EXECUTIVE SUMMARY

This Report of the Comptroller and Auditor General of India (C&AG) relates to matters arising from compliance audit of government departments and autonomous bodies of the Government of Maharashtra (GoM) falling under the jurisdiction of Accountant General (Audit-II), Maharashtra, Nagpur.

The primary purpose of this Report is to bring important results of audit to the notice of the State Legislature. The findings of audit are expected to enable the executive to take corrective actions and also, to frame policies and directives that will lead to improved operational efficiency and financial management of the organisation, thus contributing to better governance.

This Report consists of one **Subject Specific Compliance Audit on 'Maharashtra Compensatory Afforestation Management and Planning Authority'**, one **Information Technology Audit on 'Integrated Financial Management System'** and **five individual audit paragraphs**.

Subject Specific Compliance Audit on 'Maharashtra Compensatory Afforestation Management and Planning Authority'

Maharashtra has a forest cover of 50,858 sq. km. which includes 9,865.62 sq. km of very dense forest, 21,577.79 sq. km of medium dense forest and 19,415.12 sq. km of open forest. If, the forest land is required for any developmental project, the user agency, has to obtain clearance from the Ministry of Environment, Forest and Climate Change (MoEF&CC) and to pay compensation in the form of the amount for Compensatory Afforestation (CA) in the State Compensatory Afforestation Fund prescribed by MoEF&CC. Maharashtra Compensatory Afforestation Planning and Management Authority (Maha CAMPA) is to manage and utilise the State CA Fund in carrying out CA activities to compensate the loss of forest and trees as a result of diversion of forest land for non-forest use.

The SSCA on Maha CAMPA was taken up during August 2024 to February 2025 covering the period 2019-20 to 2023-24. The findings of the SSCA, alongwith recommendations, are summarized below:

- Maha CAMPA could achieve only 47.37 *per cent* of planned activities under compensatory afforestation and could utilise only 42.48 *per cent* of the approved amount in the Annual Plan of Operation (APO) due to delay in preparation, submission and approval of the APO.
- In 60 projects in 11 divisions as against the 4,168.01 hectare of forest land diverted, the CA to the extent of 3,777.33 hectare was planned/done on the forest land and not on non-forest land as envisaged.
- The Compensatory afforestation on 2,592.73 hectares of land could not be taken up due to faulty site selection and diversion of approved land for other plantation schemes.
- As of March 2024, 5,727.243 hectare of non-forest land received for CA had not been notified as Reserve Forest or Protected Forest, thereby remaining outside the legal framework and safeguards of the Indian Forest Act, 1927.

- Irregular diversion of CAMPA fund of ₹ 94.69 crore for execution of budgeted schemes. The implementing agencies have unauthorizedly executed works amounting to ₹ 40.37 crore which were not in APO.
- Irregular remittance of amounts towards CA to the National Authority by the user agencies and non-receipt of interest of ₹ 40.80 crore for delayed remittance of the collected amount by the National Authority.
- Maha CAMPA disbursed ₹ 5.50 crore to Forest Development Corporation of Maharashtra during 2021-22 and 2022-23 for the establishment of Rescue Centre in Gorewada Zoo in violation of the CAF Rules, 2018.
- Governing Body was non-functional and Steering Committee and Executive Committee did not conduct regular meetings resulted in insufficient supervision over the activities of Maha CAMPA.

Audit recommends that:

- *Maha CAMPA may institute an internal planning calendar with defined timelines and accountability to ensure submission of APOs to the National Authority by the prescribed due dates and release of funds in sync with approved schedules.*
- *The Department may create and operationalise a verified land bank of suitable non-forest land, supported by joint site inspections and geo-referencing, to ensure timely completion of Compensatory Afforestation within one year or two growing seasons as prescribed.*
- *The Government may issue necessary directions to ensure that all CA receipts are credited directly to the State CAMPA Fund by user agencies in accordance with Section 4 of the CAF Act, 2016, and discontinue routing through National CAMPA.*
- *Maha CAMPA may formulate and implement a formal investment policy and invest surplus balances in Government securities or term deposits of scheduled banks in line with Sections 26 and 30 of the CAF Act, 2016.*
- *The meeting of the Governing Body, Steering Committee and Executive Committee of Maha CAMPA may be convened at prescribed intervals and mandated to review physical progress, fund utilisation and record maintenance to strengthen monitoring and internal controls.*

Information Technology (IT) Audit on 'Integrated Financial Management System'

GoM initiated computerization since 1996-1997 with the development of various modules for its departments. Government of India (GoI) instructed (May 2007) to implement Integrated Financial Management System (IFMS) through an e-Governance project.

GoM initiated the action of automation of budget estimation, allocation and monitoring functions, accounting of expenditures and receipts of Government, Pay and other personal claims of employees including Pension, from April 2008. These functions were automated and integrated with development of five web-enabled modules. Mahakosh Portal provides links to various Applications developed by Finance Department. IFMS typically consists of modules for Budget, Treasury, Bill/Payment processing, Receipts Accounting, Pension Management, Salary management through SEVAARTH module which has five sub modules.

The IT Audit on IFMS was taken up covering the period 2018-19 to 2023-24. The findings of the IT Audit are summarized below:

- There were lapses in the implementation of key components outlined in the Service Level Agreement (SLA). The failure to develop and deploy the Performance Monitoring Tools (PMT) and the Package Key Infrastructure compromised both project oversight and data security.
- While the IFMS infrastructure is centrally hosted and physically secure, there were vulnerabilities at the client level *e.g.* use of unlicensed software, lack of restrictions on software installations and unrestricted use of external devices such as USBs.
- There were several critical security and access control weaknesses like absence of two-factor authentication and encryption in key modules, inadequate enforcement of password policies, lack of user account lockout mechanisms, improper role and user management.
- Audit noticed inadequate assessment of User Level Requirements, resulting into manual intervention for preparation of bills.
- Various modules have certain deficiencies in data integrity *viz.*, Sanction on items which are not defined in grant-in-aid type Master, validation controls *viz.*, specifically unique composite key constraints.
- The system does not enforce critical referential integrity checks between master and transactional data. Duplicate entries in master tables, processing of claims for unregistered or duplicate beneficiaries, and lack of referential and composite key constraints compromised the reliability of financial transactions.
- The Department did not conduct a training needs analysis for the effective and efficient utilization of IFMS modules. The absence of periodic drills raises concerns about the effectiveness of Disaster Recovery (DR) plans.

Audit recommends that:

- *The completion of remaining components of the project may be ensured.*
- *Logical access controls should be in place as per Maharashtra e-Governance policy 2011.*
- *Ensure a robust feedback mechanism to regularly assess the performance of the IFMS.*
- *Adequate application controls are in place for data integrity.*

Other Compliance Audit Observations

Water Supply and Sanitation Department

During audit of Water Supply and Sanitation Department, major audit findings noticed are as follows:

- Faulty preparation of Detailed Project Report of 'Water supply to 53 villages of Atpadi taluka in Sangli District' led to wasteful expenditure of ₹ 94.39 crore and non-commissioning of the water supply scheme despite being physically completed.
- Non-availability of electricity supply due to unpaid dues of ₹ 7.77 crore of MSEDCL resulted in keeping pumping machinery procured for Beed Water Supply Scheme idle/unused and expenditure of ₹ 97.28 lakh was rendered unfruitful.

Public Works Department

During audit of Public Works Department, major audit findings noticed are as follows:

- Irregular distribution of fees of ₹ 21.73 crore charged for preparation/scrutiny of detailed plans and estimates or to accord technical sanction from Local Bodies, Municipal Councils and other Government departments among the personnel of the Public Works Department.
- Irregular payment of bonus of ₹ 1.34 crore to concessionaire for early achievement of milestone not provided in the concession agreement.

Director of Aviation (General Administration Department)

During audit of Director of Aviation (General Administration Department), major audit finding noticed is as follows:

- Avoidable expenditure of ₹ 2.07 crore due to delay in appointment of the Maintenance, Repair and Overhaul agency for H-145 Helicopter.