

# Overview

## OVERVIEW

This Report comprises three Chapters: the first Chapter contains the financial profile of the State, planning and conduct of audit and follow-up on Audit Reports. Second Chapter of this Report deals with the findings of three Performance Audits and third Chapter deals with Compliance Audits in various Departments including audits of three schemes, one follow-up audit and draft paragraphs. The audit findings included in the Performance Audits and Compliance Audits in this Report have total money value of ₹3033.44 crore.

The audit has been conducted in accordance with the Auditing Standards prescribed for the Indian Audit and Accounts Department. Audit samples have been drawn based on statistical sampling as well as risk based judgmental sampling. The specific audit methodology adopted has been mentioned in each Performance Audit. The audit conclusions have been drawn and recommendations have been made taking into consideration the views of the Government. A summary of main audit findings is presented in this overview.

### 1. Audit of programmes/activities/Departments

#### (i) Performance Audit of Integrated Child Development Services

The Performance Audit of the Integrated Child Development Services (ICDS) revealed that the Social Welfare Department neither identified malnourished/severely malnourished children in the State nor set any targets to reduce prevalence of underweight children, anemia in case of pregnant women/lactating mothers, IMR and MMR *etc.* during implementation of the scheme.

The quality of services provided to the beneficiaries was seriously compromised as basic amenities like toilet, drinking water, kitchen, utensils *etc.* were not available in the test-checked *Anganwadi* Centres (AWCs) and 72 *per cent* of the functional AWCs did not have their own buildings in the State.

Despite availability of funds for construction and upgradation of AWC buildings, the Department did not finalise the budget head for drawals of funds till 2014-15. As a result, released funds could not be drawn from treasury.

Most of the test-checked AWCs failed to provide, supplementary nutrition for prescribed days, pre-school education, referrals and medicine kits to the beneficiaries. The prescribed checks to ensure specified standards and quality/nutrition value of supplementary nutrition were not carried out by Food and Nutrition Board in the State.

Adequate training was not provided to field level functionaries of ICDS such as Child Development Project Officers, Lady Supervisors and *Anganwadi* workers (AWWs). As a result, micro-level survey conducted by the Department for identification of SC/ST/Minority habitations was unsatisfactory and AWWs could not identify malnourished children.

Deficient monitoring had affected the implementation of the scheme as 25 AWCs were found closed while children were not present in 22 AWCs during physical verification of 195 AWCs.

Above all, the Department could operationalise only 76 per cent of the sanctioned AWCs. Further, the universalisation of services under ICDS could not be achieved in the State as only 44 to 46 per cent of eligible children, 55 to 58 per cent of eligible pregnant women/lactating mothers and 10 to 20 per cent of adolescent girls were covered under the Scheme despite directions of Hon'ble Supreme Court that each habitation should have a functional AWC and ICDS should be extended to all children upto the age of six years and all pregnant women/lactating mothers.

(Paragraph 2.1)

**(ii) Performance Audit of implementation of National Rural Drinking Water Programme in Bihar**

National Rural Drinking Water Programme (NRDWP), could not yield intended results in the State and the population affected with Arsenic, Fluoride and Iron contamination were not provided with safe drinking water. They were either not covered by the sanctioned schemes or the sanctioned schemes were not completed during 2011-16. As a result, 4.67 lakh Arsenic, 16.51 lakh Fluoride and 79.06 lakh Iron affected population remained deprived of safe drinking water, despite an expenditure of ₹609 crore. The failure of the programme was mainly attributed to deficient planning, weak financial management and deficient implementation.

The Department did not develop any framework to promote coverage of rural habitations through Piped Water Supply Scheme (PWSS) during 2011-16 and Bihar is lagging far behind in coverage of habitations through pipe water supply (six per cent) from other nearby States as well as national average (41 per cent). Consequently, 94 per cent of the population was still dependent upon handpumps.

Though the designed population for execution of Rural PWSSs was to be estimated on the basis of latest Census 2011, 61 PWSSs in six test-checked districts were executed with designed population of Census 2001 only. Resultantly, the Department may not be able to provide the required water demand to the projected population for the design period of 30 years.

The Department did not set-up water testing laboratories at sub-divisional level. During 2011-16, water quality testing was carried out on eight to 16 per cent of functional sources only against the norms for testing of 100 per cent source twice for bacteriological and once for chemical contamination. Hence, majority of the habitations were left with unsafe drinking water in the State.

(Paragraph 2.2)

**(iii) Performance Audit of Mukhya Mantri Gram Sadak Yojna**

The Mukhya Mantri Gram Sadak Yojna (MMGSY) was implemented without reliable data of unconnected villages as the Comprehensive New Connectivity Priority List for unconnected villages having population 500-999 (as per Census 2001) was not prepared/adhered to. As a result, 183 villages remained unconnected despite an expenditure of ₹1,398.16 crore, whereas connectivity was provided to ineligible villages also.

Rural Works Department did not provide connectivity to these selected eligible villages as on March 2016 as the works remained incomplete or abandoned by the contractors.

Quality controls specified in the guidelines were not ensured and 25 per cent of Action Taken Reports of Mobile Quality Monitoring Units were pending as on March 2016. As a result, the Department could not ascertain the quality and workmanship of road works executed.

Though maintenance works were due in respect of roads constructed upto 2014-15, the same was not carried out in 78 per cent of the roads.

Thus, the intended target of providing connectivity to all unconnected villages having 500-999 population was not achieved despite the scheme having completed a decade in the State.

(Paragraph 2.3)

## 2. Compliance Audits

### (i) Audit of National Horticulture Mission

National Horticulture Mission (NHM) was launched in 2005-06 by Ministry of Agriculture, Government of India, to provide holistic growth of horticulture sector through area based regionally differentiated strategies which include research, technology promotion, extension, post-harvest management, processing and marketing in consonance with comparative advantage of each State/region.

NHM in the State had been implemented without preparation of perspective plan. The Annual Action Plans for the scheme were not supported with priority and potential of various crops in the districts.

Subsidy under NHM for area expansion of new gardens was sanctioned without assessing issues such as suitability of plantation site, necessity of adopting a cluster approach and without any involvement of *Panchayati Raj* Institutions.

The seed processing units established from NHM funds were lying idle since September 2013. Initiatives under post-harvest management like improving marketability of horticulture produce, creation of storage facilities and rural market *etc.* were not sufficient to meet the requirements of the State.

During 2011-16, the area expansion specified by GoI under organic farming in the State was nominal at seven per cent whereas there was no organic certification at all in the State during the period.

(Paragraph 3.1)

### (ii) Audit of operationalisation of Mid-Day Meal Scheme

The National Programme of Nutritional Support to Primary Education (Mid-Day Meal Scheme) was launched (August 1995) by Government of India (GoI) to boost universalisation of primary education by increasing enrolment, retention and attendance and increasing the nutrition levels of children.

The operationalisation of MDM could not address the requirements of State properly as 33 to 57 per cent of enrolled children were deprived of MDM as the target for enrolment under MDM was set for lesser number of children.

Allocated food grains were not lifted at many instances from State to district level. As a result, MDM was served on fewer days than the mandatory number of days in the test-checked schools.

Absence of proper kitchen sheds led to cooking being done in class rooms and corridors of schools. The records regarding use of Fair Average Quality food grains in MDM were not available with district offices. Further, no institute was available in the State for testing of food grains to ensure that quality meals were served to the children.

Inadequate monitoring of the scheme was a major bottleneck in scheme implementation as the required number of meetings of Steering cum Monitoring Committees at the State, district and block level was not conducted. Besides, District Programme Officers/ Block Resource Persons did not conduct the specified number of inspections in the schools.

*(Paragraph 3.2)*

### **(iii) Audit of Modernisation of Police Force**

The Modernisation of Police Force (MPF) scheme is a significant initiative of Government of India (GoI) towards capacity building of State police force since 1969-70.

Despite introduction of the MPF scheme four and half decades ago, the State was still dependent upon the Central forces to maintain law and order in the State. This was due to deficient preparation of Annual Action Plan (AAP) for identifying and assessing the requirements of State Police force according to norms of Bureau of Police Research and Development. Besides, the AAP was also not based on inputs from the districts.

Further, the Department could not ensure optimum utilisation of MPF funds which resulted in shortage of buildings, weaponry and vehicles for the forces. The component of Forensic Science Laboratories (FSL) of the Scheme, remained ignored as funds for improvement in FSL were not provided during 2011-16 and more than two year old cases remained pending for analysis.

The procurement procedure also suffered from injudicious/delayed decisions and prescribed monitoring under the scheme was also not ensured.

*(Paragraph 3.3)*

### **(iv) Follow-up audit on Performance Audit of Secondary Education Programme**

The follow up audit is intended to assess the progress made by the Education Department (ED) towards implementation of accepted recommendations of the Performance Audit included in the Audit Report for the year ended March 2010.

The follow-up audit revealed that ED had not taken effective steps in accordance with recommendations of Performance Audit.

The ED neither improved the infrastructure of secondary schools nor enforced discipline in financial management. Resultantly, 22 *per cent* of test-checked schools did not have class rooms for secondary education and six to 33 *per cent* of budget provisions remained unspent.

The ED had not taken action to initiate vocational education in any of the secondary schools. Computer education was provided in 210 out of 1,667 schools only in test-checked districts.

Effective monitoring mechanism for implementation of programme was not yet established by the ED as no inspection was carried out by district officers in test-checked districts during 2011-14 while only three *per cent* of the schools were inspected in 2015-16.

Besides, ED did not implement its own resolution to establish secondary schools in every *Panchayats*.

***(Paragraph 3.4)***

#### **(v) Draft Paragraphs**

Audit observed significant deficiencies in critical areas, which impact the effectiveness of the State Government. Some important findings arising out of Compliance Audit (12 paragraphs) are featured in the Report. The major observations relate to non-compliance with rules and regulations, audit against propriety and cases of expenditure without adequate justification and failure of oversight/governance. Some of them are mentioned below:

- Lack of monitoring, negligence and failure on the part of concerned Drawing and Disbursing Officers, Civil Surgeons and Treasuries in complying with the prescribed rules and checks facilitated fraudulent withdrawals of ₹1.66 crore in PHCs Bodhgaya (along with APHC Cherki and Khajwatti), Paliganj (Patna) and Sahdei Buzurg (Vaishali). Besides, evidence of expenditure of ₹9.03 crore was not available.

***(Paragraph 3.5.1)***

- Deficient internal control as well as negligence on the part of Block Development Officer and Circle Officer Patarghat (Saharsa) and district administration, Saharsa to comply with the provisions of financial rules resulted in misappropriation of Government money of ₹81.57 lakh.

***(Paragraph 3.5.2)***

- Absence of timely measures against erosion of forest/land in the river bank and negligence of the Environment and Forest Department led to erosion of forest/land in Valmiki Tiger Reserve, Bettiah costing around ₹621.47 crore.

***(Paragraph 3.5.3)***

- Contrary to Industry Department Resolution, an amount of ₹308.96 crore was kept outside savings bank account of nationalised bank by Infrastructure Development Authority and District Magistrate Bhagalpur for 161 days resulting in loss of interest of ₹5.45 crore.

***(Paragraph 3.5.4)***

- Injudicious decision to procure Poplar Plants without assessing its requirement, deficient planning and procurement without conformity with the provision of Bihar Financial Rules by Environment and Forest Department resulted in loss of ₹four crore to the Government.

***(Paragraph 3.5.5)***

- Failure to adhere to the terms and conditions of the rate contracts by Superintendents of six Medical Colleges and Hospitals in Bihar and absence of a condition for deduction of testing charges in purchases through local tender led to excess payment of ₹71.89 lakh and avoidable payment of ₹73.69 lakh.

***(Paragraph 3.6.1)***

- Decision to supply electricity from high tension connection to residential colonies by Executive Engineer, Irrigation Mechanical Division, Birpur and charging the residents at fixed low tension rates of Bihar State Electricity Board (BSEB) led to extra avoidable payment of ₹22.11 crore to BSEB.

***(Paragraph 3.7.1)***

- Initiation of a work by Executive Engineer, Flood Control Division No.-2, Khagaria without prior land acquisition and mid way stoppage resulted in unfruitful expenditure of ₹14.13 crore on incomplete works besides denial of intended benefits as envisaged under the scheme.

***(Paragraph 3.7.2)***

- Imprudent decision of Road Construction Department to award the work before obtaining Technical Sanction and execution of agreement at a monetary value higher than the upper threshold resulted into additional burden of ₹3.24 crore to the State exchequer against which the Department had already paid ₹2.34 crore to the contractor.

***(Paragraph 3.7.3)***

- Faulty design recommended by the Technical Advisory Committee and the Superintending Engineer, Minor Irrigation Circle, Gaya without proper survey, planning and site verification led to unfruitful expenditure of ₹2.33 crore on renovation of *pyne* irrigation system.

***(Paragraphs 3.7.4)***

- Execution of supplementary agreement by Executive Engineer, Minor Irrigation Division, Madhubani on the instruction of Chief Engineer Minor Water Resources Department (North), Muzaffarpur at higher rate for the same items already included in the primary/original agreement in contravention of Bihar Public Works Department Code

led to avoidable expenditure of ₹1.92 crore by Minor Water Resources Department.

***(Paragraph 3.7.5)***

- Failure to adhere to the provisions of Bihar State Universities Act, lack of monitoring, weak internal control and inaction of authorities of Veer Kunwar Singh University and Lalit Narayan Mithila University led to accumulation of unadjusted advances of ₹1.88 crore against 115 persons for a period ranging from one year to 44 years.

***(Paragraph 3.8.1)***

