

Overview

This Report of the Comptroller and Auditor General of India relates to matters arising from performance audit of selected programmes/ activities and Government organisations and compliance audit of Government Departments, their functionaries and autonomous bodies under the General and Social Sectors.

The present report contains four performance audits (including one Information Technology based Audit) and eleven paragraphs arising out of Compliance Audit, which *inter alia* include comprehensive coverage of two themes.

The significant observations contained in this report are discussed in brief in the following paragraphs.

1. Performance Audits

(i) *Drug Control in West Bengal*

Introduction

The Government of India had enacted the Drugs & Cosmetics Act, 1940 (Act) to regulate manufacture, distribution and sale of drugs and cosmetics in the country. It was applicable to Allopathic, Homeopathic, Unani and Siddha drugs as well as other health related items. The Government of West Bengal established (1965) the Directorate of Drug Control (DDC) under the Health & Family Welfare Department for enforcement of the aforesaid Act and Rules.

Shortage of manpower

- Acute shortage (77 per cent) in the post of key functionaries like Drug Inspectors/ Sr. Drug Inspectors affected activities like issue and renewal of licences, inspections, statutory sampling and consequently drug control in general.

(Paragraph 2.1.6)

Licensing and renewal

- In respect of 5,191 (1,358 retail and 3,833 wholesale) cases of sellers, particulars of licenses were not available.
- Renewal certificates were issued only against the cases which involved change in the nature of the ownership of the unit. The drug controlling authorities did not conduct any inspection in case of renewal. The drug manufacturing/ selling businesses were allowed to continue merely on the basis of remittance of fees.
- Manufacturing Drug Licenses were issued by the DDC without incorporating the list of drugs to be manufactured. As such the correctness of items of drugs for renewal could not be ensured.
- The Directorate issued certificate of renewal/ Good Manufacturing Practices (GMP)/ Good Laboratory Practices (GLP) in favour of 12 firms even though products of these firms were found 'Not of Standard Quality (NSQ)' multiple times by different Drug Testing Laboratories.

- Thirty six blood banks were functioning without valid licences for the last 15 to 20 years.

(Paragraph 2.1.6)

Inspections, sample testing and prosecutions

- On the plea of heavy work load of Inspectors and limitations in the testing capacity of the State Drug Control & Research Laboratory (SDCRL), the target of four samples per month was reduced to three in every two months. Hence, quality control measures were significantly diluted. There was a shortfall ranging between 89 and 100 *per cent*, in inspection of establishments licensed for sale of drugs.
- Samples of sera, vaccine and cosmetics were not drawn for testing. This left ample scope for distribution of sub-standard drugs.
- DDC did not take action in respect of 43 (22 *per cent*) cases out of 199 Not of Standard Quality (NSQ) drugs. Show-cause notices were issued to 23 firms for manufacturing NSQ drugs. However, no further action was initiated against them. In 50 cases, product suspension orders were issued. However, there was no system to ensure, whether the firms adhered to the suspension orders. In 12 cases prosecution was not initiated despite lapse of three to four years.

(Paragraph 2.1.7)

Functioning of the State Drug Control and Research Laboratory

- In West Bengal, there is only one laboratory *viz.* State Drug Control & Research Laboratory (SDCRL), Kolkata for testing samples drawn from the manufacturing and selling units by Drug Inspectors. SDCRL was not accredited with National Accreditation Board for Testing and Calibration of Laboratories (NABL). Punitive action could be taken against the manufacturer/ supplier of NSQ drugs only on the basis of test reports of the SDCRL.
- Out of 9,617 samples to be tested during April 2012 and March 2017 SDCRL could test only 6,933 (72 *per cent*). Of these, 2,190 samples expired between April 2012 and March 2017 as the samples could not be tested within time.

(Paragraph 2.1.8)

Consumption of NSQ drugs by patients of Government hospitals

- The time taken for receiving test reports of 13 NSQ drugs was delayed between 10 to 52 days. Distribution of NSQ medicines was not blocked in Store Management Information System (SMIS). This resulted in consumption of NSQ drugs by the patients in Government health facilities.
- In four test-checked districts, 62 *per cent* of the medicines were distributed to patients without sending samples to Health & Family Welfare Department approved Testing Labs.

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- In four test-checked districts, cost of 26 NSQ medicines amounting to ₹ 16.95 lakh was paid to the vendors.

(Paragraph 2.1.9)

The drug control in the State suffered due to these deficiencies. Significant number of manufacturers/ sellers continued to be in the drug business without valid licences. The test results of laboratory were doubtful, as it often did not run all the mandatory tests on the samples. There were delays in generation of test results by laboratory by which time the drugs had been consumed by the patients. The Department was unable to create adequate deterrence against NSQ drugs. Thus, consumers in the State remained exposed to serious health hazards from NSQ drugs.

(ii) Distribution of Superior Kerosene Oil through Public Distribution System

Introduction

Superior Kerosene Oil (SKO) is a subsidised commodity distributed through Public Distribution System (PDS) channel for household use as fuel for cooking and illumination. The distribution of SKO is governed in the State by West Bengal Kerosene Control Order, 1968 (Control Order) as amended from time to time. The State Government did not incur any expenditure for distribution of SKO. However, it fixed the incidental expenses payable to the Dealers/ Agents and was fully responsible for management of the distribution chain of SKO for its equitable distribution among the intended beneficiaries.

Deficiencies in distribution of SKO

- The combined population of Kolkata and Bidhannagar as per Census 2011 was 47, 12,208 which was much less than the number of Individual Ration Cards (IRCs) (64,26,484) tagged with the Agents. This resulted in reduction in per capita allocation. This also led to accumulation of undistributed SKO with the Dealers. There was also the possibility of siphoning of SKO into the open market.

(Paragraph 2.2.7)

Consumers paying higher charges on SKO

- In 14 districts, the district authorities introduced, a separate level called Big Dealers between Agents and Dealers. The stated reason was that big tankers of Agents could not travel to remote rural areas to reach the Dealers' selling points. The practice continued despite the fact that rural areas of these 14 districts were now better connected by *pucca* roads.
- The District Controllers of Food and Supplies (DCFSSs) were to ensure that where big dealers acted as intermediaries, the IRC holders were not required to pay higher price for SKO. However, in Raiganj Sub-Division, where Big Dealers existed, in December 2016 a litre of SKO reached the consumer at a price of ₹ 21.16. In the absence of Big Dealers, the price would have been ₹ 19.42. Hence, the consumer had to pay ₹ 1.74 extra for every litre of SKO.

- The State Government allowed handling and evaporation loss of SKO for Agents and Dealers at Kolkata at one *per cent* and two *per cent* respectively. It was observed by Audit that there was no system to verify the actual shortage. This was despite the Department's instruction that the allowed loss should not exceed the actual.

(Paragraph 2.2.7)

- Dealers in Kolkata were paid transport charges at the rate of ₹ 386.60 per KL., though they did not incur any cost on account of transportation, as the agents made doorstep delivery to them.

(Paragraph 2.2.8)

Unexplained mismatch in quantities

- In Kolkata, during the period under review (60 months), stated total quantity of SKO sold by agents never matched the quantity received by dealers. In 40 months, dealers attached to agents received 40.51 lakh litres less SKO (20 *per cent*) than the stated quantity sold by agents (206.52 lakh litres).

(Paragraph 2.2.9)

Audit of Distribution of Superior Kerosene Oil through Public Distribution System revealed that deficiencies pointed out had resulted in increase in the price payable by consumers. On the other hand, full entitled quantities to consumers were not allocated. Thus, distribution of Superior Kerosene Oil through Public Distribution System at a subsidised price did not secure the objective of equitable and economical distribution of SKO.

(iii) Integrated Child Protection Scheme

Introduction

The term 'child protection' refers to preventing and responding to violence, exploitation and abuse against children. Government of India launched the Integrated Child Protection Scheme (ICPS), a centrally sponsored scheme, in 2009. It envisaged to i) strengthen child protection at family and community level through creation of database and knowledge-base for child protection services, ii) institutionalise essential services, iii) strengthen structures and iv) enhance capacities at all levels. However, the Performance Audit has thrown light on many areas of deficiencies.

Project Implementation Plans

- As per guidelines, annual financial plan and its implementation plan were to be prepared by the State. Implementation plans fixing achievable physical targets were not prepared. As such Audit was unable to reach any conclusion about the adequacy and effectiveness of the departmental efforts in providing assistance to vulnerable children.

(Paragraph 2.3.6)

Legitimacy of Child Care Institutions

- Hon'ble Supreme Court had directed (September 2015) the State Government to ensure shifting of children from unregistered Child Care Institutions (CCIs) to registered ones. However, instead of complying with the directive of the Apex Court, ₹ 11.30 crore was disbursed to 15 to 21 unregistered CCIs in Kolkata during 2012-17.

(Paragraph 2.3.7)

Non-imparting formal education and vocational training

- Formal school education was not provided to 218 (26 per cent) out of 840 children accommodated in 16 Children Homes.
- No facility of either formal or non-formal education was available in six Observation Homes and one Special Home accommodating Children in Conflict with Law.
- There were no arrangement for providing vocational training in 12 CCIs (477 children) and eight Open Shelters (197 children).

Other deficiencies

- In case of two Open Shelters with 63 children in Kolkata, there was no staff to take care of children during the night.
- Two Government-run Homes, one each in Murshidabad and Malda, were running both Children's Home and Observation Home from same premises. This had resulted in mixing of Children in conflict with law (CCL) and Children in need of care and protection (CNCP). As a result, the spirit of the Act and scheme was breached.

(Paragraph 2.3.8)

Adoption

- Home Study Reports of 143 (83 per cent) prospective adoptive parents were found pending beyond the admissible period of 30 days. Thirty six cases were pending for three to six months, 29 cases for six months to one year and seven cases for more than one year.
- SSAs were to file adoption petitions before court within seven days from the date of acceptance of the child by adoptive parents. However, this was delayed in 110 cases. The delays ranged between one and more than six months as against the permissible limit of seven days from the date of acceptance of child by the adoptive parents. Further, 31 petitions were pending in Courts for issue of final adoption orders.

Such delays in finalising home study reports as well as in filing adoption petitions would very likely have an effect of de-motivating and deterring prospective adoptive parents.

(Paragraph 2.3.9)

Deficiencies in maintenance of Child Tracking System

- Eight CCIs with 431 children did not maintain Track Child, a web-enabled data management system aimed for child protection, reporting and monitoring of child protection schemes. There were 316 children in 12 Open Shelters who were outside the ambit of Track Child. The vulnerability of these children to go missing becomes high.

(Paragraph 2.3.13)

The Women & Child Development and Social Welfare Department along with Government-run as well as NGO-run Child Care Institutions have been playing an important role in protection of vulnerable children through implementation of the Integrated Child Protection Scheme. However, the Performance Audit identified many areas of deficiencies in planning, implementation and monitoring. Children in un-registered institutions remained outside the ambit of monitoring, leaving doubts on the safety, security and standard of care in institutions. The Individual Care Plan, an important mechanism meant for monitoring and transforming the life of children in institutional and non-institutional care was not prepared.

iv) IT Audit of Integrated Online Examination System of West Bengal Central School Service Commission

Introduction

West Bengal Central School Service Commission (WBCSSC) was constituted in November 1997 under West Bengal School Service Commission Act, 1997. It was entrusted with the recruitment process of teaching and non-teaching staff in Government aided schools in West Bengal by conducting Regional Level Selection Tests (RLSTs). From 2009, WBCSSC introduced an online system for conducting the recruitment process named as Integrated Online Examination System.

Best practices for development of system viz User Requirement Specification, Data dictionary and Virtual Private Network connectivity were not followed.

Failure to ensure transparency and fair competition

- Access controls were not properly defined. As a result responsibility for errors of omission and commission could not be fixed.
- The limitations of the system coupled with further dilution of the controls by the WBCSSC, had grossly undermined the basic tenet of fair selection. While many eligible candidates were deprived of calls for Personality Test (PT), many ineligible ones were unduly allowed to appear in the PT and eventually some of them were selected for recruitment. Analysis of data pertaining to 1st RLST (Clerk) revealed that in 1,110 cases, eligible candidates were not called for PT and Type Test even after obtaining marks higher than the lowest scoring candidates called for PT. On the other hand, 24 ineligible candidates were called for PT. There were 12 instances of such ineligible candidates being finally empaneled for recruitment.

(Paragraph 2.4.6)

Unfair selection

- The system at the Central office of WBCSSC was unauthorisedly accessed bypassing the business rules to extend undue favour to those candidates who were eventually selected for the post.
- Analysis of data pertaining to 1st RLST (Group D) revealed that in six cases, though the candidatures of applicants had been rejected by the regional commission offices, those candidates not only appeared in the examination but were also listed in the final panel for recruitment. Further, the Commission had not maintained any physical records beyond a period of six months from the date of publication of final panel list.

(Paragraph 2.4.7)

Absence of Audit trail

- The system used by WBCSSC had no audit trail embedded in it. The log files were not designed properly to capture vital data in addition to the details of log-in and log-out of users in the system.

(Paragraph 2.4.7)

Performance Audit of West Bengal Central School Service Commission has thrown light on instances of various control failures rendering the system susceptible to manipulation. There were various areas of control weaknesses and business rules violations in the IT Application used by WBCSSC, which rendered the results of the system unreliable.

2. Compliance audit observations

(i) Detailed compliance audit on Working of Digha Sankarpur Development Authority

Audit of activities of the Digha Sankarpur Development Authority (DSDA) has highlighted the following financial and operational deficiencies.

- Instances of idling of assets, especially newly constructed shops meant for rehabilitation of vendors, indicated deficient planning.
- Incomplete Storm-Water Drainage System and non-implementation of Solid Waste Management project resulted in discharge of contaminated water into the sea and open dumping of waste on the coast.

(Paragraph 3.1)

(ii) Detailed compliance audit on Implementation of Rashtriya Swasthya BimaYojana in West Bengal

- The State had not started covering new categories of beneficiaries (street vendors, *bedi* workers, domestic workers, building and other construction workers and MGNREGA workers) targeted to be brought under the scheme.
- The insurance companies fell short of the target of empanelling at least two hospitals in a block/ municipality. As many as 76 blocks/ municipalities in five test-checked districts were found to have either only one hospital or no hospital empanelled at all.

- Expeditious settlement of claims was crucial for successful implementation of health insurance scheme. However, the pace of settlement of claims by the insurance companies was unsatisfactory. In three of the test-checked districts, 3792 claims worth ₹ 1.90 crore for the period 2014-17 were pending. A number of private hospitals in two test-checked districts had discontinued services under the RSBY attributing the same to unsatisfactory services of the Insurance Companies.
- The RSBY patients had often to purchase medicines from shops in the open market. Thus, the basic aim of cashless treatment was not achieved.

(Paragraph 3.2)

(iii) Some other significant observations of non-compliance

Kolkata Metropolitan Development Authority did not consider the prevailing market value of land while raising demand of service charge for a sub-lease permission for 2.5 acres of land at Anandapur, Kolkata. This resulted in a loss of revenue of ₹ 18.08 crore.

(Paragraph 3.4)

Asansol Durgapur Development Authority allowed a contractor to deviate from the Detailed Project Report for a drain work at Durgapur. Such deviation reduced the scope of work. However, there was no revision in the contractual amount. This was tantamount to extending undue benefit of ₹ 7.30 crore to the contractor.

(Paragraph 3.5)

The objective of scientific management of municipal solid waste covering Asansol Urban Agglomeration Area in Bardhaman district remained unachieved. This was due to failure of Asansol Durgapur Development Authority and Asansol Municipal Corporation in arranging for encumbrance-free land coupled with non-supply of minimum guaranteed quantum of municipal solid wastes by urban local bodies. This resulted in open dumping of solid waste, which caused ground, surface water and air pollution.

(Paragraph 3.7)

Public Health Engineering Divisions in Jalpaiguri and North 24 Parganas districts initiated execution of water supply projects without ensuring clear title of the work sites. As a result, the works could not be completed. This also rendered the expenditure of ₹ 2.54 crore on the unfinished works unproductive. Hence, the residents of Uttar Latabari town in Jalpaiguri and Parmadan and Pathuria *mouza* in North 24 Parganas remained deprived of safe drinking water.

(Paragraph 3.9)

The authorities of both NRS Medical College & Hospital and the School of Tropical Medicine failed to detect the erroneous interpretation of the extant Government directives by contractors. They allowed excess payment of ₹ 1.67 crore on cleaning services during March 2015 to February 2017.

(Paragraph 3.10)