

CHAPTER I SOCIAL SECTOR

1.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2014 deals with the findings on audit of the State Government units under Social Sector.

The names of the State Government departments and the total budget allocation and expenditure of the State Government under Social Sector during the year 2013-14 are given in the table below:

Table 1.1.1

(₹ in crore)

Sl. No.	Name of the departments	Total Budget Allocation	Expenditure
1.	Human Resource Development	410.67	398.85
2.	Food, Civil Supplies and Consumer Affairs	33.09	30.32
3.	Health Care, Human Services and Family Welfare	271.30	162.89
4.	Labour	54.24	51.80
5.	Social Justice, Empowerment and Welfare	128.54	87.26
6.	Cultural Affairs and Heritage	28.56	24.57
7.	Ecclesiastical Affairs	36.38	34.28
	Total	962.78	789.97

Besides the above, the Central Government has been transferring a sizeable amount of funds directly to the implementing agencies under the Social Sector to different departments of the State Government. The major transfers for implementation of flagship programmes of the Central Government are detailed below:

Table 1.1.2

(₹ in lakh)

Sl. No.	Name of the Department	Name of the Scheme/Programme	Implementing Agency	Funds transferred during the year
1.	Human Resource Development	Rashtriya Madhyamik Shiksha Abhiyan (RMSA)	State Mission Authority, Rashtriya Madhyamik Siksha Abhiyan	862.64
		Sarva Siksha Abhiyan	State Mission Authority (SSA), Gangtok.	4,195.08
		National Medicinal Plants Board	Sikkim University	4
		Research and Development Department of Biotechnology	Sikkim University	14.79
		Top Class Education Scheme for SC	National Institute of Technology Sikkim	4.28
		Adult Education and Skill Development Scheme	Sikkim State Literacy Mission Authority, Sikkim	66.80
		Micro Electronics and Nanotech Development Programme (DIT)	Sikkim Manipal Institute of Technology	43
		Top Class Education System for ST	National Institute of Technology	4.09

2.	Health Care, Human Services and Family Welfare	National Rural Health Mission / National Health Mission Centrally Sponsored	State Health Society	2,552.82
		Assistance to Voluntary Organisation for providing Social Defence	Association for Social Health in India	9.95
		National Programme for Control of Blindness	State Health Society	10
		National AIDS Control Programme STD Control	Sikkim State AIDS Control Society	528.41
3.	Ecclesiastical Affairs	Buddhist and Tibetan Studies	Dechhen Choiling Gumpa Committee	2.5
			Sikkim Namgyal Institute of Tibetology, Gangtok	63.35
			Ngor Chotshog Centre	2.5
			Holistic Medicinal Promotion and Allied Education	1
			Kachod Pema Woeling Trust	10
4.	Social Justice, Empowerment and Welfare	Support to National State Scheduled Tribes Finance and Development	Sikkim Scheduled Castes, Scheduled Tribes and Other Backward classes Development Corporation Ltd.	250
		Grant-in-aid to NGOs for STs including coaching and allied scheme and award for exemplary service	Mayal Liang Trust (MLT)	28.29
Total				8,653.5

Source: Central Plan Scheme Monitoring System of GOI.

1.2 Planning and conduct of Audit

Audit process starts with the assessment of risks faced by various departments of Government based on expenditure incurred, criticality/complexity of activities, level of delegated financial powers, assessment of overall internal controls, etc.

After completion of audit of each unit on a test check basis, Inspection Reports containing audit findings are issued to the heads of the departments. The departments are to furnish replies to the audit findings within one month of receipt of the Inspection Reports. Whenever replies are received, audit findings are either settled based on reply/action taken or further action is required by the audited entities for compliance. Some of the important audit observations arising out of the Inspection Reports are processed for inclusion in the Audit Reports, which are submitted to the Governor of the State under Article 151 of the Constitution of India for laying on the table of the Legislature.

The test audits were conducted involving expenditure of ₹ 1,474.86 crore (including expenditure of ₹ 887.19 crore of previous years) (details of year-wise break-up is given in **Appendix 1.2.1**) of the State Government under Social Sector. This Chapter contains one paragraph on audit of Implementation of Information and Communication Technology in Schools in Sikkim as given below:

HUMAN RESOURCE DEVELOPMENT DEPARTMENT

1.3 Audit of Implementation of Information and Communication Technology in Schools in Sikkim

1.3.1 Background

The 'Information and Communication Technology (ICT) in Schools Scheme' was launched in December 2004 to provide opportunities to secondary stage students to build their capacity on ICT skills and make them learn through computer aided learning process. The Scheme was a comprehensive initiative to open new vistas of learning and to provide a level playing field to school students, whether in rural areas or in the metropolitan cities. One of the main objectives of the Scheme was to provide infrastructure to enable the Schools to have an environment for widespread use of ICT. With this vision, the Centrally Sponsored Scheme ICT in Schools was launched in Sikkim in 105 Secondary and Senior Secondary Schools during 2005-06 on a 90:10 fund sharing basis. Directorate of Technical Education, Human Resource Development Department (HRDD), Government of Sikkim was entrusted with the responsibility of implementing the Scheme.

1.3.2 Introduction

Computer Education Plan (CEP) prepared by the Department for implementing ICT in 103 Schools was approved by Project Monitoring and Evaluation Group (PMEG), Government of India (GOI) in August 2005 and two more Schools were approved during 2007-08. Thus, a total of 105 Schools were to be covered under Phase I. Another CEP for implementation of ICT Scheme in 46 Schools (Phase II) was approved by GOI during October 2010. GOI had accorded sanction for implementation of ICT in 105 Schools. However, without obtaining approval, 29 more Schools were included and the Scheme was implemented in 134 Schools (105+29), the details of implementation of Phase I ICT Scheme are given in **Appendix 1.3.1**. The scheme was implemented through a private agency¹ at a tendered value of ₹ 939.53 lakh for a period of 40 months from September 2008 to December 2011. The three major responsibilities of the firm were as under:

- (i) Introduction of computer education in 105 new Schools (13 Senior Secondary and 92 Secondary Schools) by providing computer and its accessories including software;
- (ii) Continuation of computer education in 29 Senior Secondary Schools, repair and maintenance of computers and its accessories and to keep them functional throughout the contract period of 40 months; and

¹ M/s Computel Systems and Services, New Delhi.

(iii) Appointment of computer instructors and arrange for internet connectivity to both 29 Senior Secondary Schools and 105 new Schools².

1.3.3 Audit framework

Audit on 'Implementation of ICT in Schools Scheme' was taken up with an Entry Conference with the Human Resource Development Department, Government of Sikkim in July 2013, to assess the efficiency and effectiveness of the Scheme, and to assess whether economy was observed in its implementation. Out of a population of 134 (105+29) Schools, 34 Schools³ were selected through Stratified Random Sampling for physical verification. The updation of Audit findings was conducted during June to August 2014 through test check of records maintained at the HRDD headquarters office, Gangtok and Schools in the districts. Performance was benchmarked against the criteria stipulated in NIT, bid agreement documents, Information and Communication Technology (ICT) guidelines and Sikkim Financial Rules. The audit findings were discussed in the Exit Conference held on 31 October 2014.

Audit findings

1.3.4 Planning process

One of the main objectives of the Scheme was to provide infrastructure to enable the Schools to have an environment for widespread use of ICT. Two of the main anticipated outcomes of the Scheme were widespread use of ICT in Schools leading to enrichment of existing pedagogy and enabling the students to acquire necessary skill needed for both higher education and for gainful employment. Planning of the Scheme should have been done keeping in view the said objective and anticipated outcomes with full involvement of School authorities concerned. For effective implementation of the scheme, the Department should have conducted preliminary survey of Schools to ensure availability of suitable room for computer laboratory, possibility of landline connection for internet, separate electrical connection, etc. Further, the Headmasters/Principals of the Schools should have been fully explained or communicated the modus operandi and the objective of the Scheme. However, no such communication and preliminary survey was done.

1.3.5 Fund Management

A total of ₹ 6.08 crore was released by GOI and an amount of ₹ 2.00 crore was released as the State share. The details of Funds under ICT in Schools Scheme (Phase I) are given in the table below:

² 'Category I' Schools with enrolment of 150 plus students were to be provided with two computer instructors (senior and junior) and 'Category II' Schools with enrolment of below 150 students were to be provided with one computer instructor.

³ 26 out of 105 Schools, where computer and its accessories were supplied and 8 out of 29 Schools where computer and its accessories were not supplied.

Table 1.3.1

(₹ in lakh)

Sl. No.	Year	OB	Receipt			Expenditure	Balance
			GOI	State	Total		
			270.00*	200.00 [#]	470.00	66.52	403.48
1	2008-09	403.48	-	-	-	234.88	168.60
2	2009-10	168.60	-	-	-	19.73	148.87
3	2010-11	148.87	338.01 [@]	-	338.01	135.90	350.98
4	2011-12	350.98	-	-	-	172.94	178.04
5	2012-13	178.04	-	-	-	165.00	13.04
6	2013-14	13.04	-	-	-	-	13.04
Total :			608.01	200.00	808.01	794.97	13.04

* ₹ 270 lakh was released as first instalment by GOI on October 2005.

₹ 200 lakh released as State share in March 2008.

@ ₹ 338.01 lakh for ICT 2005-06 (Phase I).

Poor Fund Management of the Department is illustrated by the following observations:

➤ Total fund requirement for covering 105 Schools for three years, as per Scheme guidelines, was ₹ 9.85 crore as detailed in the table below:

Table 1.3.2

(₹ in lakh)

Nature of Expenditure for the n th Year	For each School			For 105 Schools		
	GOI Share	State Share	Total	GOI Share	State Share	Total
Non-recurring Expenditure of 1 st year	6.03	0.67	6.70	633.15	70.35	703.50
Recurring Expenditure of 2 nd year	1.21	0.13	1.34	127.05	13.65	140.70
Recurring Expenditure of 3 rd year	1.21	0.13	1.34	127.05	13.65	140.70
Total	8.45	0.93	9.38	887.25	97.65	984.90

Against the fund requirement of ₹ 8.87 crore as GOI share, the total fund released for covering 105 Schools was ₹ 6.08 crore (₹ 2.70 crore released in October 2005 and ₹ 338.01 lakh released in March 2011) indicating short release of ₹ 2.79 crore from GOI.

➤ The non-recurring and recurring expenditure approved by GOI for 105 Schools were as detailed in **Table 1.3.2** above. The total State share requirement for implementation of ICT Scheme for the three years was ₹ 97.65 lakh (₹ 70.35 lakh in the first year and ₹ 13.65 lakh each, in the second year and the third year). However, by including 29 old⁴ Schools, the total number of Schools to be covered was 134 (29+105) and the Department worked out (September 2005) State share as ₹ 3.41 crore for three years, and the same was later (April 2006) enhanced to ₹ 5.00 crore⁵. Scrutiny revealed that delay in implementation was due to non-availability of funds under State share by the State Government due to unauthorised inclusion of additional 29 old Schools. The excess projection of State share was corroborated by the fact that during implementation as against the projected requirement of ₹ 5.00 crore, actual State share released was only

⁴ The Schools were covered under CLASS (Computer Literacy and Studies in School) Scheme implemented from 2002-05.

⁵ The Department decided to change minimum qualification of teachers from one year Diploma to 3 years Diploma and estimated additional funds requirement for the salary of teachers by ₹ 150.00 lakh for three years.

₹ 2.00 crore. This indicated unrealistic financial planning which did not commensurate with the requirement.

In reply the Department stated (November 2014) that there was no excess projection of the State share, the funding pattern was in the scale of 75:25, as Sikkim was not considered a part of the NEC for project funding during that time. The reply was not acceptable as Sikkim was included for NEC funding in NER from 2003-04, and the funding pattern, as per the minutes of the Programme Monitoring and Evaluation Group (PMEG) meeting held on 11 July 2007 and also as per the sanction letter dated 13 October 2005, was 90:10 and not 75:25.

➤ The terms and conditions of the release order inter alia stated that the funds were to be utilised for the purpose for which it was sanctioned. Scrutiny revealed that till December 2005, a balance amounting to ₹ 26.55 lakh was to be paid to M/s Computel Systems and Services (CSS) as a committed liability for their services under the CLASS (Computer Literacy and Studies in School) Scheme during academic year 2005. However, the Department unauthorisedly diverted and paid (March 2007) to the firm ₹ 66.52 lakh for meeting the committed liability of CLASS Scheme out of the funds of ₹ 2.70 crore released by GOI (October 2005). This resulted in extra payment of ₹ 39.97 lakh (₹ 66.52 lakh - ₹ 26.55 lakh) to the firm. Later, the GOI had categorically stated (July 2007) that the said expenditure of ₹ 66.52 lakh towards CLASS Scheme was irregular and had instructed the Department to re-appropriate the funds to ICT Scheme. But the Department had not re-appropriated the said funds to ICT Scheme as of August 2014.

While accepting the fact the Department stated (November 2014) that the justification for payment of ₹ 66.52 lakh could not be located in the records and efforts would be made to verify the details.

➤ As per terms and condition of the sanction, the funds should be utilised for the purpose for which it was sanctioned. Scrutiny of records revealed that in addition to procurement of computer from the firm, the Department unauthorisedly incurred an expenditure of ₹ 38.61 lakh on purchase of 105 HP make computers for distribution to the 105 Schools (one each). Besides, the Department spent ₹ 3.63 lakh for purchase of computers, projector, laser printer, laptop, etc. for use in the IT Section of the Department from the fund under ICT Scheme, earmarked for computer education in Schools. Since there was already a paucity of fund under the scheme, unauthorised use of fund put a further burden on the scheme.

In reply the Department stated (November 2014) that it was the decision of the Head of the Department to purchase 105 HP branded computer during 2012 to be installed in the computer labs, to supplement the non-functional computers. This was done as there was criticism on implementation of the ICT in 105 Schools. Regarding purchase of computers, projectors, etc. for use in IT Section, the Department stated that efforts are being made to verify the details.

1.3.6 Unjustified re-tendering

The tendering process for implementation of ICT was initiated during December 2007 and lowest bidder was M/s Educomp Solutions Limited (ESL), Gurgaon, Haryana at ₹ 7.28 crore. The firm was rejected on grounds that salary of ₹ 4,800 and ₹ 6,000 per month was not attractive to get qualified instructors which in turn would jeopardise the objective of providing quality education. The bid was re-tendered without any negotiation with the firm. However, rejection of the lowest bidder and re-tendering of bid was not justified on the following grounds:

- The lowest bidder assured that supply of hardware, software, and other equipment, etc. would be made strictly in accordance with the bid requirement and also that teachers hired by them would be adequately paid. The Tender Committee was convinced on the statement of the lowest bidder ESL. But, this was ignored by the Department and without any negotiation with the firm, the work was re-tendered.
- As per agreement, the firm was to appoint Sr. Instructor, Instructor and Junior Instructor as per the category of the Schools, detailed in **Appendix 1.3.2**. Department found that out of 176 instructors appointed by the firm, 154 teachers (85.5 *per cent*) were under-qualified. In complete violation of agreement, all the under qualified teachers were allowed to remain engaged. Hence, compromise on qualification of teachers contradicted the very reason for re-tendering. Further, the agreement did not spell out any penalty clause for recruitment of under qualified teachers.
- As per the agreement, monthly salary to Sr. Instructor: ₹ 8,500, Instructor: ₹ 7,500 and Junior Instructor: ₹ 6,500 were to be paid. It was noticed that the teachers were being paid the monthly salary of ₹ 6,605; ₹ 5,800 and ₹ 5,020 respectively and from May 2009, it was reduced to fixed amount of ₹ 5,000 for all categories of teachers. The matter was represented (February 2010) to the Hon'ble Chief Minister (HCM) by the computer teachers. Scrutiny further revealed that while the firm (employer) was receiving full amount of average salary (₹ 7,500 per teacher) from the Department, it was not paying the same to teachers. It may be mentioned that the employer who engages 20 or more persons in any industry or class of business is required to make a statutory rate of Employees Provident Fund (EPF) contribution of 12 *per cent* and the matching amount is to be deducted from the emoluments of the employees. Even if EPF of 12 *per cent* was deducted from the said three categories of teachers, they were entitled to net pay of ₹ 7,480; ₹ 6,600 and ₹ 5,720. The firm was retaining with itself a part of teachers' salary which was on an average ₹ 1.40 lakh per month for 176 teachers till April 2009 and thereafter ₹ 2.82 lakh per month from May 2009 onwards, as detailed in **Appendix 1.3.3(a)** and **1.3.3(b)**.

Further, audit worked out that Sr. Instructors, Instructors and Junior Instructors after three years of service would be entitled to the accumulated EPF of ₹ 67,964; ₹ 60,545; and ₹ 52,472 respectively. Audit team interviewed five⁶ ICT teachers and could know that

⁶ Two belonging to ₹ 7,500 category and three belonging to ₹ 6,500 category (one teacher was deployed for 2 years).

teachers had to send their representatives to Delhi to get their money and with much bargain, the firm agreed to transfer funds to their bank accounts. However, only a meager amount between ₹ 10,300 to ₹ 21,000 was transferred to their respective savings accounts.

➤ During the first tender when ESL quoted rate of ₹ 7.28 crore, CSS had quoted an exorbitant rate of ₹ 12.35 crore. Rejection of lowest tender in the first round gave full scope to CSS to reduce its rate by ₹ 2.95 crore (from ₹ 12.35 crore to ₹ 9.40 crore). The detailed bids of all the firms, though called for, were not produced to audit.

Thus, as a result of injudicious re-tendering, the Department had to commit to an extra liability of ₹ 2.12 crore.

In reply the Department remained silent on the re-tendering issue and added that the matter of salaries of computer teachers came up only after the contract period was over. It was further stated that all the computer teachers have received the Provident Fund amount. At no point have the teachers said that they were underpaid except in unofficial forums.

1.3.7 Result of beneficiary survey and physical verification

To see actual implementation of the Scheme at the ground level, audit selected 34 Schools (26 Schools where computers was supplied and 8 Schools where computers were not supplied) for physical verification and beneficiary survey. The results of these are as follows:

Computer Lab: One of the objectives for procurement of equipment was to build an environment conducive of widespread use of ICT in Schools. Therefore, availability of proper computer lab was a prerequisite for implementation of ICT in Schools Scheme, particularly after the completion of the Scheme. Hence, preliminary survey of Schools ensuring availability of room for computer lab was vital for creation of environment conducive for use of ICT in Schools. The Department had not conducted any such survey. Physical verification by audit in presence of departmental officials revealed that the rooms used as computer labs did not have the requisite ambience and all the equipment (monitors, CPU, dot matrix printer, UPS, etc.) were lying in dilapidated condition as illustrated by photographs of computer labs and equipment taken during physical verification below:



In reply the Department stated (November 2014) that a well furnished computer lab was not made as it was not part of the scheme during initial implementation and that the Tender document was silent on this aspect. The reply is not tenable as the main objective of the scheme was creation of environment for widespread use of ICT in Schools for which a proper computer lab is vital. Further the guidelines had provided flexibility in incurring expenditure for items like preparation of labs for computers including civil repairs.

Internet connection: As per the guidelines, connectivity to internet was one of the critical factors to promote the use of ICT in Schools. Though the provision for internet to Schools was stipulated in the agreement, the Department had not conducted any survey prior to implementation of the Scheme to ensure possibility of obtaining landline connection for internet. Physical verification revealed that internet connectivity was not provided to any of the Schools.

In reply the Department stated (November 2014) that internet connectivity in the entire State is not good, Hence, they are forced to procure internet connection through private mobile network operators. Had the Department conducted prior survey, provisioning of internet connection through private mobile network operators could have been foreseen prior to implementation. However, it was contemplated during the end of the scheme. Moreover, the scheme was completed without providing any internet connection.

Syllabus coverage in 29 old Schools: As per the agreement, students of 29 Senior Secondary Schools⁷ having already learnt the basics of software packages and elementary programming, the syllabus prescribed for the students of 29 Schools were front end, back end programming and report generation. Survey of selected Schools revealed that the particular batch of students, who were supposed to have been taught front end and back end programming knew nothing about front end and back end programming.

In reply the Department stated (November 2014) that since front end and back end programming was quite advanced, only basics were taught. The reply was not reasonable as the students of 29 Schools had already learnt basics. Hence, repeating the basics was not justified.

Supply of computer equipment: The Department adopted two-bid system for tendering, where each firm was to submit technical bid and financial bid. Financial bid would be considered only if firm was technically qualified. The details of the technical bid inter-alia included the firms' associated hardware suppliers. In the case of CSS, its associated hardware suppliers were Chirag and HCL. Scrutiny of records made available to audit revealed that after award of contract, despite being aware that the firm would provide Esys and Adcom computers (the brand hardly known in the market), which were not consistent with those stipulated in the technical bid, the Department accepted it.

Physical verification of 26 Schools (where computers were supplied) revealed that out of 252 computers supplied, 222 (88.09 *per cent*) computers were lying non-functional as shown in the photographs given below. It was also noticed that 105 computers (41.67 *per*

⁷ East: 14, West: 6, North: 2 and South: 7.

cent) remained non- functional during implementation of the Scheme for the period ranging from 9 to 24 months.



Although penalty clause was stipulated in the agreement @ ₹ 100 per day for each day after the equipment remains out of order for more than five days, no such penalty was imposed for non-functionality of 105 computers during the implementation of the Scheme.

In reply the Department stated (November 2014) that in no part of the tender document the make and model of the computers were mentioned. The firm had supplied computers as per what was thought to be competitive and economical. The reply of the Department is not tenable as the technical bid submitted by the firm stated that its associated hardware suppliers were Chirag and HCL.

1.3.8 Other irregularities in implementation of the Scheme

1.3.8.1 Recruitment of Teachers vis-à-vis actual requirement and coverage of Syllabus: As per the agreement, the contract period was for 40 months (i.e. from 1 September 2008 to 31 December 2011). However, the actual academic period available for students within the period of 40 months was around 33.5 months. To cover the given syllabus, each teacher was supposed to conduct classes for 33.5 months. Test check of attendance register of 35 teachers revealed that against the requirement of 33.5 months to be taught, none of the teachers conducted classes for 33.5 months. The absence of teachers ranged from four months to 26 months. The average absenteeism of teachers was 29.76 per cent (i.e. around 10 months). However, no penalty was imposed on the firm @ ₹ 500 per day for each day of absence of teachers beyond 15 days as stipulated in the agreement. This resulted in undue benefit to the firm as well as deprivation of full benefits to the students.

1.3.8.2 Non-deduction of payment from the contract amount for the delayed period: As per agreement, the actual commencement of contract would be reckoned from the date when all the equipment (hardware and software) and teachers were in place. However, the date of termination of contract was already fixed as 31 December 2011. General conditions of contract further stated that the firm was to ensure that all equipment and teachers were in position in all the Schools by 1 September 2008. The rate quoted by the

firm was on per month per school basis for 40 months from 1 September 2008 to 31 December 2011. Scrutiny of records revealed that all the equipment and teachers were in position (in 105 Schools) only from February 2009. Hence, while making payments, the contract period should have been reckoned from February 2009 for 105 Schools. Thus, non-deduction of amount for five months' delay resulted in undue favour to the firm amounting to ₹ 89.15 lakh⁸. The Department had not spelt out any penalty clause in the agreement to prevent delay in supply of equipment and placement of computer teachers.

In reply the Department stated (November 2014) that the computer equipment and teachers were in place in 105 schools from 1 September 2008. However, their actual use was made from February 2009. The payment was made from the date of appointment of teachers and installation of hardware and not from the date of its actual use. The reply of the Department is not tenable as evident from the Challan-cum-Receipt which clearly states that the equipment were received by the Schools only after February 2009 and the teachers were in place from February 2009. Payment to the firm for the period, from September 2008 to January 2009, when no classes were taken was not justified.

1.3.8.3 Unreasonable leniency towards firm's irregularities: After six months of implementation of the Scheme, the Department noticed the firm's irregularities, viz. delay in implementation of the Scheme, recruitment of under qualified teachers, supply of sub-standard equipment, etc. and asked the firm to rectify the same. However, even after 18 months of implementation, it was noticed that those irregularities were not rectified by the firm and in addition, some more irregularities were detected. The Department should have ensured strict compliance with the terms of agreement by the firm. Instead only a soft and ineffective penalty of ₹ 44.19⁹ lakh was imposed. The penalty of ₹ 44.19 lakh included penalty for supply of sub-standard computers of ₹ 14.14 lakh @ ₹ 1,500 for 943 computers. Audit analysis revealed that the amount of penalty for computers should have been ₹ 85.82 lakh, as detailed in **Appendix 1.3.4** and **1.3.4(b)**.

In reply the Department stated (November 2014) that the penalty was imposed by the Committee for non-performing computer hardware of 105 Schools and that the Committee had also said that the hardware was as per the specifications. The reply was not tenable as the Committee had stated that the firm had tried to deceive the Department by providing inferior quality hardware and were not as per the specification stipulated in the Bid documents. However, the Department remained silent on the short imposition of penalty.

1.3.8.4 Implementation of the Scheme twice in 29 schools: GOI had approved implementation of the ICT Scheme in 105 Schools. However, without obtaining approval from GOI, the Department unauthorisedly included 29 old Schools for implementing the Scheme. A total of 134 (105+29) Schools were covered under the Scheme, i.e. introduction of computer education in 105 Schools and continuation of computer

⁸ Rate per month for 105 Schools was ₹ 17.83 lakh (₹ 3,29,680+₹ 6,81,915+₹ 7,71,150) Therefore, for five months (September 2008 to January 2009), it amounts to ₹ 89.14 lakh.

⁹ Penalty amount ₹ 84,54,200 included amount for software also. In November 2012, an amount of ₹ 40,35,065 was paid for software. Hence, net penalty imposed was ₹ 44.19 lakh.

education programme in 29 Schools. The Department again submitted (February 2010) Computer Education Plan (CEP) for 2009-10 stating that out of a total 151 Secondary and Senior Secondary Schools, 134 Schools have been covered under the Scheme and 17 Schools were to be covered during 2010-11. The CEP 2009-10 having been submitted late by the Department could not be approved by GOI. Therefore, uncovered Schools were incorporated in CEP 2010-11. However, the Department while submitting CEP 2010-11, inflated the data of uncovered Schools from 17 to 46 (by including the 29 old Schools which were already covered along with 105 Schools). This CEP 2010-11 containing the inflated data of uncovered Schools was approved by GOI during October 2010.

To receive maximum resource, the Department misled GOI by enhancing the uncovered Schools from 17 to 46. The first instalment of ₹ 80.96 lakh for implementing ICT Scheme in 46 Schools (Phase II) had been released by GOI in March 2011. The work of implementing ICT Scheme Phase II was awarded to Sibin Group, Gangtok and the work was initiated from the academic session 2014.

1.3.8.5 Reduction of funds earmarked for purchase of computers: The GOI had accorded approval for 105 Schools during Phase I. The Department without obtaining approval from GOI had included 29 old Schools. As per the guidelines, for meeting the non-recurring (in the first year) and recurring (in the second and third year) expenses, an amount of ₹ 9.38 lakh per School was earmarked for three years, out of which ₹ 4.05 lakh was for procurement of ten computers and its accessories¹⁰. Accordingly, for 105 Schools, the total amount for procurement of computer and its accessories was ₹ 4.25 crore, under which computer worth ₹ 34,223 (detailed in **Appendix 1.3.5**) could have been provided. By unauthorisedly including the additional 29 old Schools in the Scheme, the total amount of ₹ 4.25 crore (as per scheme guidelines) earmarked for computer and its accessories got reduced to ₹ 3.08 crore (as per tendered amount for 105 Schools) only as detailed in **Appendix 1.3.4 (a)**. Scrutiny of bills claimed by the firm revealed that actual amount spent on computers and its accessories was only ₹ 2.47 crore under which average cost of computers was only ₹ 14,816¹¹.

In reply the Department stated (November 2014) that there was no reduction of funds for the purchase of computers and during the time of contract the firm was asked to include maintenance of the computers supplied under CLASS scheme from its own resources as a goodwill gesture for winning the contract and also because they were the suppliers of computers under CLASS scheme. The reply of the Department is not tenable as the accepted tendered value of ₹ 939.53 lakh included ₹ 226.43 lakh for maintenance and repair of computers, providing of internet connection and deployment of computer teachers of 29 schools for 40 months. Hence it was not a goodwill gesture.

1.3.8.6 Unrealistic time frame for coverage of Syllabus: The Scheme was implemented in 105 Schools to introduce computer education. The Department had asked (July 2008)

¹⁰ Printer, scanner, web cameras and modem but excluding operating, application and educational software.

¹¹ 105 server computers @ ₹ 18,100 = ₹ 19,00,500 and 943 client computers @ ₹ 14,450 = ₹ 1,36,26,350. Therefore, average cost = (₹ 19,00,500 + ₹ 1,36,26,350) / (105 + 943) = ₹ 14,816.

the firm to follow CBSE syllabus. The class-wise syllabus for introduction of computer education itself was not logical as the Scheme was only for three years, and the major portion of class XII syllabus was introduction to open source software and programming. Without imparting preliminary knowledge on the basics of computer systems and its uses, imparting of knowledge on open source software and programming appeared impractical. Further, the Department worked out period of 40 months for implementation of the Scheme from 1 September 2008 to 31 December 2011, under which in the first year of implementation of the Scheme, the then class XII would get the benefit of only around 3.5 months¹² classes. Similarly, the then Classes XI and X would have got the benefit of only around 13.5 months and 23.5 months classes respectively. This fact was completely ignored by the Department in the planning stage.

In reply the Department stated (November 2014) that the course material was as per the syllabus prescribed and the books supplied by the vendor were good standard. The reply of the Department was not relevant to the observation made by audit. Audit's contention was that during the planning stage the Department had not considered the scheme duration of the then (2008) Class XII, XI and X students before structuring the syllabus.

1.3.9 Monitoring and Impact evaluation

As per the guidelines, the monitoring of the Scheme was to be done through independent agency like IIT, NIT, etc. Scrutiny of records revealed that this was stressed by GOI time and again. Accordingly, evaluation task was entrusted (December 2010) to National Institute of Technology, Ravangla after two years of implementation of the project. The evaluation report submitted by NIT, Ravangla though called for, was not produced to audit. During September 2009, the Department conducted inspection of seven¹³ Schools, wherein several irregularities were detected in supply of equipment and the firm was asked to rectify the defects. An Inspection Committee comprising of members from HRDD, FRED, IT Department, NIC, etc. again inspected 26 Schools (February and March 2010) and found that while the irregularities detected earlier were not rectified, additional irregularities also crept in. The Committee also reported that the firm had deceived the Department by providing inferior quality hardware. These irregularities were detected after 18 months of implementation of the Scheme. Had the monitoring system been in place right from the commencement of the project, said irregularities could have been avoided. It may be mentioned that the fund released by GOI included an amount of ₹ 24,000 per School for monitoring, which amounted to a total of ₹ 25.20 lakh for 105 Schools.

The inspection so conducted by the Committee was limited to finding discrepancies in infrastructure procurement only, neglecting its impact on the beneficiaries of the Scheme. The Department had not conducted the much needed evaluation of whether the objective

¹² Each academic year is around 10 months. Since the Scheme was from 1 September 2008 total academic period was 33.5 months (3.5 months in 2008, 10 months each from 2009 to 2011).

¹³ Three Schools were from the 105 (new) and four from the 29 (old).

of the Scheme was achieved, particularly when it was implementing Phase II of the Scheme.

Physical verification and survey of 34 Schools conducted by audit along with departmental officials revealed that the electricity payments were made by the Schools themselves; Licensed software were not supplied; teachers absenteeism was very high (29.76 per cent); maintenance and repair was not prompt. In one¹⁴ school, only theory classes were taken throughout the course period as the machines remained non-functional throughout the contract period. The main objective of the ICT Scheme, i.e. the widespread use of ICT in Schools or computer aided learning was completely lacking and the infrastructures procured were mostly non-functional and lying in dilapidated condition. Most of the Schools were of the opinion that the implementation of the Scheme could have been better if the School authorities were fully involved and made aware of the details of the Scheme. 80 per cent of the Schools commented that implementation of the Scheme was not satisfactory.

In reply the Department stated (November 2014) that they did not receive any complaint from head of the institute regarding supply and installation of computers and added that Department was not aware of monitoring funds through which scheme could have been properly monitored. The Department further stated that genuine licensed Windows and Office software was provided. This reply is not justified as the inspection Committee had already found various irregularities and the question of whether complaint was received does not arise. Moreover, during physical verification of Schools it was seen that only MS Office was provided but audit could not vouchsafe whether same was licensed as there was no activation key or registration done. Besides without internet connection the software even if it was licensed cannot be updated.

1.3.10 Conclusion

The guidelines stipulate that the Scheme would provide infrastructure for developing environment for widespread use of ICT in Schools. Despite incurring a total expenditure of ₹ 7.95 crore, the intended objective was not fully achieved. The Department could not develop the environment conducive to widespread use of ICT in Schools even after incurring an expenditure of ₹ 3.76¹⁵ crore on infrastructure alone. Most of the equipment purchased were lying non-functional. The implementation of ICT in Schools Scheme were characterised by various irregularities such as lack of survey and planning, delay in tendering the project, unjustified re-tendering, appointment of under qualified computer instructors, supply of sub-standard equipment. In order to implement the Scheme with the objective to create environment for widespread use of ICT, procurement of infrastructure was essential and there was also a need for either dedicated teachers to be in place or to get the in-house teachers fully trained.

¹⁴ Chujachen Sr. Secondary School (one of the 29 old Schools).

¹⁵ Total expenditure = ₹ 794.97 lakh, out of which ₹ 66.52 lakh was for CLASS scheme, ₹ 42.24 lakh was the unauthorised expenditure, ₹ 0.76 lakh was for tour and ₹ 309.2 lakh for teachers salary. Therefore, the net expenditure on infrastructure: ₹ 794.97 lakh - ₹ 418.72 lakh = ₹ 376.25 lakh.

While accepting the points raised by Audit, the Department stated (November 2014) that proposals have been made for providing regular computer teacher in every School. Efforts were also there to make the computers functional by way of AMC or system upgradation. It was assured that ICT in Schools scheme in remaining Schools would be implemented well. It was also stated that under ICT Phase II, computer hall with proper site preparation would be made, adequate survey before site selection would be ensured, quality furniture and best of computers would be procured.

1.3.11 Recommendations

The following recommendations are made to enable the students deriving the desired benefit of computer education through implementation of the ICT in Schools Scheme Phase II:

- **Planning:** The planning of the Scheme should be carried out after preliminary survey to ensure availability of room for computer lab and possibility of internet connectivity, involvement of School authorities and proper structuring of syllabus;
- **Implementation:** Implementation of the scheme should entail procurement of quality equipment and its proper maintenance and deployment of qualified teachers; and
- **Monitoring and Evaluation:** Implementation of project should be effectively monitored through independent agency such as NIT, IIT, etc. with prompt corrective action against shortcomings noticed in implementation. Impact assessments also need to be conducted through independent agencies.