

CHAPTER III

COMPLIANCE AUDIT

Compliance Audit of the departments of the Government and their field formations as well as autonomous bodies brought out several instances of lapses in management of resources and failures in the observance of the norms of regularity, propriety and economy. These have been presented in the succeeding paragraphs.

SCHOOL EDUCATION DEPARTMENT

3.1 Functioning of Public Libraries

3.1.1 Introduction

Public libraries play a pivotal role in dissemination of knowledge. The Tamil Nadu Public Libraries Act, 1948 (Act) provides for establishment of public libraries in the State and organisation of comprehensive rural and urban library services. Under the Act and the Tamil Nadu Public Libraries Rules, 1950 (Rules) framed thereunder, 4,093 public libraries¹ were established (as of March 2013) in the State with the objective of inculcating habit of reading among people by providing necessary infrastructure and good reading material both in urban and rural areas. The Act provides for constitution of a State Library Committee for the purpose of advising the Government on matters relating to libraries and a Local Library Authority (LLA) in each district and one in the city of Chennai for the purpose of organising and administering public libraries.

3.1.2 Organisational structure

Public libraries in the State function under the control of the Director of Public Libraries (DPL), who is under the administrative control of Secretary to Government, School Education Department. At district level, District Library Officers (DLOs) carry out functions of LLAs.

3.1.3 Scope of Audit and Audit objectives

Audit of functioning of Public Libraries was conducted in the Directorate of Public Libraries, Chennai and offices of DLOs in four² out of 32 districts selected through simple random sampling method between May and August 2013 by test check of records relating to the period 2010-13. Besides the four District Central Libraries, 45 other Libraries³ in test-checked districts and

¹ State Central Libraries: two, District Central Libraries: 32, Branch Libraries: 1,765, Mobile Libraries: 10, Village Libraries: 1,885 and Part-time Libraries: 399.

² Chennai, Cuddalore, Madurai and Namakkal.

³ Branch Libraries: 35, Village Libraries: eight and Part-time Libraries: two

Connemara Library, Chennai (a State Central Library) were also test-checked. Audit objectives were to assess whether statutory authorities were constituted to administer the libraries, library cess due to be remitted by Local Bodies (LBs) was collected and utilised efficiently, required infrastructure and facilities to readers were made available and adequate human resource was available. Audit findings are discussed in the succeeding paragraphs.

3.1.4 Finance and expenditure

Recurring and non-recurring expenditure on maintenance and administration of public libraries are met from Government funds as well as library cess fund. Library cess leviable under the Act is to be collected by LBs along with property tax/house tax collections and transferred to DLOs.

3.1.4.1 Budget provision and expenditure

Prior to April 1982, expenditure on staff cost was met out of cess fund collections and matching grant provided by Government. From April 1982, employees of LLAs became Government servants and Government stopped releasing matching grants. Amounts paid by the Government towards salaries, allowances, pensions and other remuneration of the persons employed in the posts specified in the Act were to be repaid to Government by LLAs. Out of 2,325 employees in the Library Department as of August 2013, salaries of 1,305 employees were met from State funds and salaries of 1,020 employees (1,004 of them were Librarians – Grade III) were met from Library fund.

Details of budget provision and expenditure out of Government funds on administration and other functions of the Directorate of Public Libraries, State Central Libraries and other libraries during the period 2010-13 are given in **Table 3.1**.

Table 3.1: Budget provision and Expenditure

(₹ in crore)

Year	Budget provision	Expenditure
2010-11	85.50	97.02*
2011-12	49.74	51.35
2012-13	49.63	56.21

* Includes loan of ₹ 50 crore released to DPL for establishment of Anna Centenary Library

(Source: Appropriation Accounts for the respective years)

3.1.4.2 Mobilisation of revenue

The Act provides for maintenance of a 'Library Fund' by each LLA to which library cess levied in the form of surcharge on the property tax or house tax levied by LBs is to be paid. With effect from 1 April 1992, cess is collected at 10 paise for every whole rupee in the property tax or house tax collected. Apart from cess, public contributions, gifts and income from endowment funds made for the benefit of the public libraries, specific purpose grants, fees, fines and other amounts collected by LLA under any rules or regulations made

under the Act are to be credited into the Library Fund. Cess fund collected in the State during 2010-13 was ₹ 190.02 crore. Out of Library Fund, 3.88 lakh⁴ titles⁵ of books were procured at a cost of ₹ 127.45 crore during the period 2010-13.

Details of receipts and expenditure during 2010-13 in test-checked districts are given in **Table 3.2**.

Table 3.2: Details of Library Fund receipts and expenditure

(₹ in crore)

Name of the District	Opening Balance	Receipts	Total	Expenditure	Closing Balance
Chennai	0.67	213.58	214.25	212.44	1.81
Cuddalore	0.21	8.41	8.62	8.13	0.49
Namakkal	0.23	9.09	9.32	8.97	0.35
Madurai	1.02	11.47	12.49	12.25	0.24
Total	2.13	242.55	244.68	241.79	2.89

(Source: Accounts Statements of the DLOs)

Of the receipts of ₹ 242.55 crore during 2010-13, library cess received was ₹ 50.48 crore.

The department, in their Policy documents, stated that improving financial resources of public libraries was one of the objectives of the department to provide improved library services to the public. Library cess to be transferred to LLAs by LBs is certified by the Director of Local Fund Audit (DLFA) after completion of audit of accounts of LBs. As the exact amount of library cess to be transferred to them by the LBs is not known to LLAs, they raise demand for library cess by increasing the previous year's demand by 10 *per cent*. It was noticed in audit that LBs failed to transfer cess as and when collected and remittance of library cess was in arrears. DPL stated that cess amounting to ₹ 146.64 crore was due to be remitted by LBs as of March 2013.

Further, DPL submitted (December 2010) a proposal to Government to enhance the rate of cess from 10 paise to 15 paise per every whole rupee of property tax or house tax collected and to instruct LBs to open a remittance account for prompt transfer of cess, which was pending for approval.

Due to non-remittance of cess collected in full by LBs and non-revision of rate of cess by Government, the LLAs could not repay to Government the salary and other expenditure initially incurred out of Government fund as discussed in paragraph 3.1.4.4.

⁴ This includes 3.79 lakh titles of books purchased for Anna Centenary Library, Chennai (a newly established Library) at a cost of ₹ 89.61 crore during 2010-11

⁵ Each title may contain one or more number of copies

Government replied (October 2013) that instructions were issued to all the DLOs to call for audited accounts of LBs to ascertain details of cess collection for reconciliation and ensuring correctness of library cess received with reference to the property tax collected.

3.1.4.3 *Short collection of library cess*

Though Government enhanced (April 1992) the library cess to 10 paise for every whole rupee of tax levied, Corporation of Chennai continued to levy cess only at the rate of five paise. Corporation's request to continue collection of cess at five paise citing administrative reasons was rejected by the Government in 2000. The Government, on this being pointed out by DPL, ordered (April 2008) that Corporation of Chennai should enhance the rate of library cess from five paise to 10 paise during the general revision of property tax due from 1 April 2008. However, no revision of property tax was carried out in respect of properties assessed prior to April 2008 and library cess was continued to be levied at five paise for old assessments and at 10 paise in respect of assessment of new properties done from April 2008. Amount of cess collected at five paise during 2008-09 to 2012-13 (up to November 2012) was ₹ 53.43 crore. Thus, cess amounting to ₹ 53.43 crore was not collected by Corporation of Chennai during the above period and remitted to DLO, Chennai.

Government replied (October 2013) that special thrust would be given for collection of cess at enhanced rate by the Corporation.

3.1.4.4 *Non-repayment of salary and other expenditure to Government*

Government ordered (May 1982) that all persons employed in every LLA in the posts specified in Schedule thereto shall become whole-time Government servants with effect from 1 April 1982. Act was suitably amended (2001) making way for repayment of amounts initially paid by Government towards salaries, allowances, pensions and other remuneration of persons employed in the posts specified in Schedule to the amendment. The Act further provides that Government may, by order, exempt a LLA from repayment of the whole or part of such amounts to be repaid, if it is satisfied that the LLA is not in a position to repay the amounts. It was noticed from information furnished (September 2013) by DPL that nine LLAs did not repay the amounts and 22 LLAs repaid partially an amount of ₹ 14.35 crore out of ₹ 431.76 crore of salaries and allowances due from 31 LLAs⁶ relating to period from April 1982 to June 2013. An amount of ₹ 417.41 crore was to be repaid to Government by the 31 LLAs.

The position of amount of pay and allowances met by Government and repaid by the LLAs to Government in four test-checked districts is given in **Table 3.3**.

⁶ All districts in the State except Salem, which did not furnish the details

Table 3.3: Repayment of pay and allowances by test-checked LLAs

(₹ in crore)

Name of the District	Pay and Allowances drawn from Government Fund	Repayment by the DLO to the Government	Balance to be repaid
Chennai	36.71	Nil	36.71
Cuddalore	18.97	0.33	18.64
Namakkal	10.46	0.54	9.92
Madurai	22.65	0.32	22.33
Total	88.79	1.19	87.60

(Source: Details furnished by DPL)

Government replied (October 2013) that with library cess, the only source of income for LLAs, expenditure had to be met on construction/maintenance of library buildings, purchase of books and periodicals, payment to LLA staff etc. It further stated that sanction of matching grant to the LLAs was also dispensed with after employees of LLAs became Government servants. Hence, LLAs were not in a position to repay pay and allowances to Government. Government further stated that DPL sent a proposal to Government for exempting 13 LLAs from repayment of pay and allowances to the tune of ₹ 42.22 crore which was under its consideration.

3.1.4.5 Non-repayment of loan

DPL, anticipating a grant from Ministry of Art and Culture, Government of India (GoI), requested (July 2010) GoTN to sanction loan for purchase of books for Anna Centenary Library. Accordingly, GoTN sanctioned (September 2010) ₹ 50 crore which was to be repaid within six months along with interest at the rate of 12 *per cent* per annum and failure to repay the principal and interest on due dates attracted levy of penal interest at the rate of 2.5 *per cent* per annum. It was noticed that the anticipated grant from GoI was not received and the DPL did not repay the loan to GoTN as of October 2013. Government stated (October 2013) that DPL was not in a position to repay loan and interest and that action was being taken to speed up process of collection of library cess arrears from LBs for repaying the loan to Government.

3.1.5 Statutory Committee and Authorities

The Act and the Rules framed thereunder provide for constitution of a State Library Committee (SLC) for the purpose of advising Government on various matters relating to functioning of public libraries with tenure of three years. Out of 18 members, one member should be nominated from members of Chennai city LLA and four members from district LLAs. However, it was seen that SLC was not reconstituted by the Government for the periods October 2001 to December 2003 and from February 2007 onwards.

The Act further provides for constitution of LLA in each district and in the city of Chennai comprising 10 members nominated from office bearers of libraries, headmasters/principals of schools/colleges and elected representatives of local bodies. However, it was noticed that LLA for Chennai

was not reconstituted for the periods August 2001 to December 2006 and from June 2011 onwards. In respect of other districts, LLAs were not constituted since 1974.

National Knowledge Commission, in its report (March 2009), emphasised involvement of different stakeholders and user groups in the managerial decision-making process for libraries and recommended that they must be run by local self-governments through committees representing users and local community. School Education Department in their policy documents also stated that library movement would be popularised as a people's movement.

Audit noticed that in absence of LLAs, libraries were managed by DLOs as district level units of the DPL without involving the elected representatives of LBs, user groups and headmasters of schools /principals of colleges. Sanctions or approvals regarding opening of new libraries/upgrading the existing libraries, construction of buildings for libraries, provision of infrastructure, purchase of books and staffing were given and all decisions taken at the State level by the DPL and the Government. The deficiencies in infrastructure noticed in the test-checked libraries are brought out in Paragraph 3.1.8.

Government, in reply, stated (October 2013) that action was being initiated to reconstitute LLA for City of Chennai and to amend the provisions in the Act relating to formation of LLAs in other districts.

3.1.6 Enrolment of members and readership

Each library collects a membership fee (ranging from ₹ 30 to ₹ 60 depending on number of books permitted to be taken) which includes a caution deposit from the members and allows them to borrow books from the library. General readers come to the library and read books there itself. The trend in number of members enrolled in the State and average number of readers per day for the period 2010-13 is given in **Table 3.4**.

Table 3.4: Trend in membership and readership – State

Year	Number of Libraries	Books	Members	Readers	Average number of readers per day (Number of Readers ÷ 300*)
					Numbers in lakh
2010-11	4,041	535	52	650	2.17
2011-12	4,056	553	53	669	2.23
2012-13	4,093	575	55	649	2.16

* Average number of readers worked out based on 300 working days in a year

(Source: Annual Reports of DPL)

It was noticed that the average number of readers per day remained almost static during 2010-13.

A comparison of district-wise members of libraries with the number of literates in the district showed that the total members enrolled in libraries in districts, as a percentage to total literates in the districts, varied between 5 and 24. The percentage was less than 10 in Ariyalur, Cuddalore, Kancheepuram, Kanyakumari, Madurai, Pudukottai, Thiruvallur, Tiruvannamalai, Vellore and Villupuram districts as detailed in **Appendix 3.1**.

The trend in number of library members and average number of readers per day for the period 2010-13 in the four test-checked districts are given in **Table 3.5**.

Table 3.5 : Membership and Readership in the test-checked districts

Year	Number of Libraries	Books	Members	Readers	Average number of readers per day (Number of Readers ÷ 300)
		Numbers in lakh			
2010-11	563	119	8	96	0.32
2011-12	554	122	8	101	0.34
2012-13	567	124	8	101	0.34

(Source: Annual Reports of DPL)

It was noticed that there was no significant increase in the number of libraries, books, members and the average number of readers per day in the test-checked districts.

Government replied (October 2013) that awareness programmes were organised in all districts so as to enrol new members. However, there was no substantial increase in the number of members during 2010-13.

3.1.7 Non-functioning of mobile libraries

Mobile libraries operate at designated areas for lending books to members. Out of 10 mobile libraries in the State, six libraries were not functioning. Of them, five⁷ were not functioning for want of new vehicles as existing vehicles were not in running condition. For the mobile library in Thanjavur (Rural), the vacant post of driver was not filled up from February 2011.

In Madurai district, though the Madurai (Rural) mobile library was not functioning from August 2000, it was noticed that 2,548 books were supplied to it during the period March 2001 to February 2008. Books belonging to the mobile library (28,280) were kept in the District Central Library.

Government, in reply, stated (October 2013) that mobile library service would be revived from the year 2014-15 and that books distributed to Mobile library in Madurai District were utilised in the District Central Library, Madurai as a temporary measure.

3.1.8 Infrastructure

3.1.8.1 Libraries functioning in damaged buildings

In three⁸ out of 35 test-checked branch libraries, it was noticed that library buildings were in dilapidated condition posing risks to their staff and visitors as shown in **Pictures 3.1 to 3.3**.

⁷ (i) Coimbatore I: vehicle condemned in May 1994, (ii) Coimbatore II: vehicle condemned in January 1994, (iii) Madurai (Rural): Vehicle not working from August 2000, (iv) Kancheepuram (Rural): Vehicle not working from June 2010 and (v) Tiruppur (Rural)

⁸ Elachipalayam (Namakkal District) and Melur and Thirumangalam (Madurai District)



Picture 3.1: Branch Library, Elachipalayam (Namakkal District)



Picture 3.2: Branch Library, Thirumangalam (Madurai District)



Picture 3.3: Branch Library, Melur (Madurai District)

Librarian of Elachipalayam Branch Library requested (September 2013) Block Development Officer of the Elachipalayam Panchayat Union for sanction of funds from General fund of Panchayat union or any other funds for repair of library building. However, required funds were not provided (December 2013) by the Block Development Officer.

3.1.8.2 *Insufficient space*

In reply to audit questionnaire, Librarians of 32 out of 50 test-checked libraries stated that racks available in libraries were not sufficient to keep books and as a result the books were kept in bundles on lofts or floor of buildings. Sample photographs are given in **Pictures 3.4** and **3.5**.



Picture 3.4: Branch Library, Subramaniyapuram (Madurai District)



Picture 3.5: Branch Library, Tiruchengode (Namakkal District)

3.1.8.3 *Toilet facilities*

From the information furnished by Librarians of 23 out of 50 test-checked libraries, it was noticed that toilet facilities for visitors and staff were not provided in library buildings.

3.1.9 *Inadequate staff*

(i) Post of Director of Public Libraries which was vacant from May 2012 was not filled up (December 2013) by Government. Details of posts sanctioned, filled up and those remaining vacant in respect of important posts at the State level are furnished in **Table 3.6**.

Table 3.6: Details of posts sanctioned and filled up - State

Name of the post	Sanctioned	Men-in-position	Vacant posts
District Library Officer	32	16	16
Librarian – Grade I	41	24	17
Librarian – Grade II	197	162	35
Librarian – Grade III	1,889	1,717	172
Inspector of Libraries	17	6	11
Stock Verification Officer	16	16	Nil
Record Clerk	292	149	143
Watchman	142	9	133

(Source: Details obtained from DPL)

Sixteen posts of DLOs were vacant in districts and administration of libraries in those districts was looked after by DLOs of neighbouring districts. There were huge vacancies in the posts of librarian, record clerk and watchman.

Government stated (October 2013) that action was being taken to fill up post of DPL. It further stated that some posts could not be filled up due to cases pending with courts and that action was initiated to fill up vacancies under other posts.

(ii) Details of vacant posts in the test-checked districts are furnished in **Table 3.7**.

Table 3.7: Details of posts sanctioned and filled up - Test-checked districts

Name of the post	Sanctioned	Men-in-position	Vacant posts
District Library Officer	4	2	2
Librarian – Grade I	10	4	6
Librarian – Grade II	38	36	2
Librarian – Grade III	316	274	42
Inspector of Libraries	4	2	2
Stock Verification Officer	3	3	Nil
Record Clerk	73	38	35
Watchman	19	4	15

(Source: Details obtained from DPL)

It was noticed that the post of DLO, Cuddalore District remained vacant for three years and the DLO of Ariyalur District was holding additional charge. Further, the posts of Inspector of Libraries were vacant in Cuddalore and Namakkal districts.

3.1.10 Conclusion

Local Library Authorities (LLAs) consisting of user groups and representatives of Local Bodies in the districts were not constituted by the Government. In absence of LLAs, District Library Officers discharged functions relating to planning and decision making. Collection of library cess, which is the main source of income for proper maintenance of libraries, was in arrears. The LLAs could not repay staff cost to Government incurred initially from State funds. In 10 out of 32 districts in the State not even 10 per cent of

literate in the districts have become members in the libraries. In the test-checked districts, library buildings were in dilapidated condition and infrastructural facilities like racks for stacking books and toilet facilities for readers and the staff were lacking. Huge vacancies in the posts of District Library Officer, Librarian, Record Clerk and Watchman were noticed.

HEALTH AND FAMILY WELFARE DEPARTMENT

3.2 Procurement and utilisation of Medical Equipment

3.2.1 Introduction

Medical equipment is an integral part of physical infrastructure of a health setup and an important means of providing various diagnostic and therapeutic services to the people. Availability and optimal utilisation of medical equipment is important for improving quality of health services by facilitating timely diagnosis and treatment and avoiding unnecessary referrals. The Tamil Nadu Health System Project (TNHSP), a World Bank (WB) funded project aimed at addressing existing constraints in accessing and utilising quality health services in Tamil Nadu. TNHSP was implemented in the State from January 2005 and though it came to an end by September 2010, the project was continued as Tamil Nadu Health Additional Financing Project⁹ (Project) with the WB assistance from 1 July 2010. The project, which was to close on 30 September 2013, was extended up to September 2014. Total funding for the Project was ₹ 627.72 crore of which WB's assistance was ₹ 564.95 crore and the State share ₹ 62.77 crore.

3.2.2 Organisational structure

The Project Director (PD), TNHSP is responsible for implementing the project at State level and reports to Principal Secretary to Government, Health and Family Welfare Department. PD, TNHSP prepared procurement plan and on approval by State Empowered Committee and WB, obtained administrative and expenditure sanction from the GoTN. The funds sanctioned for procurement of medical equipment by GoTN were released to the Tamil Nadu Medical Services Corporation (TNMSC). TNMSC was responsible for procuring, supplying, inspecting, installing and commissioning the equipment at the Government Health Institutions (GHIs).

3.2.3 Scope of Audit and Audit objectives

The Project proposal included procurement of machinery, equipment and consumables at a cost of ₹ 238.97 crore. Records pertaining to sanctions for procurement of medical equipment under the project during 2010-11 to 2012-13 for a total value of ₹ 134.28 crore were examined in audit during July to November 2013 in the offices of PD of TNHSP, TNMSC and 20¹⁰ out

⁹ Additional Financing would support (i) the continuation of ongoing successful activities under the project and (ii) the scaling up of several activities state-wide

¹⁰ Four Government Medical College Hospitals and 16 Government General Hospitals

of 285 hospitals¹¹ in the State in four districts¹² selected through simple random sampling method. Audit objectives were to assess whether (i) the funds provided were utilised efficiently, (ii) procurements of equipment were need-based and as per approved procurement plans, (iii) the prescribed tender procedures were followed and (iv) the equipment installed/commissioned in the Government health institutions were put to effective use. Audit findings are discussed in the succeeding paragraphs.

Audit findings

3.2.4 Release and Utilisation of funds

Details of funds sanctioned by GoTN and released to TNMSC by PD, TNHSP under the project and their utilisation up to June 2013 are given in **Appendix 3.2**. It was noticed in audit that out of ₹ 129.06 crore released to TNMSC between April 2010 and March 2013 for procurement of medical equipment, ₹ 55.60 crore (43.08 *per cent*) remained unutilised as on 30 June 2013 of which ₹ 46.26 crore remained unutilised with TNMSC even after more than three years from date of transfer of funds. Audit scrutiny revealed that partial utilisation of funds by TNMSC was mainly due to defective planning by TNHSP, deficiencies in the procurement process of TNMSC and lack of convergence of schemes as some of the equipment planned for procurement were dropped after sanction or procurement remained incomplete due to delay in various stages of the procurement process as detailed in **Appendix 3.3**.

3.2.5 Delay in various stages of procurement

Scrutiny of records relating to procurement of equipment revealed the following lapses:

3.2.5.1 Delay in processing/finalising of tenders and award of contract

With a view to reduce delays, time frame for each stage of procurement was prescribed by WB. As per WB approved procurement plan, procurement process was to be completed within a period ranging from six to nine months. However, in test-checked packages as detailed in **Appendix 3.4** this was not completed within the envisaged time frame and in five packages delay was more than two years.

It was noticed in Audit that in one package *viz.*, procurement of VIA/VILI¹³ kits a clause for comprehensive annual maintenance contract was included in the tender document erroneously by TNMSC though it was not required as these goods were surgical instruments made of stainless steel as stated by TNMSC. As the error was noticed after opening of bids, retender had to be resorted to by TNMSC as per WB procurement procedure which resulted in delay of more than 16 months from the date of deposit of funds with TNMSC.

¹¹ 18 Government Medical College Hospitals and 267 Government General Hospitals

¹² Kancheepuram, Kanyakumari, Tiruvannamalai and Vellore

¹³ Visual Inspection with Acetic acid (VIA) and Visual Inspection with Lugol's Iodine (VILI) is used for screening of cervical cancer

In reply, PD, TNHSP stated (December 2013) that such occurrences would be avoided in future.

3.2.5.2 Incorrect assessment of requirement

Test check revealed incorrect assessment of requirement of equipment by TNHSP in the following cases:

(i) In order to strengthen and extend existing '108 - emergency ambulance services' for benefit of socially and economically poor, tribal and the urban poor, PD, TNHSP proposed (August 2010) to procure 200 normal size ambulance vans at a cost of ₹ 31.01 crore. Audit scrutiny revealed that after finalisation of tenders, requirement was modified (August 2011) to 170 normal size ambulances and 30 small size ambulances and purchase order was placed at a cost of ₹ 16.13 crore for 170 normal size ambulances. In reply, PD, TNHSP stated (December 2013) that for procurement of small sized ambulances NOC was obtained (October 2012) from WB, bids were re-invited (November 2012) and orders placed (June 2013) for ₹ 1.99 crore. Thus, failure of TNHSP to decide in advance the size of vehicle required for operation in ghat and inaccessible areas led to delay in procurement of ambulances which is still pending (January 2014).

(ii) Sanction (January 2011) accorded by GoTN to establish 32 Mammography units at a cost of ₹ 4.80 crore was not implemented as it was planned (2010) initially to link it with Government Health Insurance Scheme. PD, TNHSP stated (December 2013) that after a series of discussions it was found that mammography unit with conventional X-ray was more useful than the basic model and that tenders floated subsequently were under process. Thus, the envisaged diagnostic facility using mammography units was not available to women patients (January 2014).

(iii) GoTN sanctioned and released (December 2010 and January 2011) ₹ 2.38 crore to TNMSC for supply of 298 Manual Colposcopes to secondary care hospitals and Corporation health facilities in Chennai. Purchase order for supply of 283 units at a cost of ₹ 3.68 crore was placed (April 2012) with a condition to complete supply by August 2012. Subsequently, in the intervening period of October 2012 and March 2013, PD, TNHSP reduced the ordered quantity by 54 units (i.e. to 229 units) citing lack of Gynaecologists/female medical officers in the indenting health facilities and later fixed final requirement at 255 units. In the meantime, the supplier delivered 270 units. The supplier was asked to take back 15 units and not to supply remaining 13 units. Accordingly the supplier took back 15 units.

Incorrect assessment of requirement resulted in excess purchase of 26 units and diversion of excess units to hospitals not covered under the project.

(iv) Five out of 30 Digital X-ray units sanctioned for secondary care hospitals were subsequently diverted to five Medical College Hospitals (MCHs) resulting in non-availability of this sophisticated equipment in five of the 30 targeted hospitals. In reply, PD, TNHSP stated (December 2013) that five Digital X-ray units were diverted considering non-availability of this equipment in the MCHs. The action of TNHSP in diverting five units to

MCHs defeated the scheme objective of strengthening services in secondary care hospitals.

3.2.5.3 Avoidable expenditure

As per tender conditions, bid validity period was 90 days and if the award was delayed by a period exceeding 56 days beyond the expiry of initial bid validity, contract price would be increased by three *per cent* of the foreign currency component per annum (5.5 *per cent* per annum in case of local currency component) and payable for each week that elapsed from the expiry of the initial bid validity period to the date of purchase order.

Scrutiny of records revealed that purchase orders in four packages were placed belatedly due to delays in processing of tenders and there was avoidable expenditure of ₹ 48.35 lakh as detailed in **Table 3.8**.

Table 3.8: Details of delayed purchase orders placed

Sl. No.	Description of equipment	Delay exceeding bid validity period + 56 days	Amount paid for the delay (In ₹)
1	Ambulance base vehicle	104 days	15,38,180
2	Ring lens	84 days	1,68,942
3	Cryotherapy unit	112 days	1,13,054
4	Digital X-ray, Picture Archiving and Communication System, Cables, Modules, etc.	89 days	30,14,758
	Total		48,34,934

No specific reply was furnished by TNMSC (September 2013).

3.2.5.4 Procurement without sanction

Audit scrutiny revealed that though GoTN sanctioned (September 2010) ₹ 21 crore for purchase of 30 Digital X-ray units, TNHSP procured 30 Picture Archiving and Communication System (PACS) along with the X-ray units (January 2012) at an additional cost of ₹ 7.68 crore utilising the unspent provision from other sanctions. In reply (September 2013), TNHSP stated that as the Digital X-ray unit had the capability of sending images via electronic transfer, PACS was included so that networking with Hospital Management Information System (HMIS) could be done. The fact, however, remains that the purchase of PACS was done without GoTN sanction and the procurement was also not ratified by Government (December 2013).

3.2.5.5 Delay in supply/installation/commissioning

(i) Scrutiny of records revealed that supply of 34 Dialysis machines with Reverse Osmosis Plants (DROP) to 17 hospitals was not done even after 18 months from placing of purchase order (April 2012) due to non-availability of sites and non-commencement of civil work required for installing them (September 2013) and belated finalisation of electrical contracts for the wiring work. In reply, PD, TNHSP stated (December 2013) that the units would be supplied to all consignees by end of January 2014. However, no justification for delay was given.

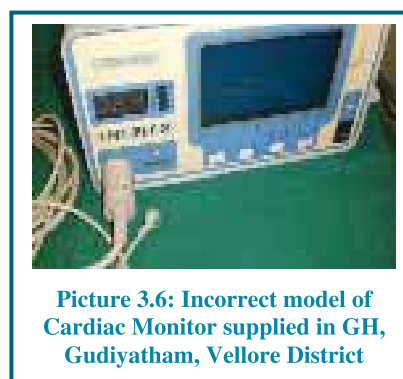
(ii) Though purchase orders for 30 Digital X-ray units with PACS were placed in January 2012 and supply was made between July 2012 and February 2013, it was noticed in Audit that there was delay in installation and commissioning of the units by the supplier as sites were made available only from March 2013. Even after 17 months, two units remained to be installed (December 2013).

(iii) Based on GoTN sanctions (September 2010 and January 2011) for supply of 3,818 Blood Pressure Apparatus (BPA) at a cost of ₹ 30.54 lakh to secondary care hospitals and Corporation health facilities in Chennai, TNMSC placed orders (January 2012) for 2,009 BPAs on successful bidder in the third call. The supplier, however, failed to sign the contract document (by 7 February 2012) and furnish the performance guarantee for the stipulated validity period i.e. up to 30 April 2013. The agreement was signed on 16 May 2012, after expiry of scheduled delivery date (6 May 2012) and performance guarantee was furnished with validity only up to 18 October 2012. In the meantime, manufacturer of the equipment informed (March 2012) TNMSC that supplier was not taking any supply from them against the tender and requested cancellation of purchase order. Only 460 BPAs were delivered by the supplier. Even after more than two years from date of placing of purchase order, penal provisions in the agreement were not invoked against defaulting supplier. TNMSC stated (January 2014) that a final notice was issued (January 2014) to complete delivery of remaining BPAs. The hospitals were, thus, not provided with diagnostic medical equipment envisaged under the project.

3.2.5.6 Inspection of equipment

As per the Governance and Accountability Plan of the WB Project Paper, TNMSC and TNHSP were responsible for ensuring post despatch and field level inspection for goods and equipment procured under the project. Audit scrutiny revealed that there were instances of lapses in the inspection of equipment received as brought out below:

(i) In the case of procurement of equipment for 32 Poison Care Centres, purchase order was placed (April 2011) for 64 Cardiac Monitors of model 'L& T planet 10' at a cost of ₹ 19.20 lakh whereas the contractor supplied a different make "LNT PLT X". Though units supplied were not as per tender specifications, they were accepted without proper verification. Later, the supplier refunded the cost of the units based on the report of the Bio-Medical Engineer (BME). In reply, PD, TNHSP stated (September 2013) that no penal action against the vendor was contemplated by the department. During visits to two hospitals by Audit along with hospital staff, it was seen that these machines were still fitted in the poison care centres (**Picture 3.6**).



(ii) In respect of Digital X-ray machines with PACS, software to connect the system to HMIS was not supplied/installed by vendor and six client personal computers agreed to be provided by TNHSP were not provided. It was noticed in Audit that even in the hospitals where they were installed,

sophisticated radiography machines were being used sub-optimally and the aim of connecting Digital X-ray machines with HMIS was also not achieved. Field visits (July and November 2013) by audit along with hospital staff in two hospitals¹⁴ revealed that the machine supplied to Vellore MCH was not commissioned and put to use (**Picture 3.7**) from the date of supply (26 September 2012). In both hospitals, PACS were not connected with HMIS due to non-compatibility of operating system software. In reply, it was stated that installation of software would be completed by January 2014.



Picture 3.7: Laptops for PACS kept unpacked – Vellore GMCH

During test check, it was noticed that inspection of equipment supplied was not carried out by qualified personnel and in several instances the verification/installation certificate was incomplete. In reply, the PD, TNHSP, without giving reasons for the omission, stated (September 2013) that BMEs were instructed to verify the equipment supplied to the hospitals.

3.2.5.7 Non-utilisation of equipment

It was noticed in audit that the equipment procured were not installed due to non-availability of three phase power connection and trained staff as discussed below:

(i) Test check revealed that in Vellore and Tiruvannamalai MCHs Hospitals the Digital X-ray units with PACS (costing ₹ 2.20 crore) were not commissioned (**Picture 3.8**) for more than one year due to lack of required power supply, though testing was completed.



Picture 3.8: Digital X-ray not commissioned at MCH, Vellore.

(ii) In 17 test-checked Government Hospitals Cryotherapy Units procured (13 received between February 2012 and June 2012 and 4 units received in June 2013) at a cost of ₹ 3.93 lakh were not utilised (**Picture 3.9**) for want of trained doctor.



Picture 3.9: Cryotherapy Unit not utilised for want of trained doctor in GH, Chengam, Tiruvannamalai.

As a result, costly equipment procured at a cost of ₹ 2.24 crore were not put to use and the public was deprived of the intended diagnostic services.

3.2.6 Conclusion

Deficiencies such as delays in processing and finalisation of tenders and award of contracts, avoidable expenditure due to delays, diversion of equipment procured, non-procurement of equipment included in the approved

¹⁴ Government MCH at Vellore and District Headquarters Hospital at Kancheepuram

procurement plan etc., were noticed. Further, delays in installation due to non-availability of sites and non-utilisation of installed equipment delayed achievement of intended objectives of the WB aided Additional Financing Project in full.

The above points were referred to Government in October 2013; reply has not been received (December 2013).

HEALTH AND FAMILY WELFARE DEPARTMENT

3.3 Dr. Muthulakshmi Reddy Maternity Benefit Scheme

3.3.1 Introduction

Dr. Muthulakshmi Reddy Maternity Benefit Scheme (DMRMBS) was launched (September 2006) by GoTN for welfare of pregnant women of below poverty line (BPL) families. Under the scheme, financial assistance of ₹ 6,000 was given to poor pregnant women to compensate wage loss during pregnancy and to get nutritional food to avoid low birth weight babies. GoTN enhanced the assistance from ₹ 6,000 to ₹ 12,000 to pregnant women who delivered in Government health institutions (GHIs) from 1 June 2011. Cash assistance is given in three instalments on conditional basis¹⁵ and restricted for two deliveries only.

3.3.2 Organisational structure

At the State level, the scheme is implemented by the Director of Public Health and Preventive Medicine (DPH&PM). At district level, Deputy Directors of Health Services (DDHS's) are the coordinators for implementation of the scheme. Funds allocated under the scheme to districts are distributed to Block Medical Officers (BMOs) by DDHS. BMOs of Block Primary Health Centres (BPHCs) and Zonal Medical Officers (ZMOs) of Corporation of Chennai are authorised to sanction assistance to beneficiaries.

3.3.3 Scope of Audit and Audit objectives

Records relating to implementation of the scheme during 2011-12 and 2012-13 in three¹⁶ out of 43 Health Unit Districts (HUD) selected through simple random sampling method were test-checked in audit. Further, records of eight out of 27 BPHCs in Erode and Madurai HUDs and two out of seven Zones in the Corporation of Chennai and the Directorate of Public Health and Preventive Medicine (DPH&PM) were test-checked during May to August 2013.

Audit objectives were to assess whether realistic annual targets under the scheme were fixed, identification of targeted beneficiaries was done properly, funds provided were utilised effectively and assistance was provided to beneficiaries in time and monitoring of the implementation of the scheme was effective. Audit findings are given in the succeeding paragraphs.

¹⁵ At the seventh month of pregnancy, after delivery and on completion of three doses of vaccination to the child

¹⁶ Chennai, Erode and Madurai

Audit Findings

3.3.4 Financial performance

(i) Details of budget provision and expenditure under DMRMBS for the State during 2011-13 are given in **Table 3.9**.

Table 3.9 : Details of funds provided in the budget and expenditure

(₹ in crore)

Year	Budget provisions			Expenditure	Savings in total provision	Savings in the original provisions
	Original	Supplementary	Total			
(1)	(2)	(3)	(4)	(5)	(6) (4-5)	(7) (2 - 5)
2011-12	595.72	61.05	656.77	531.64	125.13 (19)	64.08
2012-13	720.00	11.00	731.00	642.57	88.43 (12)	77.43
Total	1,315.72	72.05	1,387.77	1,174.21	213.56	141.51

Figures in bracket indicate percentage of savings to total provision

(Source: Appropriation Accounts)

It was noticed that entire supplementary provisions of ₹ 61.05 crore and ₹ 11 crore made for the years 2011-12 and 2012-13 respectively, proved unnecessary as there were savings of ₹ 64.08 crore and ₹ 77.43 crore respectively during the years even in the original provisions. Huge savings in both years (₹ 125.13 crore and ₹ 88.43 crore) were due to fixing of unrealistic targets by DPH&PM and non-availing of second and third instalments of assistance by considerable number of beneficiaries as discussed in paragraph 3.3.5.

(ii) Details of funds provided and expenditure in respect of test-checked HUDs during 2011-13 are given in **Table 3.10**.

Table 3.10 : Details of funds provided to test-checked HUDs and expenditure

(₹ in crore)

Year	Funds distributed to the districts	Expenditure	Unutilised amount/savings
2011-12	79.77	63.85	15.92
2012-13	85.96	76.99	8.97
Total	165.73	140.84	24.89

(Source: Information furnished by the Corporation of Chennai, DDHS Erode and Madurai districts)

In the test-checked HUDs, funds provided were not fully utilised during 2011-13.

(iii) According to Article 94 of the Tamil Nadu Financial Code, funds should not be drawn in advance of requirement. BMOs were instructed (November 2011) to present bills for actual amounts based on computer generated beneficiaries lists, draw the amount and transfer to banks for credit to beneficiaries' savings bank accounts. DPH&PM reiterated (April 2012) that after generation of beneficiary list from Pregnancy Infant Cohort

Monitoring Evaluation (PICME)¹⁷ system, bills should be presented to treasury for transfer of funds to beneficiaries' accounts through Electronic Clearance Service and that no advances should be drawn.

It was, however, noticed that DDHS, Madurai drew an advance of ₹ 2.56 crore from the bank account out of funds allocated for Madurai district for the year 2011-12 and released (3 April 2012) the amount to the Commissioner, Madurai Corporation for providing assistance to poor pregnant women. The amount was not utilised by the Corporation due to delay in allotting PICME numbers and opening of bank accounts by applicants. As instructed by DPH&PM, Commissioner remitted (20 April 2012) the entire amount to the Government. Thus, funds earmarked for disbursements to poor pregnant women in Madurai HUD for the year 2011-12 were not utilised.

3.3.5 Physical performance

(i) Details of targets fixed by DPH&PM for covering poor pregnant women under the scheme and achievements thereagainst in the State are given in **Tables 3.11**.

Table 3.11 : Details of targets and achievements (State)

Year	Estimated pregnant women (ANC* target)	Targeted number of beneficiaries (60 per cent ANC target)	Achievement	First instalment	Second instalment	Third instalment
2011-12	11,97,960	7,18,776	6,73,093(94)	NA	NA	NA
2012-13	11,88,878	7,13,325	6,64,469(93)	6,64,469	4,22,577(64)	2,90,621(44)
Total	23,86,838	14,32,101	13,37,562			

* Ante-natal care NA: Not available
(Figures in brackets indicates percentage of achievement)
(Source: Information furnished by the DPH&PM)

Each year, out of targeted pregnant women for ante-natal care in the State which included pregnant women from above poverty line families also, 60 per cent was taken as poor pregnant women for availing health care services in Government health institutions and coverage under DMRMBS.

DPH&PM clarified that targets were fixed for subordinate officers to cover more pregnant women under the scheme.

As seen from **Table 3.11**, 36 per cent of the beneficiaries who availed the first instalment of DMRMBS opted for deliveries in hospitals other than Government hospitals and hence did not avail subsequent instalments of assistance.

(ii) Details of targets and achievements thereagainst in respect of test-checked HUDs are given in **Table 3.12**.

¹⁷ A software used by the department to keep tabs on mothers and children throughout their ante-natal period and on newborns until the age of one year

Table 3.12 : Details of targets and achievements (Test-checked HUDs)

Year	Target	Achievement		
		First Instalment	Second Instalment	Third Instalment
Chennai				
2011-12	48,000	23,895 (50)	18,946 (79)	15,646 (65)
2012-13	43,800	27,957 (64)	22,074 (79)	19,883 (71)
Total	91,800	51,852 (56)	41,020 (79)	35,529 (69)
Erode				
2011-12	19,554	11,216 (57)	7,184 (64)	4,755 (42)
2012-13	19,200	14,921 (78)	10,516 (70)	9,775 (66)
Total	38,754	26,137 (67)	17,700 (68)	14,530 (56)
Madurai				
2011-12	33,330	18,462 (55)	14,363 (78)	5,809 (31)
2012-13	33,300	17,630 (53)	16,130 (91)	14,647 (83)
Total	66,630	36,092 (54)	30,493 (84)	20,456 (57)

(Figures in brackets indicates percentage of achievement)

(Source: Information furnished by the Corporation of Chennai, DDHS Erode and Madurai districts)

In the test-checked districts, achievements in respect of the first instalment was 54 to 67 *per cent* of the targets fixed. Only 68 to 84 *per cent* of the beneficiaries, who availed the first instalment, availed the second instalment and 56 to 69 *per cent* availed the third instalment. DDHS's of the test-checked districts stated that the number of cases under the second and third instalment disbursement was less as some of the pregnant women opted for deliveries in hospitals other than Government hospitals.

3.3.6 Delay in providing financial assistance

Main objective of the scheme was to improve nutritional and health status of poor pregnant woman and child and to ensure that the cash assistance reaches all eligible beneficiaries in time. The first instalment of ₹ 4,000 was to be given at the seventh month of pregnancy to every pregnant woman who avails all required ante-natal health services. Second instalment of ₹ 4,000 was to be given after delivery to the mother who delivers at the Government Health Institutions and the third instalment of ₹ 4,000 was to be given on completion of third dose of vaccine for the child.

In 8,368 cases test-checked by audit (cases of delivery occurred during the month of September to November of 2011 and 2012) delays ranging from 1 to 26 months were noticed in disbursement of first instalment of assistance. Though first instalment was to be paid in the seventh month of pregnancy it was paid to 7,965 beneficiaries only after delivery. Similarly, in 7,949 cases delays ranging from 1 to 23 months were noticed in payment of second instalment after delivery, though it was to be paid immediately after delivery as detailed in **Table 3.13**.

Table 3.13: Details of delays in disbursement of assistance

District	First instalment		Second instalment	
	No of cases	Delay in months	No of cases	Delay in months
Chennai	4,364	1 to 25	4,227	1 to 22
Erode	1,739	1 to 26	1,580	1 to 20
Madurai	2,265	1 to 26	2,142	1 to 23
Total	8,368		7,949	

(Source: Details from PICME)

When reasons for delay in payment of assistance were called for from BMOs/ZMOs in audit, they replied that funds for the year 2011-12 were made available to them only in November 2011 and January 2012. However, delays were noticed in the year 2012-13 also and the delay exceeded two years in some cases. Due to abnormal delays in payment of assistance, objectives of compensating poor women's wage loss during pregnancy and enabling them to get nutritional food to avoid low birth weight babies were defeated.

3.3.7 Pending applications

It was noticed in audit that in two test-checked HUDs¹⁸, though 1,276 applications pertaining to 2010-11 were pending, BMOs/ZMOs surrendered entire unutilised amount of ₹ 25.83 lakh. Due to non-provision of additional funds subsequently, applications remained pending as of December 2013.

3.3.8 Delay in crediting assistance to beneficiaries' accounts

From scrutiny of bank statements and information received (October 2013) from the Nodal Bank, it was noticed that out of ₹ 4.39 crore released during 2012-13 to bank by Teynampet Zone of Corporation of Chennai for crediting assistance to 10,968 beneficiaries' accounts through Electronic Clearance Service, ₹ 47.32 lakh pertaining to 1,183 beneficiaries was not credited to the beneficiaries' accounts and remained with bank as of September 2013. It was stated that non-credit was due to mismatch of details furnished by the Zone with that of the nodal bank. Thus, 1,183 beneficiaries could not get maternity assistance under the scheme in time.

It was further noticed that the bank made excess transfer of ₹ 26.40 lakh (due to double credit) to 660 beneficiaries' accounts and recovered only ₹ 14.69 lakh from those beneficiaries and ₹ 11.71 lakh was not yet recovered and credited to the bank account maintained for the scheme by the Zone.

3.3.9 Monitoring

As per scheme guidelines, the Sector Health Nurse /Community Health Nurse has to verify all details of beneficiaries and BMO/ZMOs concerned should conduct random checks. However, no such records to verify whether any such checks were conducted by BMOs/ZMOs concerned were made available to audit.

To ensure that benefit of the scheme reaches the entitled beneficiaries, Government ordered (September 2006) the District Collectors and the DDHS to undertake audit and inspection. Further, DPH&PM, while sanctioning funds, reiterated that District Audit parties were to verify all BPHCs accounting system once a fortnight thoroughly. However, it was noticed in Audit that no audit team was formed in the test-checked districts.

3.3.10 Conclusion

During the period 2011-13, an amount of ₹ 1,174.21 crore was spent by Government on providing cash assistance to poor pregnant women under the

¹⁸ Chennai and Erode

scheme. There were savings in budget provisions as physical targets were not fixed realistically. Thirty six *per cent* of the beneficiaries who availed the first instalment opted for deliveries other than in Government Hospitals and hence had not availed subsequent instalments. Audit noticed delays ranging from 1 to 26 months in disbursement of cash assistance.

The above points were referred to Government in November 2013; reply has not been received (December 2013).

3.4 Excess payment/wasteful and infructuous expenditure

REVENUE AND HOUSING AND URBAN DEVELOPMENT DEPARTMENTS TAMIL NADU SLUM CLEARANCE BOARD

3.4.1 Wasteful expenditure on construction of temporary shelters

Temporary shelters constructed at a cost of ₹ 1.83 crore to accommodate slum families remained unoccupied for more than three years and were dismantled subsequently rendering the expenditure wasteful.

Government sanctioned (December 2006) ₹ 128.10 crore under the World Bank-aided Emergency Tsunami Reconstruction Project (ETRP) for construction of multi-storeyed tenements in Marina, Chennai by demolishing existing 2,862 slum tenements which were structurally weak and in dilapidated condition. Government also sanctioned (December 2006 and February 2008) ₹ 12.84 crore for construction of 3,636 temporary shelters to accommodate slum families during the period of reconstruction. Chief Engineer of Tamil Nadu Slum Clearance Board (TNSCB) technically sanctioned (March 2008) an estimate for construction of temporary shelters at a cost of ₹ 12.98 crore.

Construction of 2,159 shelters (Package I) in four different sites¹⁹ was awarded (November 2008) to a contractor for ₹ 12.46 crore²⁰ and 1,532 shelters were completed (March 2010) at a cost of ₹ 9.78 crore. Of 1,532 shelters, 300 remained vacant from March 2010 as occupants of old tenements did not accept the housing scheme and refused to move to the temporary shelters.

Scrutiny of records (April 2013) of TNSCB revealed that the World Bank (WB) insisted (February and September 2007) that the Project Director, ETRP and TNSCB identify number of families required to be shifted to temporary shelters after obtaining their options in writing and to incorporate actual number of shelters in the bid documents. WB also requested TNSCB to send complete list of beneficiaries prior to bid evaluation. However, options in writing could not be obtained by TNSCB due to non-cooperation of beneficiaries in accepting the reconstruction project. List of beneficiaries alone was finalised and published in August 2009 and even at that time and afterwards, occupants of

¹⁹ Nochikuppam and Nochi Nagar (258 and 1126 Numbers), Selvarajapuram and Dommingkuppam (490 and 285 Numbers)

²⁰ Based on 2008-09 Schedule of Rates with tender excess of 29.35 *per cent*

Dommingkuppam and Selvarajapuram tenements refused to vacate old tenements. Hence, construction of permanent tenements for these two areas was deleted (December 2010) from ETRP. Unoccupied temporary shelters were dismantled (April 2013) by TNSCB.

Thus, TNSCB's advance action to construct temporary shelters before finalisation of the reconstruction project for occupants of Dommingkuppam and Selvarajapuram tenements was injudicious as the occupants did not furnish their options in writing for accepting the project. Temporary shelters constructed at a cost of ₹ 1.83 crore²¹ remained unoccupied for more than three years and the subsequent dismantlement of the shelters rendered expenditure wasteful.

When the matter was referred to Government, Secretary, Housing and Urban Development Department stated (November 2013) that temporary shelters were proposed in the initial stage to convince people of the area and to make them opt for permanent shelter programme and that most of the people of the project area gave their oral consent at the initial stage. However, shelters with temporary structures could be constructed within a short period of time and TNSCB could have waited till finalisation of the permanent shelter programme.

3.5 Avoidable expenditure/Extra expenditure

HEALTH AND FAMILY WELFARE DEPARTMENT

3.5.1 Avoidable expenditure

Failure of State Illness Assistance Society to furnish required documents to GoI in time resulted in non-availing of GoI assistance of ₹ 12 crore and avoidable additional expenditure of ₹ 9.50 crore from State fund.

GoI, Ministry of Health and Family Welfare introduced (December 1996) a scheme for providing financial assistance to poor²² to enable them to get specialised treatment in cases of serious illness by establishing a fund at the state level. GoI was to release grant-in-aid to States to the extent of 50 per cent of the State's contribution in a year subject to a maximum of ₹ five crore. Accordingly, GoTN constituted (March 1997) Tamil Nadu State Illness Assistance Fund (Fund) and formed (March 1998) State Illness Assistance Society (Society). Release of matching contribution by GoI was subject to submission of (i) performance report, (ii) Utilisation Certificates (UCs), (iii) audit certificates and (iv) documentary proof for having published list of beneficiaries in a leading state level newspaper and for credit of State's contribution to fund account.

Scrutiny of records (November 2012) revealed that during the period 1998-2012 GoTN received only ₹ 12 crore as GoI contribution as against ₹ 24 crore (50 per cent of State's contribution of ₹ 48 crore during

²¹ Proportionate expenditure for 300 shelters (₹ 9.78 crore x 300/1532 = ₹ 1.92 crore minus ₹ 0.09 crore being receipts from disposal of dismantled materials)

²² Members of BPL families

1998-2012) due from GoI. Out of balance ₹ 12 crore due from GoI, ₹ 9.50 crore²³ pertained to its share due for the period 2006-09.

When GoTN requested (March 2007) GoI to release further matching share against the State's contributions, GoI stated that any further demand for grant-in-aid would be considered only on submission of documents as required in scheme guidelines. Director of Medical and Rural Health Services (DMRHS) informed (February 2010) GoI that funds were released to Government Medical Institutions (GMIs) as revolving funds were not fully utilised by GMIs and that list of beneficiaries could be furnished only on utilisation of the entire amount. Besides, UC for ₹ 6.02 crore of Society's funds transferred (March 2005) to the Chief Minister's Public Relief Fund operated by the Finance Department was also not obtained. As required documents for release of GoI matching contribution pertaining to the period 2006-09 were not furnished, no contribution was released by GoI. GoI categorically stated (January 2012) that release of funds on GoTN's earlier contributions could not be considered.

Thus, failure on the part of the Society and department to watch timely utilisation of revolving fund, publication of beneficiary details in the newspapers and receipt of UCs from GMIs and District Collectors for compiling them and sending to GoI in complete shape in time for claiming its contribution resulted in non-availing of GoI assistance of ₹ 12 crore. As a result, there was avoidable additional expenditure of ₹ 9.50 crore (50 per cent of State's contribution of ₹ 19 crore during 2006-09) from the State fund.

On this being pointed out in audit, Secretary, H&FW Department, stated (January 2013) that GoI had been addressed (September and December 2012) to release contribution due to the State. However, the fact remains that GoI had already expressed its inability (January and August 2012) to release matching grants on GoTN's earlier contributions.

HIGHER EDUCATION DEPARTMENT

3.5.2 Extra expenditure due to defective preparation of estimates

Failure of Executive Engineer, Technical Education Division, Madurai to prepare and adopt observed data for special item of work in the estimates inflated estimated cost of works and resulted in extra expenditure of ₹ 1.36 crore.

Public Works Department (PWD) prepares detailed estimates of works by arriving at rates of various items of work included in the estimates based on the data²⁴ from the Standard Data Book of PWD and Schedule of Rates (SoRs). For any special item of work for which there is no data in the Data Book, Executive Engineer (EE) concerned should prepare observed data and get it approved by Superintending Engineer (SE) concerned for adopting it for arriving at the rate for that special item of work.

²³ 50 per cent of ₹ 19 crore of GoTN share released during 2006-07 (₹ nine crore), 2007-08 (₹ five crore) and 2008-09 (₹ five crore)

²⁴ Materials and their quantities and the category of skilled/unskilled labour and their numbers required for one unit of finished work (Square metre/cubic metre/running meter, etc.)

District Collector, Madurai accorded administrative sanctions to 86 works for 'providing cement concrete designed paver block flooring' in roads, parks, schools, colleges, etc., at a total cost of ₹ 5.65 crore during 2007-11 for execution through EE, Technical Education Division, Madurai. EE technically sanctioned estimates of works and executed them through contractors at a cost of ₹ 5.59 crore during 2007-11.

Scrutiny of records (December 2011) revealed that EE adopted (July 2007) in the estimates rates of ₹ 1,000 per sq.m. for 60 mm thick concrete paver block flooring and ₹ 1,200 per sq.m. for 80 mm concrete paver thick flooring by obtaining quotations from the market instead of preparing observed data for the special item of work and adopting the approved data for arriving at the rates. EE adopted the rates of ₹ 1,000 / ₹ 1,200 per sq.m. respectively in all estimates prepared and sanctioned by him during 2007-11. Audit noticed that the State Highways Department had approved observed data for this special item of work. EE failed to obtain data from the Highways Department for the item of providing 100 mm thick concrete paver block flooring. The rate for the item of work adopted by Highways Division, Madurai during 2011-12 was ₹ 874.50 per sq.m. Rates for 60 mm and 80 mm thick paver block flooring, worked out applying Highways data and adopting SoRs for the years 2007-08 to 2010-11 were far less (₹ 664 to ₹ 690 per sq.m. for 60 mm thick paver block flooring and ₹ 735 to ₹ 770 per sq.m. for 80 mm). The adoption of market rates by EE inflated the estimated cost by ₹ 1.31 crore as given in **Appendix 3.5**.

EE was empowered to accept tenders for value of work not exceeding ₹ 10 lakh with tender excess up to five *per cent* of departmental value. Audit noticed that estimated value of each of 86 works was ₹ 10 lakh or less. The tender excess in respect of all the works was within five *per cent* and all the tenders were accepted by EE and work orders issued. The contractors were paid ₹ 4.06 crore for a total quantity of 37,281 sq.m. of paver block flooring. The estimated value of the item of work in the 86 works adopting the rates arrived at based on Highways data was ₹ 2.57 crore only. The agreed rates at which the contractors were paid were in excess of the rates arrived at by 51 to 71 *per cent* and the percentage of tender excess was beyond the EE's power of acceptance.

Applying maximum percentage of tender excess (five *per cent*), up to which EE was empowered to accept tenders, on the estimated value of ₹ 2.57 crore (86 works) the total value of work would come to ₹ 2.70 crore only. Thus, defective preparation of estimates by EE adopting the market rate for concrete paver block flooring resulted in extra expenditure of ₹ 1.36 crore (₹ 4.06 crore - ₹ 2.70 crore).

The matter was referred to Government in July 2013; reply has not been received (December 2013).

3.6 Regularity issues and others

HEALTH AND FAMILY WELFARE DEPARTMENT

3.6.1 Non-maintenance of telemedicine facilities

Failure of the Department to operate and maintain telemedicine facilities created at a cost of ₹ 2.29 crore resulted in idling of the equipment and instruments for more than three years

GoI approved (October 2006) “Setting up of telemedicine²⁵ facilities in Tamil Nadu” at a cost of ₹ 2.72 crore²⁶. The project envisaged linking Government Royapettah Hospital (GRH), Chennai with six district headquarters hospitals²⁷ for teleconsultation services. GoI entrusted setting up and running the project including provision of software and technical support to the Centre for Development of Advanced Computing (C-DAC), Pune and DCL Software Limited (DCLSL), Chennai up to November 2009. As per conditions of approval by GoI, GoTN was to provide support to operate and maintain facilities for a period of five years after the completion of project period.

GoI released (October 2006 to June 2009) grants-in-aid of ₹ 2.23 crore to C-DAC and DCLSL who incurred expenditure of ₹ 2.29 crore on the project. During project period, 650 teleconsultation sessions were conducted. On completion, equipment and instruments were handed over (December 2009 and May 2010) to respective hospitals by DCLSL.

Scrutiny of records (August 2012) revealed that GoTN directed (November 2009) the Electronics Corporation of Tamil Nadu (ELCOT) to send proposal to Government for maintenance of telemedicine centres. ELCOT submitted (January 2010) an estimate for ₹ 43.50 lakh per annum for maintenance of the project. GoTN, however, instructed (May 2010) Director of Medical Education (DME) to carry out cost-benefit analysis on ELCOT’s proposal. Even though GoTN insisted (October 2011) ELCOT to submit a detailed report to DME, no such report was received (January 2013).

It was noticed in audit that telemedicine centres were manned by staff of DCLSL during project period and staff required to operate and maintain project after the project period were not trained. Thus, failure of the department to identify suitable personnel and train them resulted in discontinuance (from December 2009) of the project which was completed at a cost ₹ 2.29 crore.

When this was pointed out in audit, the Superintendent of GRH stated (August 2012) that maintenance of the project could not be done due to non-receipt of report from ELCOT and for want of Government sanction and provision of funds. It was further stated that trained personnel to run the project were not available in hospitals. DME stated (December 2012) that restoration of the

²⁵ Telemedicine is the use of medical information exchanged from one site to another via electronic communications to improve, maintain, or assist patient’s health status

²⁶ Government contribution of ₹ 2.28 crore and State contribution of ₹ 43.70 lakh

²⁷ Kancheepuram, Krishnagiri, Rameswaram, Thiruvallur, Tiruvannamalai and Udhamandalam

project was time-consuming and action would be taken to continue the project on receipt of Government order. However, the fact remains that the Department was aware that project period was to expire in November 2009 and continuance of the project depended on availability of trained personnel.

The matter was referred to the Government in May 2013; reply has not been received (December 2013).

HIGHER EDUCATION DEPARTMENT

ANNA UNIVERSITY - REGIONAL CENTRE, COIMBATORE

3.6.2 Injudicious procurement of machinery and their non-installation

Procurement of machinery at a cost of ₹ 5.47 crore for setting up a laboratory by Anna University of Technology, Coimbatore without ensuring availability of space for their installation resulted in non-installation for more than three years.

Anna University of Technology²⁸, Coimbatore (University) invited (November 2008) tenders for supply, installation and maintenance of used precision machinery for setting up of Mechanical/Manufacturing workshop with Computer Numerically Controlled (CNC) machinery for conducting practical classes to students. Firm to whom purchase orders were placed (November 2008) to supply 12 items of machinery costing 13.30 lakh Singapore dollars (₹ 4.44 crore approximately) supplied 11 out of 12 items of machinery ordered between June 2009 and May 2010 and University paid ₹ 4.42 crore to the firm. One machine for a value of ₹ 0.13 crore was not supplied by it. Further, the University incurred an expenditure of ₹ 1.05 crore on customs duty, bank charges, etc. All 11 items of machinery received were not installed (December 2013).

Scrutiny of records (November 2010 and March 2013) revealed that proposal (8 November 2008) to procure machinery was approved (9 November 2008) by Vice-Chancellor (VC) of the University and tenders were invited on 12 November 2008. Though three firms obtained tender schedules from University, only one firm quoted for supply of the machinery and its offer was accepted (29 November 2008) by VC and supply order placed same day. It was noticed in audit that full payment was made for 10 items of machinery and 95 *per cent* of cost for two items of machinery, even though agreement provided for payment of only 70 *per cent* of cost on delivery of the machinery. It was also noticed that availability of space for installing the machinery was not ensured by the University before placing supply order. Consequently, machinery supplied was kept in sealed condition in the University (December 2013).

As the CNC laboratory was not established, University revised its curriculum for third year B.E. programme in Mechanical Engineering based on the laboratory facilities available in the nearby institutions and conducted practical

²⁸ The University was merged with the Anna University, Chennai and is functioning as Anna University – Regional Centre (AU-RC) with effect from 1 August 2012

classes for the 2007 and 2008 batch students in those institutions incurring an expenditure of ₹ 2.56 lakh. The course was discontinued in 2009. In response to notices served (between July 2010 and July 2012) by the University, the firm stated that remaining one machine would be supplied and requested (January and June 2011 and July 2012) the University to arrange for space, power supply and other facilities for installation of the machinery already supplied. The University, however, could not provide them for installing the machinery (December 2013).

Thus, injudicious procurement of machinery by the University without ensuring availability of space for installing them resulted in their non-installation for more than three years.

In reply, Government stated (December 2013) that most of the machinery were under the category of heavy duty production machinery which required proper foundation for erection in the presence of experts in CNC field and that the process would take a few months. Government further stated that a vigilance enquiry in this regard was pending and further action taken in this regard would be intimated to audit.

HOME DEPARTMENT

3.6.3 Delay in implementation of centrally sponsored scheme

Despite release of ₹ 10.45 crore by GoI for Strengthening of Fire and Emergency Services, financial sanctions were accorded by GoTN for ₹ 4.26 crore only as against the approved outlay of ₹ 13.06 crore resulting in non-achievement of objective of the scheme.

GoI introduced (November 2009) a centrally sponsored scheme “Strengthening of Fire and Emergency Services in the country” with funding by GoI and the State in the ratio of 75:25. The scheme, planned to be implemented during 2009-12, aimed at strengthening fire and emergency services in the country and to transform fire services into multi-hazard response force to meet emergency situations and filling existing gaps in fire fighting and rescue capability of States through introduction of modern technology such as Advanced Water Tenders (AWTs), Quick Response Vehicles (QRVs), and High Pressure Pumps (HPPs).

GoI approved (November 2009) ₹ 13.06 crore²⁹ for Tamil Nadu for procurement of 19 AWTs, 30 QRVs, 60 HPPs and 60 sets of self-contained combination tools and prohibited any deviation from the number and technical specifications laid down. GoI released (between January 2010 and May 2011) its share of ₹ 10.45 crore and GoTN released (between April 2010 and September 2011) ₹ 0.85 crore only against its share of ₹ 2.61 crore (25 per cent of central share). Though GoTN accorded (April 2010) administrative sanction for scheme for ₹ 13.06 crore, it accorded financial sanctions for ₹ 4.26 crore only as of July 2013 for procurement of 9 out of 19 AWTs, 8 out of 30 QRVs, 8 out of 60 HPPs and 22 out of 60 sets of self-contained combination tools. Director of Fire and Rescue Services (DFRS) procured (between April 2010 and March 2013) sanctioned items incurring an

²⁹

GoI share: ₹ 10.45 crore and GoTN share: ₹ 2.61 crore

expenditure of ₹ 3.95 crore and allotted (April 2013) procured items to some of the targeted fire stations/ districts.

Scrutiny of records (April and July 2013) revealed that though chassis for nine AWTs were procured (April 2010) and sent (July 2010) to Tamil Nadu State Transport Corporation (TNSTC), Coimbatore for fabrication work, TNSTC could complete and deliver nine AWTs only in March 2013 due to belated release of payment to TNSTC by DFRS (October 2011) on receipt of financial sanction from GoTN (September 2011). In order to keep expenditure within sanctioned amount, DFRS instructed TNSTC not to provide telescopic masts with lamps in the AWTs. Further, a mandatory set of standard accessories (65 items) for nine AWTs already acquired were also not procured by DFRS (July 2013). Thus, due to non-release of adequate funds by GoTN, despite release of funds by GoI, nine AWTs³⁰ now deployed are deficient due to non-provision of telescopic masts with lamps and standard accessories which are minimum technical requirements.

GoI released (May 2011) third instalment of ₹ 7.04 crore to GoTN for purchase of remaining 10 AWTs, 22 QRVs, 52 HPPs and 38 sets of self-contained combination tools. It was noticed in audit that DFRS was not informed of the credit of third instalment of central share by Secretary to Government, Finance or Home Department. On receipt of information from GoI that the central share was released in May 2011 itself, DFRS submitted (October 2012) a proposal to GoTN for procurement of the remaining items at a cost of ₹ 9.93 crore and Government sought (April 2013) certain clarifications and detailed report from DFRS. Revised proposal submitted (July 2013) to GoTN for ₹ 9.45 crore was under consideration (September 2013) of GoTN.

The scheme, scheduled to be implemented during 2009-12, was not yet completed (September 2013) and even though GoTN received central share fully it accorded financial sanction for ₹ 4.26 crore only as against the approved outlay of ₹ 13.06 crore resulting in non-procurement of remaining equipment and tools. Thus, objective of transforming the fire services into a multi-hazard rescue force was not fully achieved even after 18 months from end of the scheme period.

The matter was referred to the Government in September 2013; reply has not been received (December 2013)

LABOUR AND EMPLOYMENT DEPARTMENT

3.6.4 Idle mobile weighbridge testing units

Non-sanction of posts of driver and helper and maintenance expenditure to operate mobile weighbridge testing units supplied free of cost by GoI resulted in idling of three units costing ₹ 1.78 crore for two to three years.

As per Tamil Nadu Legal Metrology (Enforcement) Rules, 2011 notified under the Legal Metrology Act, 2009 (Act), weighbridges are to be verified at

³⁰ (i) Chennai (North), (ii) Coimbatore (South), (iii) Cuddalore, (iv) Erode, (v) Madurai, (vi) Salem, (vii) Tiruchirappalli, (viii) Tirunelveli and (ix) Vellore

least once within a period of 12 months to ensure accuracy of readings and stamped. There are 2,875 weighbridges in the State with a capacity of up to 40 metric tonnes (MTs).

In order to strengthen weights and measures infrastructure and to reduce time taken for verification and stamping of weighbridges, GoI supplied (August 2008) two mobile weighbridge testing units³¹ costing ₹ 1.08 crore to Tamil Nadu. GoTN was responsible for upkeep and maintenance of units. Testing units, distributed (August 2008) to Inspectors of Labour, Tiruvallur and Coimbatore, were put to use from June 2009 after posting of drivers. In July 2010, GoI supplied two more units with lesser capacity³² costing ₹ 1.24 crore and the units were distributed to Inspectors of Labour, Tiruchirapalli and Thoothukudi. GoI also released (December 2010 and May 2011) ₹ 12 lakh to GoTN towards operational cost of two units for the years 2010-11 and 2011-12.

Scrutiny (August 2012) of records revealed that GoI suggested (October 2008) operation of the units by hiring drivers and helpers on daily wage basis till creation of the posts. Drivers were posted (June 2009) to the two units and no post of helper was created. Vacancy that arose (June 2011) in the post of driver of the unit at Tiruvallur was not filled up and the unit remained idle from June 2011.

In respect of the two units supplied in July 2010, even though Commissioner of Labour (COL) requested (August 2010) GoTN to sanction two posts each of driver and helper and maintenance expenditure, no sanction was accorded. As a result, the two units at Tiruchirapalli and Thoothukudi remained idle from July 2010 onwards. Moreover, GoI assistance of ₹ 12 lakh towards operational cost of two units was also not utilised. Audit observed that estimated annual expenditure of ₹ 21.37 lakh on salaries/wages to drivers and helpers, fuel cost and maintenance could have been met by the department out of proposed annual user fee collection of ₹ 57.50 lakh³³ without any additional financial burden to GoTN.

Thus, GoTN's failure to sanction posts of drivers and helpers and maintenance expenditure resulted in idling of three mobile testing units costing ₹ 1.78 crore for two to three years defeating objective of ensuring accuracy of weighbridges and minimising time taken to verify them.

When the matter was referred to Government, the Principal Secretary, Labour and Employment Department stated (November 2013) that the COL's proposal for sanction of drivers and helpers for the units and for fuel and maintenance charges was under active consideration of Government and that orders on the subject would be issued shortly.

³¹ Total capacity of each unit is 35 MTs including test weights for 12.1 MTs

³² Total capacity of each unit is 16 MTs including test weights for five MTs.

³³ For 2875 weighbridges at the rate of annual user fee of ₹ 2000 per weighbridge

**PLANNING, DEVELOPMENT AND SPECIAL INITIATIVES
DEPARTMENT**

3.6.5 Unutilised funds and incorrect reporting of expenditure

Hill Area Development Programme funds of ₹ 68.40 crore remained unutilised and kept outside Government account besides incorrect reporting of expenditure.

GoI provided Special Central Assistance (SCA) to the State under the Hill Area Development Programme (HADP) for development of the Nilgiris. SCA was released to GoTN in two instalments and unspent assistance in a financial year was to be deducted by GoI from the second instalment of the following year. The District Collector (DC), Udhagamandalam³⁴ assisted by Project Director/HADP (PD) was responsible for implementation of HADP through various Implementing Agencies (IAs³⁵). During Eleventh Plan period (2007-12), out of ₹ 211.48 crore released to district for implementation of HADP, PD utilised ₹ 183.01 crore including the amount released to IAs.

Scrutiny of records (June 2013) revealed that PD furnished UCs to GoI for entire amount of ₹ 211.48 crore released during 2007-12 without ascertaining the utilisation of funds from IAs and taking into account the unspent grants available. It was noticed in audit that PD and IAs (41 agencies) had a balance of ₹ 68.40 crore³⁶ as on 31 May 2013 including interest receipt of ₹ 5.26 crore. This balance included accumulated unspent balances relating to the period prior to 2007-08 and the interest earned thereon. However, this was not reported in the UCs furnished to GoI for the period 2007-12. The huge unspent balance was attributed (June 2013) by the PD to dropping of works sanctioned in the past due to non-availability of sites, disputes in sites, etc.

Based on UCs furnished by the PD, GoI released full SCA as per approved plans in all years. Planning, Development and Special Initiatives Department (PDSID), which released HADP funds to the district and was responsible for watching utilisation of funds also failed to monitor the fund utilisation. Thus, incorrect reporting by PD resulted in full release of SCA by GoI without any deduction on account of unspent amount and interest receipts and the accumulated unutilised amount of ₹ 68.40 crore was kept outside Government account by PD and IAs.

On this being pointed out in audit, the Principal Secretary to Government, PDSID stated (October 2013) that UCs were sent to GoI based on the progress of the project works and oral assurances given by the IAs. He further stated that schemes had been sanctioned and proposals were under preparation for utilising unspent amount. Reply is not acceptable as responsibility for monitoring the projects and obtaining UCs from the IAs for the expenditure rests with PD and that of ensuring the same with the Government.

³⁴ Headquarters of the Nilgiris District

³⁵ 48 Implementing Agencies under 28 Sectors

³⁶ ₹ 54.39 crore with the PD and ₹ 14.01 crore with the IAs

3.6.6 Non-implementation of Hill Area Resource Information System

Despite release of ₹ 1.45 crore to Bharathidasan University, Tiruchirapalli for development of Hill Area Resource Information System for the Nilgiris District, the system was not utilised due to lack of co-ordination between the Project Director, Hill Area Development Programme and the University and proper monitoring.

Government of India (GoI) approved (February 2008) the Project 'Hill Area Resource Information System' (HILARIS) for the Nilgiris District at an estimated cost of ₹ 1.46 crore to be shared between the GoI and the Project Director/HADP, Udthagamandalam (PD). Objective of the project was to provide web-based Spatial Decision Support System in Geographic Information System³⁷ (GIS) environment for use by district authorities in their planning activities. The project was scheduled to be completed by August 2009.

Though the funds sanctioned for the project were released both by the GoI (₹ 75.04 lakh in February and December 2008) and the PD (₹ 70 lakh between July 2008 and April 2011) to the Bharathidasan University, the implementing agency selected by GoI, the University did not deliver the end product to the PD (August 2013). The University furnished (July 2013) only utilisation certificates to GoI and the PD for the total expenditure of ₹ 1.45 crore.

Scrutiny of records (July and August 2013) of the PD and the University revealed that though the key point of the project was to ensure ownership of project by the end user, so as to ensure sustainability of the project, the University, citing general condition of the sanction of the grant-in-aid by GoI, claimed that assets (valuing at ₹ 40.62 lakh) purchased as part of the project could not be transferred to PD as most of them were procured out of GoI contribution and approval of GoI was necessary for transfer of those assets.

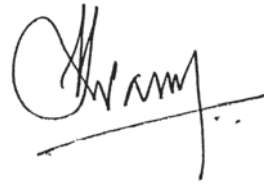
As directed by GoTN, the University handed over (April 2013) a compact disc containing 65 GIS layers to the PD, though University was aware that utilisation of the project would be possible only through availability of relevant software hosted in the web. Further, relevant software for opening GIS applications was not provided by the University. PD informed (May 2013) the University that the whole project would be accepted only on transfer of data along with hardware and equipment and its web- hosting as mentioned in the project report.

Thus, ownership of product was not transferred by the University to PD even after four years from stipulated date of completion of the project due to lack of co-ordination between PD and the University and proper monitoring. As a

³⁷ GIS is a computer- based tool for mapping and analysing geographic phenomenon that exists and event that occurs on earth

result, the HILARIS was not implemented in the district defeating objective of utilising GIS applications by end users for planning purposes.

When this was pointed out in audit, Government stated (October 2013) that continuous steps were being taken to make the project successful and get assets of the project transferred to the PD after getting approval from the Department of Information Technology, GoI. However, the fact remains that the software application developed was not utilised for planning purposes for more than four years.



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The 23 April 2014

Countersigned



(SHASHI KANT SHARMA)

Comptroller and Auditor General of India

New Delhi
The 30 April 2014