

Overview

OVERVIEW

This Report contains four Performance audits i.e. Supply of subsidised food grains and Kerosene Oil Under Targeted Public Distribution System, Mid Day Meal Scheme, Working of Estates Department and Procurement of Medicines and Medical Equipment and 25 paragraphs involving ₹1255.27 crore relating to excess/ wasteful/ unfruitful/ infructuous/ avoidable unproductive expenditure, fraudulent drawals, idle investment, blocking of funds, etc. Some of the major findings are mentioned below:

PERFORMANCE AUDIT

The total expenditure¹ of the State increased from ₹24603 crore to ₹34550 crore during 2010-15, the revenue expenditure of the State Government increased by 59 *per cent* from ₹18467 crore in 2010-11 to ₹29329 crore in 2014-15. Non-Plan revenue expenditure increased by 51 *per cent* from ₹17558 crore to ₹26457 crore and capital expenditure decreased by 15 *per cent* from ₹6064 crore to ₹5134 crore during the period 2010-15.

Major findings of **Supply of subsidised food grains and Kerosene Oil under Targeted Public Distribution System** are given below:

- The Department did not review the list of BPL families leading to issue of food grains valuing ₹17.89 crore to ineligible families while depriving eligible BPL families. Further 1.09 lakh MTs additional *ad hoc* food grains allocated by GoI for ‘not covered BPL families’ had been distributed among existing BPL card holders during 2010-12.

(Paragraphs: 2.1.6 and 2.1.12.3)

- Proforma accounts were in arrears since 1973-74. ₹2932.64 crore was released to Food Corporation of India (FCI) and the Department had not carried out any reconciliation with the FCI to ascertain the extent of actual advance payments made and quantum of food grains lifted.

(Paragraphs: 2.1.9.2 and 2.1.9.4)

- Non-revision of sale rates of wheat bran for over seven years led to revenue loss of ₹15.45 crore. Further, lack of due diligence by the Department in benchmarking the price while procuring sugar led to loss of ₹31.14 crore.

(Paragraphs: 2.1.9.3 and 2.1.10)

- Distribution of Kerosene oil to LPG consumers resulted in an avoidable burden of subsidy of ₹459.24 crore on Government exchequer.

(Paragraph: 2.1.12.3 (d))

¹ Total expenditure includes revenue expenditure, capital outlay and disbursement of loans and advances

- Expenditure of ₹1.50 crore incurred on construction of laboratories turned unfruitful besides, ₹5.61 crore, released under end-to-end computerization of PDS scheme, remained un-utilized.

(Paragraphs: 2.1.13.3 and 2.1.14.2)

Major findings of **Mid Day Meal Scheme** are given below:

- Annual Work Plan & Budget was submitted to the Government of India without factoring in genuine requirements and basic data from schools/zones.

(Paragraph: 2.2.6.1)

- Shortage of cook-cum-helpers in schools resulted in involvement of teaching staff in running the Mid Day Meal scheme.

(Paragraph: 2.2.6.5)

- Delay in release of funds to the implementing agencies resulted in non-providing of MDM to 1.31 lakh children during the year 2011. Further, the school authorities diverted ₹9.60 crore from local funds for running MDM scheme.

(Paragraph: 2.2.7.3)

- The annual plan approved for allocation of quantity of food grains was higher than the required quantity and the excess allocation ranged between 26 per cent and 55 per cent despite the fact that there was no increase in enrolment of school children.

(Paragraph: 2.2.8.1)

- Mid Day Meal to all eligible children for all days of attendance was not ensured and there was a shortfall of 29 per cent to 44 per cent.

(Paragraph: 2.2.9.1)

Major findings of **Working of Estates Department** are given below:

- The Department had not formulated any long term Perspective Plan for development of Government colonies.

(Paragraph: 2.3.6.1)

- Non-adherence to prescribed allotment norms/ policy for accommodation in private hired hotels resulted in avoidable/ extra expenditure of ₹19.02 crore during the period 2010-11 to 2014-15. Also, non-eviction of unauthorized occupants resulted in avoidable expenditure of ₹13.95 crore for hiring of private hotels/ houses.

(Paragraphs: 2.3.7.4, 2.3.7.5, 2.3.7.6, 2.3.13.2 and 2.3.8)

- Due to non-existence of a system to ensure recovery of license fee and rent of shops, ₹5.38 crore were outstanding.

(Paragraph: 2.3.9)

- 199 shops owned by the Department had been transferred by the original allottees and the Department had failed to take action against these allottees/ unauthorized occupants.

(Paragraph: 2.3.14.3)

- Lack of effective internal control mechanism and non-maintenance of records led to non-detection of shortage of stores (₹2.44 crore) and non-accountal of items purchased (₹3.79 crore).

(Paragraph: 2.3.15.3)

Major findings of **Procurement of Medicines and Medical Equipment** are given below:

- Purchase Manual had not been prepared by the Department. Even after lapse of about three years of adoption of Drug Policy, a drug formulary had not been prepared. No specific policy guidelines were put in place for testing of drugs before these are administered to patients.

(Paragraphs: 2.4.5 and 2.4.6)

- Expenditure on procurement of medicines and equipment ranged between five and seven *per cent* of the total allocation to the Department. 59 *per cent* of NRHM funds provided for procurement of medicine, machinery and equipment remained unspent.

(Paragraph: 2.4.7)

- Purchases Committees had repeatedly been restructured/ reconstituted affecting their working adversely, as no comprehensive Annual Rate Contracts had been finalised during 2010-15. Medical Supplies Corporation constituted in May 2013 had not been made functional.

(Paragraphs: 2.4.8.1 and 2.4.8.3)

- Rate Contracts finalized by the Purchase Committees showed cases of non-adherence to codal provisions, non-adoption of best practices and irregularities in finalization of individual Rate Contracts.

(Paragraphs: 2.4.9.1 and 2.4.9.2)

- Large scale procurements (Medicines: ₹44.28 crore; Equipment: ₹34.80 crore) were made on the basis of expired rate contracts/ outside health institutions and from the local market.

(Paragraphs: 2.4.10.2 and 2.4.13)

- 50.95 lakh tablets/ capsules/ injections, etc. (value: ₹82.74 lakh) declared 'Not of Standard Quality' had been issued for supply to patients.

(Paragraph: 2.4.12.3)

- Procurement of machinery/ equipment to the extent of ₹1.17 crore had been made on the basis of fake/ forged supply orders of the health institutions of other states.

(Paragraph: 2.4.13.2)

- Machinery/ equipment valuing ₹1.21 crore had not been installed due to non-availability of infrastructure, trained manpower etc.

(Paragraph: 2.4.14.1)

COMPLIANCE AUDIT

Unfruitful expenditure

Delayed completion of civil works of cold storage building at Chenani and failure to take up the works of installation of plant and machinery even after nine years rendered expenditure of ₹1.70 crore unfruitful thereby defeating its objective of improving economic condition of the poor farmers.

(Paragraph: 3.1)

Blockade of funds

The action of Chief Education Officers to withdraw funds without ascertaining existence, status of registration and willingness to receive financial assistance of the Madrasas under the 'Scheme for providing quality education in Madrasas' followed by subsequent credit of advanced amount to the Current Bank accounts resulted in blockade of funds to the extent of ₹1.09 crore for over three years.

(Paragraph: 3.2)

Short remittance of games fee

Failure of the departmental authorities to monitor realisation of games fee from students by the educational institutions and subsequent transfer of its due share resulted in short-remittance of games fee of ₹72.02 lakh to concerned District Youth Services and Sports Officers of Jammu and Kathua thereby defeating the purpose of promoting sports activities.

(Paragraph: 3.4)

Blockade of funds and avoidable expenditure

Failure of the departmental authorities to identify an agency for establishment of cold store at Tulip Garden Srinagar resulted in blockade of funds to the extent of ₹3.95 crore and avoidable expenditure of ₹1.63 crore on purchase of tulip bulbs.

(Paragraph: 3.5)

Suspected embezzlement

Lack of internal control mechanism facilitated suspected embezzlement of ₹one crore in Special Forest Division, Tangmarg.

(Paragraph: 3.7)

Implementation of Right to Public Services Legislation

There was delay in delivery of services provided by Government Departments and out of 1.73 lakh test-checked cases delay in providing services in six Departments ranged between one day and 1146 days. There was lack of awareness among the general public about the provisions of the Act.

(Paragraph: 3.8)

Blockade of funds due to failure to ensure possession of encumbrance free land

Injudicious action of the Government to release ₹6.24 crore before ensuring possession of encumbrance free land for construction of Government Degree College at Chatroo Kishtwar resulted in their blockade for over three years. The purpose of construction of the college to provide benefits of education to the local students also could not be achieved.

(Paragraph: 3.10)

Jammu Development Authority

The accounts of the Authority had not been presented to the State Legislature since establishment of the Authority. The Authority was not able to get the entire land transferred by the State Government in its name or take the physical possession thereof. Out of the demarcated land measuring over 17885 *kanals*, total of 2810 *kanals* (16 per cent) of land had been encroached upon and remained under illegal occupation. The arrears of rent outstanding in respect of commercial sites had increased from ₹5.92 crore in 2008-09 to ₹6.93 crore in 2013-14. The Authority had suffered revenue loss of ₹1.41 crore due to non-collection of *adda* fee/ parking fee and rent, short levy of building permission fee and non-levy of penalties.

(Paragraph: 3.12)

Inadmissible payment of arrears of pay and allowances

Failure of the Executive Engineer PHE Division Samba in adhering to the extant orders and rules resulted in inadmissible payment of arrears of ₹3.85 crore on account of pay and allowances to 105 employees.

(Paragraph: 3.21)

Management of Evacuee Property in the State

Audit noticed accumulation of arrears of ₹120.40 crore on account of outstanding premium and rent against 491 lessees/ allottees at the close of March 2015. The Department had neither established Evacuee Property Fund nor formulated any financial investment plan. Over 1,50,806 *kanals* of land out of total 14,70,434 *kanals* of evacuee land, was under illegal occupation. Irregular leasing out of evacuee properties and incorrect application of rates resulted in short levy of premium of ₹1.41 crore.

(Paragraph: 3.22)

Irregular and extra expenditure

Action of the departmental authorities to incur extra cost of ₹2.86 crore on 'water supply scheme', allotment of its operation and also award of work of 'Internal electrification' of the project for construction of mini township at Jagti Nagrota Jammu without invitation of tenders resulted in irregular expenditure of ₹6.51 crore.

(Paragraph: 3.23)

Undue favour to contractors

Award of contract for construction of transit accommodation at different sites in Kashmir valley to Small Scale Industries Development Corporation without bidding after cancellation of tendering process by the Relief Commissioner Migrants Jammu resulted in extra expenditure of ₹11.94 crore.

(Paragraph: 3.24)

Total Sanitation Campaign

The Rural Development Department had not conducted preliminary survey to assess the status of sanitation and hygiene practices. There was shortfall in utilization of funds ranging between 22 *per cent* and 68 *per cent* of available funds during the years 2010-11 to 2014-15. Non-release of central funds of ₹77.45 crore was due to non-submission of mid-term Utilisation Certificates and audited statements of accounts to the GoI. Shortfall in achievement of targets ranged between 31 and 95 *per cent* for construction of Individual Household Latrines for BPL/ APL households/ community, sanitary complexes/ school toilets/ Anganwadi toilets.

(Paragraph: 3.25)