporation. Due to improper location of a toll booth on the Satna-Amarpatan road, users not using the toll road also had to pay toll tax. Cases of delays in construction of roads were observed. The Dhar-Gujri road under BOT was delayed by 1594 days. In respect of 10 roads under bond BOT, the delays ranged from 486 to 1860 days.

Improper bid evaluations led to extra toll collection of Rs 315.90 crore. Authorisation of toll collection on incomplete roads not safe for commercial operation, resulted in undue benefit of Rs 9.96 crore to the investors. Cases of sub-standard work involving Rs 18.05 crore and incorrect sanction of 804 extra days of toll collection, resulted in additional toll collection amounting to Rs 15.76 crore. A case of undue advantage to investors due to non-renewal of road surfaces in five years amounting to Rs 43.49 crore and another of non-measurement of maintenance work of Rs 71.89 crore were also noticed.

(Paragraph 1.2)

3. Calamity Relief Fund

The Calamity Relief Fund (CRF) was constituted by the Government of India with the specific objective of providing immediate relief to victims of natural calamities. The Fund was created with 75 *per cent* assistance of the Central Government and 25 *per cent* contribution from State funds.

Audit of CRF revealed that Rs 1.80 crore assigned for relief works was not utilised as of March 2009 and was available with the executive agencies. Irregular transfer of Central funds of Rs 4.31 crore to State revenues was also noticed. Irregular payments of relief amounts of

Rs 15.21 crore were made in Balaghat and Panna districts. Payments of relief assistance of Rs 20.73 crore to victims of natural calamities were delayed by one to 36 months, thus defeating the main objective of the CRF guidelines. During 2004-05, Rs 4.73 crore was spent on 114 relief works in 13 *tehsils*, which were not affected by drought. Cases of excess expenditure on material components and expenditure in excess of administrative approvals were also noticed.

(Paragraph 1.3)

4. Information Technology Audit of 'Panchlekha' Software of Directorate, Panchayati Raj

The 'Panchlekha' software was designed for financial accounting in Panchayati Raj Institutions (PRIs) with the objective of effective management of funds provided to the PRIs by various agencies. The Directorate, Panchayati Raj, assigned the task of development of software to the National Informatics Centre and that of purchase of hardware and creation of infrastructure for Panchlekha to the National Informatics Centre Services Inc., a Government of India enterprise under the National Informatics Centre. Maintenance of accounts in the prescribed format was not done and monthly data was not fed into the software. Provision for compilation of data was not available at the district level. The department utilised Rs 10.43 crore on purchase of hardware and training and creation of infrastructure for implementation of the software in the State. However, due to absence of input data from *Gram Panchayats* and *Gram Sabhas* in the accounting proformas at the district level, the system was not functional. Thus, the entire expenditure incurred on implementation of the software proved to be unfruitful.

(Paragraph 1.4)

5. Information Technology Audit of Headstart programme of Rajiv Gandhi Shiksha Mission

The Government launched a computer education programme called Headstart for schoolchildren during the year 2000. The project was intended to bridge the digital divide with the objective of familiarising schoolchildren in rural areas with Information Communication Technologies. As on date, 3,361 Headstart Centres had been established in the State and the total expenditure incurred on the project during the last five years ending 2008-09 was Rs 41.28 crore.

The *Rajya Shiksha Kendra*, Bhopal allots contingency funds to all the Headstart centres in the State. Though 42 out of 64 Headstart centres of Bhopal district and 40 out of 77 Headstart centres of Vidisha district were not functional due to various reasons, funds continued to be provided to all of them. Further, 10 out of 11 Headstart centres were non-functional due to unrepaid hardware in the absence of annual maintenance contracts and lack

of power supply. Inadequate supply of educational compact discs and non-availability of trained teachers were also observed at the centres. Science clubs were not formed at the centres as envisaged in the programme. Due to inadequate security of the equipment procured, 199 personal computers, two monitors, 48 uninterrupted power supply units, three batteries and 12 printers were stolen from 117 Headstart centres.

(Paragraph 1.5)

6. *Integrated Audit of Public Health Engineering Department*

The Public Health Engineering Department provides safe drinking water to the rural and urban population of the State. Integrated audit of the department revealed inadequate financial controls, poor operational and material management, deficient contract management and lack of an internal control mechanism. There were persistent savings ranging between Rs 65.11 crore and Rs 241.64 crore during 2004-09. Cases of parking of Rs 43.31 crore under 'Civil Deposits' to avoid lapse of funds during 2005-06 and 2006-07 were observed. Contrary to provisions of the Madhya Pradesh Works Department Manual, Rs 154.48 crore was allotted during the last 10 days of the financial years during 2005-08. In Katni Division, works of laying water pipelines under 32 rural piped water supply schemes valuing Rs 1.55 crore were executed departmentally without the approval of the competent authorities. Articles valuing Rs 19.72 crore were not utilised in 18 separate divisions. In 11 divisions, physical verification of articles under material-at-site accounts had not been done since November 2007. In six divisions, articles valuing Rs 2.68 crore were irregularly purchased from the Madhya Pradesh State Consumer Co-operative Federation without inviting tenders. There was no internal audit wing in the department and inspection of divisional offices by the authorities was not being done regularly.

(Paragraph 3.1)

7. *Audit of Transactions*

Audit of financial transactions of various departments of the State Government and their field functionaries revealed instances of losses, wasteful/excess expenditure, avoidable expenditure and other irregularities involving Rs 152.88 crore.

Some of the important findings are given below:

Non-observance of codal provisions led to embezzlement of Rs 5.12 lakh in the office of the District Election Officer, Sheopur.

(Paragraph 2.1.1)

Fraudulent drawal of Rs 31.51 lakh in the office of the Deputy Director, Agriculture, Satna for payment of subsidy on distribution of seeds to farmers was noticed.

(Paragraph 2.1.3)

Chief Medical and Health Officers (CMHOs) failed to submit insurance claims as per the prescribed procedure which led to a loss of Rs 5.38 crore under the *Vijaya Raje Janani Kalyan Beema Yojna*, as the claims were rejected by the Insurance Company.

(Paragraph 2.1.5)

Adoption of incorrect base indices for calculation of escalation costs resulted in excess payment of Rs 52.18 lakh to contractors.

(Paragraph 2.2.2)

Incorrect estimation of earthwork led to incorrect evaluation and finalisation of a tender at an additional cost of Rs 1.06 crore.

(Paragraph 2.2.8)

Executive Engineer, Madhya Pradesh Housing Board division Katni executed (November 2002) a sale deed for purchase of disputed land for Rs 6.72 crore by changing the payment terms stipulated in the agreement executed in January 2002. This led to undue benefit to the seller and idling of land.

(Paragraph 2.4.1)