

OVERVIEW

This Report of the Comptroller and Auditor General of India on General and Social Sectors for the year ending 31 March 2014 includes three reviews and three long paragraphs dealing with the results of performance audit of selected programmes and departments as well as audit of the financial transactions of the Government departments/autonomous bodies, societies etc. A summary of the important audit findings is given below.

1 Performance Audits

Performance audit is undertaken to ensure whether the Government programmes have achieved the desired objectives at the minimum cost and the intended benefits have accrued to the targeted beneficiaries.

1.1 Flood Control

The State of Uttar Pradesh, covering an area of 240.93 lakh ha, has seven river basins *viz.* Ganga, Gandak, Gomti, Ghaghra, Ramganga, Son and Yamuna in which 38 districts are prone to recurring floods.

Major audit findings relating to performance audit of Flood Control are discussed below:

- Financial management was inadequate as against the budgetary provisions of ₹ 3,938.11 crore only ₹ 2,452.17 crore (62 *per cent*) was spent while ₹ 1,485.94 crore (38 *per cent*) was surrendered.

(Paragraph 2.1.7.2)

- The Government of Uttar Pradesh did not prepare the required long range basin-wise and region-wise master plans. Various structural and non-structural measures for long term flood control as suggested by *Rashtriya Barh Ayog*; Ganga Flood Control Commission; Central Water Commission; and Planning Commission, Government of India were not adopted.

(Paragraphs 2.1.8, 2.1.8.1 & 2.1.8.2)

- Flood control works, mainly anti-erosion works, were planned without conducting any detailed and holistic hydrological and morphological studies, which led to execution of anti-erosion works repeatedly on the same/adjacent sites.

(Paragraph 2.1.8.4)

- During 2009-13, the State suffered losses/damages due to floods ranging between ₹ 117.87 crore and ₹ 3,259.53 crore.

(Paragraph 2.1.8.5)

- Only 341 (42 *per cent*) out of 805 approved projects were taken up. Sixty nine *per cent* of the projects, taken up in 11 test-checked districts, were incomplete for period upto 11 years from the date of sanction of the projects.

(Paragraphs 2.1.10.1 & 2.1.10.2)

- The department did not build the capacity for management of floods by imparting specialised training to the officers/staff and by adopting new technologies; and

(Paragraph 2.1.14)

- The monitoring mechanism was inadequate and was unable to oversee the execution of flood management works.

(Paragraph 2.1.16)

1.2 Command Area Development Programme-Sharda Sahayak

The Command Area Development (CAD) Programme, started (1974) by GoI with the objective of bridging the gap between irrigation potential created and that utilised; to enhance agricultural production and productivity and to improve socio-economic status of the farmers, was restructured and renamed as 'Command Area Development and Water Management Programme' (CADWMP) in February 2004. Presently, under CADWMP, two command areas namely Sharda Sahayak and Ram Ganga are in operation in the State. Of these, performance audit of Sharda Sahayak was conducted to evaluate the effectiveness in implementation of the programme.

Major audit findings noticed during Performance Audit on Command Area Development Programme-Sharda Sahayak:

- Against the norm of 20 *per cent*, the establishment expenditure was 100 *per cent* of the total 'On Farm Development' (OFD) works expenditure.

(Paragraph 2.2.2.2)

- Planning was not undertaken for conjunctive use of surface and ground water, rehabilitation of Minor Irrigation tanks *etc.*

(Paragraph 2.2.3.2)

- Provision was not made for maintenance and repair of constructed assets, resulting in damage of 24,525.52 km unlined field channels, 4,202.34 km lined field channels and 2,723.06 km field drains, requiring ₹ 489.26 crore for repairs.

(Paragraph 2.2.4.4)

- Actual availability of water for irrigation under Sharda Sahayak Canal system was about 60 *per cent* less than the designed capacity.

(Paragraph 2.2.4.10)

- The objectives of the programme were not achieved as the gap between irrigation potential created (32.87 lakh ha) and utilised (9.10 lakh ha) was 72 *per cent* (23.77 lakh ha) in two major canal projects of the command area during 2009-14, reducing the likelihood of increase of agricultural production and productivity and betterment of socio-economic status of the farmers.

(Paragraph 2.2.5)

1.3 State Agriculture Universities in Faizabad and Meerut

Under the UP *Krishi Evam Prodyogik Vishwavidyalaya Adhinyam*, 1958, Narendra Deva University of Agriculture & Technology (NDUAT), Faizabad and Sardar Vallabhbhai Patel University of Agriculture & Technology (SVPUAT), Meerut were established to achieve the goal of educating people, carrying out research works and development of agriculture technology to reduce the gaps in crop yield through focused interventions, by increasing agricultural productivity and production.

Performance Audit of NDUAT and SVPUAT for the period 2009-14 revealed the following deficiencies:

- Though ₹ 963.33 crore was spent during 2009-14 in NDUAT and SVPUAT, the universities neither maintained the main cash book nor reconciled its balances with banks. The annual accounts of NDUAT (2011-14) and SVPUAT (2013-14) were also not prepared.

(Paragraphs 2.3.7 & 2.3.14)

- Four courses, running in four constituent colleges of NDUAT, were not approved by the Chancellor of the University, as required.

(Paragraph 2.3.8.1)

- Teaching was affected due to shortage of academic staff in NDUAT and SVPUAT during 2009-14. The enrolment of students was low as compared to intake capacities and drop-out percentage was high in NDUAT. Also, 95 *per cent* students in NDUAT and 92 *per cent* in SVPUAT did not get placements during 2009-14.

(Paragraphs 2.3.8.2, 2.3.8.4, 2.3.8.5, 2.3.15.1 & 2.3.15.4)

- Large number of projects were incomplete (March 2014) in both the Universities. No research activities were taken up at Crop Research Stations in NDUAT. The Cattle Research Project was also closed midway in SVPUAT.

(Paragraphs 2.3.9.1, 2.3.9.3, 2.3.16.1 & 2.3.16.2)

- Large number of breeder and foundation seeds of notified varieties were not under production. Further, large number of developed varieties of crop seeds were neither notified nor patented. Seeds were also sold as grains, resulting in loss of ₹ 2.57 crore.

(Paragraphs 2.3.9.4, 2.3.9.5, 2.3.16.3 & 2.3.16.4)

- Community Radio Station was not functional in NDUAT. The Soil and Water Testing Laboratories, Mobile Diagnostic-Cum-Exhibition Unit and Bio-control Units were non-functional in both the Universities.

(Paragraphs 2.3.10.3, 2.3.10.4, 2.3.10.5, 2.3.17.3 & 2.3.17.4)

1.4 Management of Combined Pre-Medical Test and Fund

Combined Pre-Medical Test is conducted for admission to graduate medical courses every year. One of the Universities of the State is nominated by the Chancellor and the Government outlines the procedures to be adopted by the selected University for holding the Test every year. The Government framed CPMT Fund Rules in 1998 and the fund was created out of the savings from the fee realised from the candidates. A review of the last five Tests revealed the following:

- None of the Universities selected for test-check, provided Test related records to audit. Similarly, Principal Secretary, Medical Education Department denied access to records related to selection of Universities and maintenance of CPMT fund on the pretext of its confidentiality. Thirty *per cent* of audit queries remained un-replied.

(Paragraph 2.4.1.4)

- There were instances of funds not being transferred in CPMT Fund (₹ 150.90 lakh) and expenditure amounting to ₹ 50.99 lakh was incurred on activities not related with conduct of Test. Honorarium of ₹ 7.59 lakh was paid to ineligible employees and also on the occasions like Holi and Deepawali. The Universities paid honorarium in excess of the prescribed norms amounting to ₹ 17.10 lakh. There were also instances of levy of additional cost on sale of information booklets by the Universities.

(Paragraphs 2.4.2.1 & 2.4.2.2 (a))

- Five hundred forty ineligible candidates were allowed to take the CPMT-2013. In CPMT-2011, Biometric system was not implemented and all confidential and Test related records were weeded out within six months from the date of declaration of the results.

(Paragraphs 2.4.2.2 (b), (c) & 2.4.2.3 (a))

- The maintenance of records in respect of Registration and Security fee was inadequate. Due to absence of records the amount collected/refunded to the students and its utilisation could not be ascertained.

(Paragraph 2.4.2.3 (c))

1.5 Laptops and Tablets: Procurement and Free Distribution to Students

With a view to keep students abreast with technology, the GoUP decided (March 2012) to distribute laptops and tablets, free of cost, to them. Laptops were to be distributed to those who had passed class XII examination in 2012 and were pursuing higher education. The tablets were to be distributed to those

who had passed class X examination in 2012 and were pursuing education in class XI/Industrial Training Institutes/Polytechnics or where minimum qualification was having passed Class X. The following deficiencies were noticed in audit:

- The Government made excessive provisions of funds. During 2012-14, ₹ 2,020.85 crore lapsed and ₹ 598.33 crore was lying unspent in PLA.

(Paragraphs 2.5.6.1 & 2.5.6.3)

- The class X passed students were deprived of the intended benefits of the tablets despite sufficient budget provisions. Wasteful expenditure of ₹ 60.05 lakh was incurred on procurement process of 26.62 lakh tablets.

(Paragraph 2.5.6.2)

- In Aligarh, Allahabad and Banda districts, where the functions were presided over by the Hon'ble Chief Minister, excess expenditure of ₹ 2.97 crore was incurred against the prescribed limit under the head of administrative expenses. In six test-checked districts, liability of ₹ 6.25 crore under administrative expenses was created.

(Paragraphs 2.5.6.4 & 2.5.6.5)

- Against 18.90 lakh estimated class XII passed students, only 14.81 lakh laptops were purchased and only 14.35 lakh were distributed, resulting in 4.55 lakh eligible students being denied the benefits of laptop.

(Paragraph 2.5.6.6 (a))

- During joint physical verification, 215 laptops worth ₹ 41 lakh, were found short in four test-checked districts (Aligarh, Azamgarh, Bijnore and Moradabad) and 52 laptops (₹ 9.91 lakh) were stolen/missing in Allahabad district.

(Paragraph 2.5.6.6. (b))

- Post distribution verification by the Director, Secondary Education/Technical Education and the Head of the Institutions was not done in any of 15 test-checked districts and verification by DLC was not done in five test-checked districts.

(Paragraph 2.5.6.7)

- State level Web Monitoring System was not being used optimally. The mechanism put in place to assess and ensure the use of distributed laptops was weak and largely not followed by those responsible for it.

(Paragraph 2.5.7)

1.6 Labour Cess: Assessment, Levy, Collection, Remission and Utilisation

GoUP constituted (November 2009) the UP Building and Other Construction Workers Welfare Board (BOCW) headed by the Principal Secretary, Labour,

GoUP and eleven members. BOCW was responsible for assessment, levy, collection and utilization of cess; registration of employers of workers; and registration of workers etc. Audit noticed that:

- There was accumulation of ₹ 1,157.87 crore (March 2014) in two bank accounts due to low utilisation of funds on safety, health and welfare measures. BOCW did not even prepare the receipt and payment accounts, income and expenditure account, balance sheet and cash book for 2009-14. The periodical reconciliation of the balances with the banks was also not done, rendering the balances unauthenticated.

(Paragraph 2.6.6)

- The Department neither had any institutional mechanism in place to interact/coordinate with entities nor had any collated information/robust database of construction sites. It also did not carry out the required surveys, studies etc.

(Paragraph 2.6.7.1)

- In test-check of eight districts, only 378 inspections were carried out during 2009-14 and neither any time schedule was drawn nor targets were fixed for such inspections by each inspector.

(Paragraph 2.6.8)

- Out of 12,514 registered employers in the eight test-checked districts, only 18 Assessment Orders in Kanpur under Section 5 of the Cess Act were issued. In the remaining districts no Assessment Orders were issued.

(Paragraph 2.6.9.1)

- The collection of labour cess during 2009-14 was only ₹ 1,140 crore. Due to lack of comprehensive systems/processes in place to collect and collate comprehensive information regarding sites of construction works, employers and number of workers and cost of construction works, BOCW remained unaware of the total cess to be collected and the receipts thereagainst.

(Paragraph 2.6.9.2)

2 Significant observation of Compliance Audit

Audit observed significant deficiencies in critical areas, which impact the effectiveness of the State Government. Some important findings of the compliance audit have also been reported. The major observations relate to:

- Fraud and detection of fraud;
- Non-compliance with rules and regulations;
- Audit against propriety and cases of expenditure without adequate justification; and
- Failure of oversight and administrative control.

2.1 Fraud and detection of fraud

Audit of financial transactions, test-checked in some departments of the Government and their field functionaries showed instance of fraudulent payments as discussed below:

Non-observance of duties and responsibilities by the Drawing and Disbursing Officer, as envisaged in financial rules, led to fraudulent disbursement of pay and pay arrears of ₹ 21.93 lakh.

(Paragraph 3.1.1)

2.2 Non-compliance with rules and regulations

For sound financial administration and financial control, it is essential that expenditure conforms to financial rules, regulations and orders passed by the competent authority. This not only prevents irregularities, misappropriation and frauds but also helps in maintaining financial discipline. Some of the audit findings on non-compliance with rules and regulations are discussed below:

Non-adherence to the financial rules and the Government orders for levy of centage charges led to loss of ₹ 4.36 crore, till October 2014, to the Government.

(Paragraph 3.2.3)

Non-execution of the agreement for the supply of water for non-irrigation purposes as envisaged in the water policy, led to loss of ₹ 42.28 crore to the Government.

(Paragraph 3.2.5)

2.3 Audit against propriety and cases of expenditure without adequate justification

Authorisation of expenditure from public funds has to be guided by the principles of propriety and efficiency of public expenditure. Authorities empowered to incur expenditure are expected to enforce the same vigilance as a person of ordinary prudence would exercise in respect of his own money. Audit scrutiny revealed instances of impropriety and extra expenditure. Some of the important audit findings are discussed below:

An avoidable expenditure of ₹ 2.10 crore was incurred on 5,000 Kilowatt as demand charges which otherwise would have been only ₹ 53 lakh.

(Paragraph 3.3.3)

Construction of retaining wall without any justification led to wasteful expenditure of ₹ 17.17 crore.

(Paragraph 3.3.4)

2.4 Failure of oversight and administrative control

The Government has an obligation to improve the quality of life of the people, work towards fulfillment of goals in area of health, education, development

and upgradation of infrastructure and public services *etc.* However, Audit noticed instances where funds released by Government for creating public assets for the benefit of the community remained unutilised/blocked and/or proved unfruitful/unproductive due to indecisiveness, lack of administrative oversight and concerted action at various levels. A few cases have been discussed below:

Non-synchronization and commencement of construction work of Lower Rohini Dam without obtaining the Government of India's approval, under the Forest Conservation Act, led to unfruitful expenditure of ₹ 157.80 crore.

(Paragraph 3.4.8)

Due to delay in ascertaining the feasibility of recharge pits, constructed under Bundelkhand Package, in Banda and Hamirpur districts, ₹ 3.03 crore spent on their construction during 2010-11 to 2012-13 was rendered unfruitful.

(Paragraph 3.4.9)

Non-completion of construction of by-pass road alongwith the construction of a bridge with its approaches, even after a lapse of six years, due to non-synchronisation of these works, resulted in unfruitful expenditure of ₹ 121.34 crore.

(Paragraph 3.4.12)