

**CHAPTER-I**  
**INTRODUCTION**

## CHAPTER-I

### INTRODUCTION

#### 1.1 About this Report

This Report of the Comptroller and Auditor General of India (C&AG) relates to matters arising from Performance Audit of selected programmes and activities and Compliance Audit of various Departments of State Government.

Compliance Audit refers to examination of the transactions relating to expenditure of the audited entities to ascertain whether the provisions of the Constitution of India, applicable laws, rules, regulations and various orders and instructions issued by competent authorities are being complied with. On the other hand, Performance Audit, besides conducting a Compliance Audit, also examines whether the objectives of the programme/activity/department are achieved economically and efficiently.

The primary purpose of the Report is to bring to the notice important results of Audit to the State Legislature. Auditing Standards require that the materiality level for reporting should be commensurate with the nature, volume and magnitude of transactions. The findings of Audit are expected to enable the Executive to take corrective actions so as also to frame policies and directives that will lead to improved financial management of the organisations, thus, contributing to better governance.

This chapter, in addition to explaining the planning and extent of Audit, provides a synopsis of the significant deficiencies in performance of selected programme, significant audit observations made during the Compliance Audit and follow-up on previous Audit Reports. Chapter-II of this report contains findings arising out of Performance Audit of selected programme/activity/departments. Chapter-III contains observations on the Compliance Audit in Government Departments.

#### 1.2 Audited entity profile

The Accountant General (General and Social Sector Audit), Gujarat conducts Audit of the expenditure under the General and Social Services incurred by 13 Departments in the State at the Secretariat level and 119 autonomous bodies. In addition, two Departments (Panchayats, Rural Housing and Rural Development & Urban Development and Urban Housing) and 27 autonomous bodies under these Departments are audited by the Accountant General (General and Social Sector Audit), Gujarat for which separate Report on Local Bodies is presented in the State Legislature. The Departments are headed by Additional Chief Secretaries/Principal Secretaries/Secretaries, who are assisted by Directors/Commissioners/Chief Engineers and subordinate officers under them.

The summary of fiscal transactions during the years 2013-14 and 2014-15 is given in **Table 1** as follows –

Table 1: Summary of fiscal transactions

(₹ in crore)

Receipts			Disbursements				
	2013-14	2014-15		2013-14	2014-15		
					Non- Plan	Plan	Total
1	2	3	4	5	6	7	8
<b>Section-A: Revenue</b>							
<b>Revenue receipts</b>	<b>79,975.74</b>	<b>91,977.78</b>	<b>Revenue expenditure</b>	<b>75,258.54</b>	<b>60,065.41</b>	<b>26,586.30</b>	<b>86,651.71</b>
Tax revenue	56,372.37	61,339.81	General services	26,820.37	28,761.35	1,241.97	30,003.32
Non-tax revenue	7,018.31	9,542.61	Social services	32,381.78	19,884.80	16,829.35	36,714.15
Share of Union taxes/duties	9,701.93	10,296.35	Economic services	15,730.72	10,883.70	8,514.98	19,398.68
Grants from Government of India	6,883.13	10,799.01	Grants-in-aid and Contributions	325.67	535.56	0.00	535.56
<b>Section-B: Capital</b>							
Misc. Capital receipts	0.00	241	Capital Outlay	22,677.37	84.00	24,073.76	24,157.76
Recoveries of Loans and Advances	140.69	621.38	Loans and Advances disbursed	603.22	48.72	301.18	349.90
Public Debt receipts	19,343.04	19,453.94	Repayment of Public Debt*	6,203.91	-	-	5,509.20
Contingency Fund	0.00	0.11	Contingency Fund	0.11	-	-	14.16
Public Account receipts	52,019.52	62,387.52	Public Account disbursements	50,039.25	-	-	52,309.01
Opening Cash Balance	18,689.89	15,386.48	Closing Cash Balance	15,386.48	-	-	21,076.47
<b>Total</b>	<b>1,70,168.88</b>	<b>1,90,068.21</b>	<b>Total</b>	<b>1,70,168.88</b>			<b>1,90,068.21</b>

(Source: Finance Accounts for the respective years)

\* Excluding net transactions under ways and means advances and overdrafts.

### 1.3 Authority for Audit

The authority for Audit by the C&AG is derived from Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

### 1.4 Organisational structure of the Office of the Accountant General (G&SSA) Gujarat

Under the directions of the C&AG, the Office of the Accountant General (General and Social Sector Audit) Gujarat conducts audit of Government Departments/Offices/Autonomous Bodies/Institutions under the General and Social Sector which are spread all over the State. The Accountant General (General and Social Sector Audit) is assisted by four Group Officers (Senior/Deputy Accountants General, heading different distinct groups of Social or General Sector Audit). The groups are manned by Senior Audit Officers and Assistant Audit Officers who conduct the Audit in the field.

## 1.5 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 and concerns of stakeholders. Previous audit findings are also considered in this exercise. Based on this risk assessment, the frequency and extent of Audit are decided.

After completion of Audit of each unit, Inspection Reports containing audit findings are issued to the heads of the Departments. The Departments are requested 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 or further action for compliance is advised. The important Audit observations arising out of these 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, to be caused to be laid on the table of the State Legislature.

During 2014-15, in the General and Social Sector Audit Wing, 6,037 man-days were utilised to carry out Performance Audit and Compliance Audit of total 358 units. The Audit plan covered those units/entities which were vulnerable to significant risk as per our assessment.

## 1.6 Significant Audit observations

In the last few years, Audit has reported on several significant deficiencies in implementation of various programmes/activities through Performance Audits, as well as on the quality of internal controls in selected Departments which impact the success of programmes and functioning of the Departments. Similarly, the deficiencies noticed during Compliance Audit of the Government Departments/organisations were also reported upon. The present report contains three Performance Audit and four Compliance Audit paragraphs. The highlights are given in the following paragraphs.

### 1.6.1 Performance Audits

#### 1.6.1.1 Delivery of Healthcare Services in Government Hospitals at District Level

Health is one of the most important parameters for ascertaining the quality of human life. Availability, accessibility and usability of sound healthcare system are essential requirements to meet the challenges in the field of Health. In Gujarat, 21 District Hospitals (DHs), a secondary level hospital and 13 hospitals attached with medical colleges, and one tertiary care hospital on Public Private Partnership (PPP) mode, are functioning at district level to provide preventive, promotive and curative healthcare services to the population. The performance audit on “Delivery of Healthcare Services in Government Hospitals at District Level” was conducted for the period 2010-15 during April and August 2015 and the following deficiencies were noticed-

- Department had prepared a five year plan for betterment of healthcare services in district level hospitals, however, the plan was not comprehensive as the current status of healthcare services of the

hospitals *vis-a-vis* the requirement as per Indian Public Health (IPH) Standards was not identified. Further, the plan had no specific targets and enshrined timeframe to achieve the targets.

- The sanctioned strength of all cadres of staff including doctors and nurses remained much below the IPH Standards in the test-checked DHs. The shortfall in the cadres of Specialist Doctors ranged between 29 and 77 *per cent*, and that of Medical Officers ranged between seven and 69 *per cent vis-a-vis* IPH Standards. The situation was alarming in DH Surendranagar, DH Godhra and DH Petlad, where shortage in the cadre of Specialist Doctors was more than 60 *per cent* as compared with IPH Standards.
- Availability of beds in DHs was neither as per IPH Standards nor in consonance with the requirements. Out of 13,833 beds available in district level hospitals, 10,645 beds were available in 11 districts to cater to a population of 3.55 crore and only 3,188 beds were available in remaining 22 districts to cater to a population of 2.49 crore. Shortage of beds in test-checked DHs ranged between 52 and 73 *per cent*. Audit observed instances of highly congested wards and patients lying on the floor; two patients were accommodated on one bed for transfusion of iron sucrose, and patients accommodated in the passageway due to non-availability of vacant beds.
- Number of essential drugs *viz.* Amoxicillin, Diclofenac Sodium, Hepatitis B Vaccine, Injection Ceftriaxime, Insulin, *etc.* were not available in the stock for more than four months in all test-checked hospitals. Resultantly, patients were forced to purchase medicines from the open market.
- Instances of supply of Not of Standard Quality (NSQ) medicines by Gujarat Medical Services Corporation Limited (GMSCL) were noticed in test-checked hospitals. Most of the NSQ medicines were issued to the patients due to delay in receipt of sample testing reports.
- Essential specialist services of General Medicines, Obstetrics and Gynaecology, Paediatrics, Orthopaedics, Radiology, *etc.* were either not available or partially available in all test-checked DHs except in DH Palanpur, due to vacant posts of Specialist Doctors.
- Accident, Emergency and Trauma care services were either not available or were not equipped with essential equipment in test-checked DHs.
- Intensive Care Units (ICU) meant to attend critically ill patients, were not available in DH Petlad, DH Surendranagar and DH Vadodara. In other test-checked DHs, only one or two ICU beds were fully equipped with life saving equipment to handle critical cases. The situation in test-checked Civil Hospitals (CHs) was also deplorable, as only five and nine ICU beds were fully equipped with life saving equipment as against 11 and 36 available beds as per IPH Standards in CH Bhavnagar and CH Vadodara respectively.

- Availability of Gynaecologists, Paediatricians and life saving equipment are essential for delivery of maternal and child healthcare services. Audit observed instances of higher neo-natal and maternal deaths, vacant posts of Gynaecologists and Paediatricians, and lack of life saving equipment and beds in the maternity ward of test-checked DHs. Instances of patients accommodated on the floor were noticed in test-checked DHs.
- The departments of diagnosis, imaging and blood banks are integral components of a hospital to provide healthcare services. Audit observed that equipment for conducting various tests were not available in the diagnosis and imaging departments in test-checked DHs. Blood bank/blood storage centres were either not established or remained non-functional in test-checked DHs except in DH Godhra, DH Surendranagar and DH Himatnagar.
- Referral management and infection control were not upto the mark in any of the test-checked DHs.
- IPH Standards prescribed for quality assurance was either not followed or partially followed by the test-checked DHs.

**(Paragraph 2.1)**

#### ***1.6.1.2 Skill Development in Gujarat***

Government of India (GoI) had introduced National Skill Development Policy, 2009 to empower all individuals through improved skills, knowledge, nationally and internationally recognised qualifications to gain access to decent employment and ensure India's competitiveness in the global market. As per the report of National Skill Development Corporation (NSDC) on skill gaps in Gujarat for the period 2012-17, the State was required to provide skill training to about 4.75 lakh youth entering the work force per annum and make them employable with decent jobs in various industrial/service sectors. The Performance Audit on "Skill Development in Gujarat" was conducted for the period 2010-15 between February and August 2015 covering working of Gujarat Skill Development Mission (GSDM) and implementation of 21 skill development schemes by eight departments in the State which revealed many areas of concern. The important findings of the performance audit are highlighted below:

- Gujarat Skill Development Mission (GSDM) has not formulated uniform skill development policy even though it was decided (June 2010) in the meeting chaired by Hon'ble Chief Minister of the State, as a result of which concerned departments implemented skill training programme without uniformity in syllabus, duration of course and fees structure. We also observed that instructions (February 2014) by Labour and Employment Department for mandatory issuance of certificates of National Council of Vocational Training/Gujarat Council of Vocational Training to all trainees were not followed by private training institutes in majority cases.
- To enhance their capacity of providing vocational training to the youth in the State, the Director of Employment and Training (DET) had established

97 new ITIs between 2010 and 2015. However, average number of students passing out remained almost static during the period 2010-15.

- After passing the trade test, candidates are required to undergo practical training in industries as apprentices to enhance their skills. Audit observed that 26 *per cent* of seats of apprentices remained vacant during 2010-15 and out of 1.63 lakh candidates enrolled, only 37 *per cent* could pass the Apprenticeship exam.
- DET established 500 Kaushalya Vardhan Kendras (KVKs) in ‘Rurban’ areas to provide formal/informal training in short term courses to the youth who had left school at early age to provide them employment or self-employment and 7.83 lakh youth had completed training during 2010-15. Beneficiary survey of 270 candidates conducted by Audit revealed that only 23 (nine *per cent*) got job placements as majority of courses taken up by KVKs were providing skills for seasonal self-employment to some extent only.
- Under Industrial Policy 2009, a target was set to establish 200 Skill Up-gradation Centres (SUCs) with capacity of 1.5 lakh trainees per year. However, Centre for Entrepreneurship Development (CED) could set-up (2012-14) only 39 SUCs and train only 0.14 lakh candidates till March 2015 nullifying the objective of preparing technically competent manpower as per industrial needs.
- Under Sant Shri Ravidas High Skill Training Programme (SSRHSTP) 17,052 candidates (36 *per cent*) got training against the target of 47,140 during 2010-15. Percentage of female trainees was only 18 *per cent* against envisaged 30 *per cent*.
- Audit found that female participation in Vocational Training Centres developed by Tribal Development Department (TDD) on Public Private Partnership mode for skill training to tribal youth was only 17 *per cent* against a target of 50 *per cent* set by TDD. Overall achievement of training target by all VTCs was 35 *per cent* only (2010-15).
- Though funds of ₹ 12.55 crore were available with Gujarat Livelihood Promotion Company (GLPC) since 2011-12 for Mission Mangalam Skill Development Programme, selection of Skill Development Partners were delayed for more than two years due to non-finalisation of terms and conditions and because of this, training to only 1,155 candidates could be provided under the scheme till March 2015.
- To put all the information in public domain is important for creating awareness as well as for transparent administration of a scheme/programme, however, the web-portal developed (2011) by GSDM remained non-operational since September 2013.
- Analysis of available data of trainees on web-portal under three major schemes revealed large number of duplications in same scheme and multiple trainings being availed of by same candidates. The achievement figures were thus over reported by 4.58 lakh trainees.

**(Paragraph 2.2)**

### 1.6.1.3 Functioning of Vadodara Urban Development Authority

Vadodara Urban Development Authority (VUDA) was established (January 1978) under Gujarat Town Planning and Urban Development (GTP&UD) Act, 1976 for planned growth and systematic development in urban areas. The main functions of VUDA include preparation of a holistic Development Plan and zone-wise town planning schemes, execution of town planning schemes, control and execution of development work in accordance with the Development Plan, and to acquire/hold/manage/dispose of property, *etc.* The First Development Plan of VUDA was finalised in 1984 and got revised in 1996 and 2012. Out of 20 Town Planning (TP) Schemes submitted by VUDA, the State Government had approved finally/preliminarily 11 TP schemes till date. The performance audit on “Functioning of VUDA” was conducted for the period 2010-15 between May and June 2015 and the following deficiencies were noticed –

- There was delay in preparation of Development Plans and TP schemes.
- As against 53 TP schemes proposed in the First Revised Development Plan, VUDA had proposed only four TP schemes. The reservation of land for specific purposes in the TP schemes was not made as per the provisions of GTP&UD Act *i.e.* as against 10 *per cent* of land to be earmarked for Socially and Economically Weaker Section (SEWS) beneficiaries, the land reserved for SEWSs in 11 TP schemes ranged between 2.69 and 6.74 *per cent* only.
- As against ₹ 292.31 crore of funds received during the period 2010-15, VUDA could utilise only ₹ 118.18 crore.
- The land acquired for Transport Nagar-cum-Logistic Park during 2000-04 remained undeveloped till date (January 2016) due to non-acquisition of a piece of land in the central portion of the site and delay in appointment of consultants, preparation of designs, *etc.*
- Out of 242 plots allotted to VUDA in 11 TP schemes for residential/commercial units for sale, SEWS housing, parks and garden, *etc.*, only 17 plots could be sold/developed by VUDA. No efforts were made by VUDA to transfer the ownership of land/plots allotted to VUDA from the name of original land owners.
- Though creation of basic amenities and infrastructure were provided in the Development Plans and TP schemes, VUDA had executed only road works as a result of which the people residing in the VUDA area were deprived of water supply system, drainage and sewerage system, street lights, parks and gardens, *etc.*
- A scheme of 2011 for providing one time concession to the owners to regularise unauthorised/irregular constructions was not implemented effectively.
- Economically Weaker Section (EWS) beneficiaries evacuated from Madhavnagar and Keshavnagar EWS housing complex, owing to collapse of blocks of Madhavnagar, could not be rehabilitated till date



of Audit (June 2015) owing to delay in commencement of construction work and stoppage of work by the contractor.

- Irregularities in execution of road works and irregular/avoidable payment to the contractors were observed in Audit.
- Internal control and grievance redressal mechanism was not effective and there was shortage of 61 *per cent* of technical staff against the sanctioned strengths.

**(Paragraph 2.3)**

### ***1.6.2 Compliance Audit of Transactions***

#### ***1.6.2.1 Undue benefit worth ₹ 6.69 crore bestowed on an agency***

Awarding of printing work of revised curriculum and syllabus without resorting to e-tender process by Gujarat Council of Educational Research and Training (GCERT) to an agency at a conditional rate in contravention to the provisions of Gujarat Public Works Manual and Central Vigilance Commission resulted in extra avoidable payment of ₹ 6.69 crore and undue favour to the agency.

**(Paragraph 3.1)**

#### ***1.6.2.2 Irregular payment of subsistence allowance and salary***

Contractual employee was suspended and reinstated in regular pay scale as if he was a government servant resulting in irregular payment of subsistence allowance and salary of ₹ 66.88 lakh.

**(Paragraph 3.2)**

#### ***1.6.2.3 Follow-up Audit on Modernisation of Police Force in Gujarat***

The implementation of the scheme in the State was last reviewed and findings included in the Audit Report (Civil) for the year ended 31 March 2009. As a follow-up, the present Audit covers the period 2009-15 to assess and evaluate the action taken by the Government on the Audit findings and recommendations included in the Audit Report for the year ended 31 March 2009.

Audit observed that corrective actions have been taken by the department in respect of mobility, weaponry, communication equipment, utilisation of funds and equipment pertaining to Forensic Science Laboratories and allotment of quarters. However, following deficiencies need urgent attention of the State Government for remedial action-

Submission of AAP to the GoI by the State Government was found to have been delayed in every year during audit period. Though, adequate number of four-wheeler and two-wheeler vehicles were available with the department, some PSs were not having the prescribed number of vehicles as per norms of BPR&D. Shortages in modern weapons as against the requirement assessed by the State Government was noticed especially in respect of BORE shot guns, Gas Guns and AK 47s. Weapons against ₹ 12.54 crore released to Ordnance Factory Board during the period 2003-15 was still awaited. POLNET

remained non-functional since its installation. The funds provided for Mega City Policing were not optimally utilised. GSPHCL could utilise only 26 per cent of funds received during the period 2009-15 due to slow progress of works and non-commencement of works. Construction of Training-cum-Store complex for Home Guards at Ahmedabad commenced after a delay of more than 10 years due to non-acquisition of land and construction of Baffle Range sanctioned in 2008-09 had not commenced due to non-finalisation of tender by GSPHCL. The police reforms were not implemented properly though directed by the Hon'ble Supreme Court of India. No corrective steps had been taken to fill up the vacant posts in the Anti Terrorist Squad and technical posts in communication. Proper monitoring by State Level Empowered Committee was found wanting in the police modernisation scheme.

(Paragraph 3.3)

#### *1.6.2.4 Unfruitful expenditure of ₹ 1.12 crore*

Non-acquisition of land by Ahmedabad Urban Development Authority resulted in non-utilisation of pipes laid besides defeating the purpose of disposal of excess storm water from Bopal pond to Ghuma pond.

(Paragraph 3.4)

## **1.7 Lack of responsiveness of Government to Audit**

### *1.7.1 Inspection Reports outstanding*

The Hand Book of Instructions for prompt Settlement of Audit Objections/Inspection Report issued by the Finance Department in 1992 provides for prompt response by the Executive to the Inspection Reports (IRs) issued by the Accountant General to ensure rectificatory action in compliance with the prescribed rules and procedures and accountability for the deficiencies, omissions, etc., noticed during the inspections. The Heads of Offices and next higher authorities are required to comply with the observations contained in the IRs, rectify the defects and omissions promptly and report their compliance to the Accountant General within four weeks of receipt of the IRs. Periodical reminders are issued to the Head of the Departments requesting them to furnish the replies expeditiously on the outstanding paragraphs in the IRs.

As of 31 December 2015, 3,261 IRs (6,287 paragraphs) were outstanding against 13 Departments under the General and Social sector. Year-wise details of IRs and paragraphs outstanding are given in **Appendix-I**.

### *1.7.2 Response of Departments to the audit paragraphs*

Three draft Performance Audit report and four draft Compliance Audit paragraphs were forwarded to the Additional Chief Secretaries/Principal Secretaries/Secretaries of the concerned administrative Departments between July 2015 and October 2015 with a request to send their responses within six weeks. The Departments replied to two out of three draft Performance Audit reports and one out of four draft Compliance Audit paragraphs featuring in this Report. Entry and exit conferences were also held with the concerned

Departments on the audit findings included in the draft report of the Performance Audit. The replies of the Departments and the views expressed by them have duly been considered while finalising this report.

### ***1.7.3 Follow-up of Audit Reports***

Rule 7 of Public Accounts Committee (Rules of Procedure) 1990 provides for furnishing Detailed Explanation (DE) to the observations which featured in Audit Reports by all the Departments of Government, within 90 days of their being laid on the Table of the Legislative Assembly.

The administrative Departments did not comply with these instructions and 19 Departments<sup>1</sup> as detailed in **Appendix-II** had not submitted 51 DEs for the period 2003-04 to 2013-14 as of 31 December 2015.

### ***1.7.4 Paragraphs to be discussed by the Public Accounts Committee***

Details of paragraphs pending discussion by the Public Accounts Committee as of 31 December 2015 are detailed in **Appendix-III**.

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<sup>1</sup> This includes audit of departments transferred to Principal Accountant General (E&RSA), Gujarat, Ahmedabad after restructuring with effect from 1 April 2012