

OVERVIEW

This Audit Report has three chapters. The first chapter has four reviews (including one on information technology) dealing with the results of performance audit of selected programmes and schemes of the Government. The second chapter has 14 audit paragraphs arising from the audit of financial transactions of the Government. The third chapter contains results of integrated audit of a Government Department.

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. Audit conclusions have been drawn and recommendations made, taking into consideration the views of the Government, wherever received.

A summary of the important findings is given below :

1. Management of Co-operative Sugar Mills

Co-operative Sugar Mills (CSMs) play a vital role in improving economic conditions in rural areas of Tamil Nadu, where the livelihood of 4.23 lakh sugar cane producing farmers are dependent on these mills. There are 15 CSMs in the State. The Commissioner of Sugar regulates, monitors and supervises these CSMs and also implements all Government schemes related to them.

A performance audit of the management of CSMs covering the period from 2004-05 to 2008-09 revealed the poor financial status of the CSMs. Accumulated losses of CSMs in the State were Rs 1,475 crore. Diversion of sugar cane from the CSMs to other mills resulted in additional transportation cost of Rs 1.25 crore for the six test-checked CSMs. Failure to adhere to the required technical parameters in the sugar manufacturing process and deficiencies in the upkeep of machinery led to low sugar recovery rates, contributing to a total loss of Rs 12.97 crore during the period 2004-09. Twenty three *per cent* of the time loss in excess of norms in the test-checked CSMs was mainly due to mechanical breakdowns. Sub-optimal operational efficiency of the mills resulted in loss of revenue of Rs 4.35 crore in the sale of bagasse. Due to high upset prices and poor attendance at sugar auctions for sale of free sugar conducted by the Tamil Nadu Co-operative Sugar Federation, free sugar was converted into levy sugar, leading to a total loss of Rs 8.40 crore for the CSMs.

(Paragraph 1.1)

2. *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 the implementation of NRHM revealed that though baseline surveys were completed, Perspective Plans for the Mission, Annual Plans for districts, blocks and villages were not prepared regularly. Rupees 62 crore, meant for activities such as hiring private anaesthetists and paediatricians and providing facilities for basic emergency obstetrics and newborn care were not utilised in the seven test-checked districts. Funds amounting to Rs 53.95 crore were diverted from NRHM's funds to various State and Central schemes during 2006-09. Block Primary Health Centres, Primary Health Centres and Health Sub Centres were not provided with adequate staff as per Indian Public Health Standards. None of the 21 test-checked Block Primary Health Centres in the seven districts had blood storage facilities, 18 of the 21 Block Primary Health Centres and 41 of the 42 test-checked Primary Health Centres did not have casualty rooms and 39 of the 42 Primary Health Centres did not have operation theatres. Against 1,242 personnel required for programme management units, only 52 persons were appointed. Spectacles were not supplied to 1,89,695 out of 3,53,575 children suffering from refractive errors during 2005-09.

(Paragraph 1.2)

3. *Comprehensive Wasteland Development Programme*

Land is a natural resource of fixed availability and high economic importance. Therefore, sustainable development of land is essential for economic growth and development. The Government launched the Comprehensive Wasteland Development Programme (CWDP) in July 2001 with a focus on conservation and development of wastelands in the State.

A performance audit of CWDP disclosed inaccuracies in revenue records and deficiencies in planning, coordination, financial management and monitoring by various agencies. Release of funds without assessing the actual progress in implementation of the programme resulted in blocking of Government funds ranging from Rs 27.93 crore to Rs 53.80 crore in a Personal Deposit Account and bank accounts of implementing agencies. Government land measuring 272 hectares, leased out to corporate bodies for cultivation under the programme, was neither cultivated nor taken back from the lessees. A total of 1,309 (27 per cent) out of 4,829 beneficiaries under the programme in the test-checked districts received less than one-fourth of the land proposed to be distributed to them. Government land measuring 1,585 hectares distributed under the programme to beneficiaries in 11 districts were rocky areas, which were unfit for cultivation.

(Paragraph 1.3)

4. Computerisation of land records

'Computerisation of Land Records', a Centrally Sponsored Scheme, was launched in 1988-89 to ensure effective land reforms and better delivery of services to citizens of the State. Though the scheme was in its twentieth year of operation, it had not yet achieved its optimal functional level. Out of Rs 36.98 crore sanctioned by GOI during 2000-08, Rs 9.94 crore was not utilised by the Electronics Corporation of Tamil Nadu. Computers and peripherals purchased at a cost of Rs 8.21 crore remained unutilised for want of backbone connectivity and application software. Due to lack of validation controls, capture of data from manual registers remained incomplete. Total numbers of sub-divisions in the villages and availability of land therein were not reconciled between the computer and manual systems. An assurance given to the Public Accounts Committee in January 2008, on computerisation of land records, was not fully addressed.

(Paragraph 1.4)

5. Audit of Transactions

Besides the above, audit of financial transactions, test-checked in various departments of the Government and their field offices, revealed instances of wasteful/unfruitful expenditure, avoidable/excess expenditure, idle investment/blocking of funds and other irregularities, involving Rs 23.67 crore.

Some of the important findings are given below.

Taking up the work of arresting the sewage polluting Kolavoy lake in Chengalpattu, without ensuring availability of water in the lake for supply to Chennai city, led to abandonment of the work, resulting in wasteful expenditure of Rs 1.35 crore.

(Paragraph 2.1.1)

Entrustment of supply of furniture for Government schools, costing Rs 69.09 crore, to the Tamil Nadu Small Industries Corporation, without ascertaining the rates of furniture available in other priority institutions, resulted in avoidable expenditure of Rs 5.63 crore.

(Paragraph 2.2.1)

Rejection of a valid tender for Package II of the Underground Sewerage Scheme- Phase I for Tuticorin Municipality, in the first call, resulted in an avoidable liability of Rs 4.06 crore.

(Paragraph 2.2.2)

Failure to get substandard work rectified through a contractor during the defect liability period resulted in avoidable extra expenditure of Rs 2.57 crore on improvement works of the Chennai-Mamallapuram road.

(Paragraph 2.2.3)

Release of Rs 4.20 crore in advance to the Tamil Nadu State Agricultural Marketing Board resulted in blocking of funds. Government ended up paying interest on their own funds released to the agency due to depositing of the funds in an interest-bearing Personal Deposit Account.

(Paragraph 2.2.8)

6. *Integrated Audit of Fisheries Department*

The prime responsibility of the Fisheries Department is to judiciously balance and enhance fish production with sustained conservation of resources, as well as to improve the socio-economic standards of the fishermen in the State.

Funds amounting to Rs 24.48 crore remained unutilised for more than a year. As against the State's marine fish production potential of 7.19 lakh tonnes per annum, its annual production was only in the range of 3.08 to 3.97 lakh tonnes during 2004-09, mainly due to lack of infrastructure and deficiencies in the implementation of schemes. Non-maintenance of ponds in usable condition, non-raising of fingerlings in ponds as per the norms of the Indian Council of Agricultural Research and poor fish production in reservoirs resulted in annual production ranging from only 0.87 to 1.66 lakh tonnes of inland fish during 2004-09 as against the State's potential of 2.46 lakh tonnes per year. Under the Fishermen Free Housing Scheme, only 954 (9.54 *per cent*) houses were constructed against 10,000 houses sanctioned for construction and free distribution to fishermen during 2004-07.

(Paragraph 3.1)