

CHAPTER V

Internal Control Mechanism in Government Departments

Public Health and Family Welfare Department

5.1 Internal Control in Public Health and Family Welfare Department

Highlights

Internal Control is an integral component of an organization's management processes which are established in order to provide reasonable assurance that the operations are carried out effectively and efficiently, financial reports and operational data is reliable, and the applicable laws and regulations are complied with so as to achieve organizational objectives. Internationally the best practices in Internal Control have been given in COSO¹ framework which is widely accepted model for internal controls. In India, the GOI has prescribed comprehensive instructions on maintenance of internal control in government departments through Rule 64 of General Financial Rules 2005. A review of internal control on selected areas of Public Health and Family Welfare Department has shown that:

Budgeting system was grossly deficient as cases of unrealistic budgeting and persistent savings were noticed under many heads; Central funds amounting to Rs.59.25 crore was parked in Civil Deposit out of which Rs.27.32 crore lapsed.

(Paragraphs 5.1.5.1, 5.1.5.2 and 5.1.6.1)

Temporary advances worth Rs.20.87 crore were unadjusted for want of adjustment bills/paid-up vouchers. Departmental receipts worth Rs.3.15 crore were credited to Rogi Kalyan Samiti instead of Government Account.

(Paragraphs 5.1.6.4 and 5.1.5.8)

Irregular drawal and disbursement of salary worth Rs. 586.71 crore was made by DDOs without obtaining sanction for continuation of temporary posts.

(Paragraph 5.1.6.8)

118 PHCs were functioning without doctors and in 50 PHCs treatment was being given by unauthorised staff in the absence of compounder and nurses.

(Paragraph 5.1.7.1)

¹ Committee of Sponsoring Organisations of the National Commission on Fraudulent Financial Reporting or the Treadway Commission.

Basic infrastructure like buildings etc. could not be provided inspite of release of funds of Rs.128.31 crore and Regional Diagnostic Centres were not established even after incurring of an expenditure of Rs.7.15 crore.

(Paragraphs 5.1.7.5 and 5.1.7.6)

Excess wastage and shortage of vaccines noticed. Anti Snake Venom purchased without assessing requirement.

(Paragraphs 5.1.7.9, 5.1.7.10 and 5.1.7.14)

Inspection of field offices was not conducted by the departmental authorities as per roster. Inspection by DDOs of his office accounts was never conducted during 2002-07. There was slackness in dealing with DE cases.

(Paragraphs 5.1.9.1 and 5.1.9.3)

Internal audit wing was ineffective as none of the 168 units were audited by audit wing of CHS office during 2002-07. There was shortfall of 100 per cent during 2002-06 and 62 per cent during 2006-07 in audit by audit wing of JDHS.

(Paragraph 5.1.9.2)

5.1.1 Introduction

The Public Health and Family Welfare Department is responsible for extending medical care for all upto root level according to National Health Policy "Health for All" and implementation of schemes/programmes of State/ Central Government.

5.1.2 Organisational Setup

The Public Health and Family Welfare Department is headed by Principal Secretary. The Directorate of Public Health and Family Welfare is managed and controlled by Commissioner Health Services (CHS) who is assisted by Director Public Health and Family Welfare (DPH), Director Medical Services (DMS), and Additional Director (Finance) at directorate level, Regional Joint Director Health Services (JDHS) at Division level and Chief Medical and Health Officer (CMHO) and Civil Surgeon cum Superintendent (CS) District Hospitals at District level. Three tier health institutions were established to extend the health care facilities to the entire population of the State, specially in rural areas.

5.1.3 Audit objectives

This review of internal control has been conducted to test compliance with the Madhya Pradesh Financial Code (MPFC), Madhya Pradesh Store Purchase Rules, Madhya Pradesh Treasury Code (MPTC), instructions issued from time

to time for preparation of budget and accounting related instructions. In addition, the arrangements for information, communication, monitoring and evaluation including Internal Audit and Vigilance have been examined. Internal control activities designed and put into operation for enforcing the management directions and ensuring achievement of programmes objectives have also been examined for some selected areas.

5.1.4 Audit coverage

The audit was conducted through a test check of the records in the office of the Commissioner Health, Bhopal, JDHS Bhopal, Indore and CMHO/CS in thirteen² out of 48 districts for the period of 2002-07 during February-November 2007. The districts were selected by simple random sampling without replacement (SRSWR). The entry conference before taking up the performance audit was held in February 2007. The observation found during performance audit are explained in succeeding paragraphs.

5.1.5 Compliance with State Financial Rules and instructions in Budget Manual

MPFC rule 192 and instructions issued by Department provide that Budget Estimates (BEs) for the next financial year need to be prepared in September/October of preceding year. The Drawing and Disbursing Officers (DDOs) are required to prepare the BEs and transmit the same to the Head of the Department before September for consolidation and onwards submission to Finance Department. The BEs should be prepared on the basis of actuals. If a possibility of excesses/savings under any head of account is anticipated in any financial year, a proposal for reappropriation/ surrenders was required to be submitted to the Government in time so that the funds could be utilised where ever required. The scrutiny of records of CHS Bhopal revealed that neither the BEs from all the DDOs were received in CHS office during 2002-07 nor any reminders were issued to DDO's for their timely submission. Budget control register, nominal rolls and contingent register which are the main tools for control over expenditure were also not maintained in CHS office. In the absence of above records BEs were prepared on the basis of inappropriate assumptions. This resulted in deficiencies in Budgeting System as explained below:

5.1.5.1 Unrealistic budgeting

Scrutiny of records of CHS (February 2007) revealed that the provisions of Rs.226.55³ crore under major heads of account 2210, 2211 and 3606 were continuously made during the years 2002-07 which proved unnecessary as no expenditure was incurred. CHS stated that the provision were made for the

No expenditure was incurred against the provision made continuously under same head of account.

² Barwani, Betul, Bhopal, Chhindwara, Dhar, Hoshangabad, Jhabua, Khargone, Mandsaur, Sidhi, Seoni, Shahdol and Vidisha.

³ 2002-03, schemes 12, Rs.59.08 crore, 2003-04 schemes 12 Rs.40.95 crore, 2004-05, schemes 13 Rs.55.69 crore, 2005-06 schemes 13 Rs.35.01 crore and 2006-07, schemes 6, Rs.35.82 crore.

adjustment of the cost of material supplied under the schemes sponsored by Central Government. Reply was not acceptable as the department failed to make the adjustment.

It was also seen that the provision amounting to Rs.171.08⁴ crore made under different heads of account during 2002-07 lapsed without utilisation. CHS stated that the proposals for surrender of savings were submitted to the Finance Department. Reply in itself is an admission to unrealistic budgeting that necessitated surrender of funds.

5.1.5.2 Persistent Savings

Scrutiny of records of CHS (February 2007) revealed that the budget provisions were such that there were persistent savings of Rs.160.79⁵ crore during the period under audit. Department however could not utilise the funds and also submit proposals for surrender in time and allowed funds to lapse.

5.1.5.3 Unnecessary supplementary provision

Augmentation of supplementary grant proved unnecessary as the expenditure was less than original budget.

General Financial Rule 60 provides that, a supplementary demand for grants need to be proposed in case of any requirement of additional fund under any head of account. Scrutiny of records of CHS (February 2007) revealed that supplementary provision of Rs.1.54 crore, Rs.3.04 crore and Rs.1.10 crore was made during 2002-03, 2005-06 and 2006-07 respectively, but the expenditure was less even than the original provisions rendering supplementary provision redundant. This indicates poor fiscal marksmanship.

5.1.5.4 Non-maintenance of Budget Control Register and Contingent Register

Rule 52 of GFR and rule 297 of MPTC Vol.-I require that budget control register and contingent register be maintained properly so that budget control mechanism is effective. Audit observed that these registers were not properly maintained in thirteen test checked districts and JDHS, Indore (February-November 2007) as only initial entries were made and expenditure incurred or budget received later on was not regularly updated to keep the control on budget/ expenditure. It was also seen that none of these units maintained the nominal rolls as required. Thus the failure to maintain the basic records weakened the budget control mechanism.

⁴ 2002-03, schemes 16, Rs.35.21 crore, 2003-04 schemes 05 Rs.50.23 crore, 2004-05, schemes 02 Rs.25.17 crore, 2005-06 schemes 17 Rs.60.36 crore and 2006-07, schemes 02, Rs.0.11 crore.

⁵ 2002-03, schemes 16, Rs.26.31 crore, 2003-04 schemes 19 Rs.48.61 crore, 2004-05, schemes 22 Rs.14.96 crore, 2005-06 schemes 19 Rs.29.36 crore and 2006-07, schemes 15, Rs.41.55 crore.

5.1.5.5 Non-reconciliation of expenditure figures

Monthly reconciliation of departmental expenditure figures with those booked by AG (A&E) was not done during 2002-07.

GFR 52(5) requires departmental controlling officers to reconcile periodically (monthly) the departmental figures of expenditure with those booked by the Accountant General (A&E) to ensure accuracy of accounts, identification of errors, omissions, misclassifications, detection of fraud etc. Test check of records of CHS (July 2007) revealed that the monthly reconciliation of expenditure figures were not carried out by the Department during 2002-07 as there was difference ranging from Rs.0.12 crore to Rs.74.65 crore during 2002-07, as can be seen from table given below:

(Rupees in crore)

Year	Grant No.	Expenditure as shown in A.G. (A&E) account	As shown by the department	Difference with reference to figures of A.G. (A&E)
2002-03	19	497.22	485.92	(-) 11.30
	41	40.82	51.50	(+) 10.68
	64	28.38	26.15	(-) 2.23
2003-04	19	509.10	434.45	(-) 74.65
	41	56.81	54.90	(-) 1.91
	64	27.82	27.70	(-) 0.12
2004-05	19	553.07	557.50	(+) 4.43
2005-06	19	632.99	606.67	(-) 26.32
	41	64.23	54.06	(-) 10.17
	64	26.04	25.87	(-) 0.17
2006-07	19	688.78	671.99	(-) 16.79
	41	50.61	40.32	(-) 10.29
	64	31.33	19.39	(-) 11.94

The non-reconciliation resulted in ineffective control over expenditure by the Department.

5.1.5.6 Rush of expenditure in the last quarter/month of the financial year

Expenditure in last quarter/month in a financial year ranged between 32 to 100 per cent.

GFR 56(3) provides that the expenditure under any head of account should be incurred proportionately for each month as per the budget provision in a financial year. Incurring the huge expenditure in the last quarter/month of a financial year is against the financial propriety. Scrutiny of the records of CHS (July 2007) revealed that expenditure in the last quarter/month under various schemes ranged between 32 to 100 per cent during 2002-07 which was in excess of norms. This resulted in deficient implementation of schemes/programmes as funds were not released proportionately as envisaged. Department accepted that there was rush of expenditure during last quarter/month as funds were released in last quarter/month of a financial year.

5.1.5.7 Absence of Security Deposit from persons handling Cash/Stores

Rule 282 of MPFC lays down that the persons handling cash and store were required to deposit the sum of Rs.5000 as security deposit to safeguard the interest of the Government. The scrutiny of records of CMHO/ CS offices in thirteen districts and JDHS, Bhopal and Indore (February-November 2007) revealed that against required security deposit of Rs.12.95 lakh from 259 employees, security deposit of Rs.0.21 lakh only was obtained from 11 officials dealing with cash/ store.

5.1.5.8 Non remittances of departmental receipts to Government Account

Rule 29 of MPFC lays down that the departmental revenue should be remitted into the Government account at the earliest. The scrutiny of records of CS Betul, Barwani, Bhopal, Chhindwara, Dhar, Hoshangabad, Jhabua, Khargone, Mandsaur, Sidhi, Seoni, Shahdol and Vidisha and CMHO Chhindwara and Mandsaur revealed (February-November 2007) that Rs.3.15 crore realised during 2002-07 as departmental receipt was deposited to Rogi Kalyan Samiti (RKS) instead of remitting it to Government account. DDOs stated that the amount was deposited in the accounts of RKS as per the orders of district Collectors.

5.1.5.9 Non preparation of store and stock account

Rule 12 of MPFC lays down that each Government office is required to maintain store and stock account in the prescribed form. An inventory of medicines, instruments and equipments should be prepared and submitted to the controlling officer at the time of inspection and also annual physical verification of stock should be carried out. Scrutiny of records (February-November 2007) in thirteen districts and JDHS, Indore, Bhopal and CHS Bhopal revealed that the store and stock account for the year 2002-07 were not prepared, and stock inventory was also not maintained.

5.1.5.10 Defective maintenance of stock register

According to MPFC Rule 125-127 the (i) expiry date of medicines were not mentioned in the stock registers, (ii) the entries of medicines issued to subordinate offices were not made in the stock registers, (iii) stock entries of medicines and other items were not supported by the purchase orders placed on the supplier firm and (iv) the balances at the end of financial year were not worked out in the stock registers of medicines for the period 2002-07 of CMHO Betul, Badwani and Khargone and JDHS, Indore.

5.1.6 Compliance with State Treasury Rules and Receipt and Payment Rules

5.1.6.1 Transfer of funds to Civil Deposit to avoid the lapse of Budget Grant

Rule 284 of MP Treasury Code Volume-I provides that no money shall be drawn from treasury unless it is required for immediate disbursement. The drawal of money in anticipation of demand or to avoid the lapse of budget grant is a serious irregularity. Government of MP, Finance Department vide orders dated August 1997, July 1998 and February 2000 instructed all the departments that the funds received for implementation of schemes if remained unutilised in any financial year should be surrendered immediately to the Government of India. The unutilised funds should not be kept in Civil Deposit.

Scrutiny of records of CHS (May 2007) revealed that contrary to the provisions of the rules and instructions issued by the Finance Department,

Central funds of
Rs.31.93 crore were
parked in Civil
Deposit and Rs.27.32
crore lapsed to
Government.

Rs.67.90 crore were drawn and parked under Civil Deposit during 1998-99, 2000-01 and 2002-07 as detailed below:

(Rupees in crore)

Year in which amount drawn and parked in Civil Deposit	Amount deposited	Amount drawn	Balance amount	Remarks
1998-99	30.63	3.98	26.65	Lapsed to Government account on 30-03-2002
2000-01	0.50	--	0.50	Lapsed to Government account on 31-03-2004
2002-03	0.70	0.53	0.17	Lapsed to Government account on 31-03-2006
2003-04	Nil	Nil	Nil	
2004-05	11.81	2.99	8.82	Remained unutilised
2005-06	2.94	1.15	1.79	Remained unutilised
2006-07	21.32	--	21.32	Remained unutilised
Total	67.90	8.65	59.25	27.32 crore lapsed 31.93 crore remained unutilised

The unutilised central assistance of Rs.59.25 crore was required to be refunded to Government of India. It was however, seen that amount of Rs.27.32 crore kept in Civil Deposit during 1998-99, 2000-01 and 2002-03 lapsed to Government account during 2002-06 and the balance of Rs.31.93 crore pertaining to the year 2004-07 was still lying unutilised.

CHS while accepting the audit point, stated (May 2007) that the funds were kept in Civil Deposit with permission of Department.

5.1.6.2 Unreconciled figures of PD Account

Rule 284 of MPTC Volume-I lays down that the funds should be drawn only when they are required for immediate disbursement. Government of MP, Finance Department, (September 1999) stopped the advance drawal of funds and instructed that advances if necessary could be drawn only with special permission. Scrutiny of records of CHS revealed that an amount of Rs.188.96 crore were drawn and parked in PD account. Further scrutiny of statement of PD account received from treasury revealed (June 2007) that there was difference of Rs.2.30 crore between closing balance shown by Treasury (Rs.74.37 crore) and balance calculated on the basis of transaction (Rs.76.67 crore) made during 2003-07 which was never reconciled by the department as per details given below:

(Rupees in lakh)

Year	Opening Balance	Amount deposited during the year	Total	Amount drawn during the year	Closing balance
2003-04	--	716.52	716.52	--	716.52
2004-05	716.52	1999.59	2716.11	1901.89	814.22
2005-06	814.22	7344.20	8158.42	2109.15	6049.27
2006-07	6049.27	8835.55	14884.82	7217.85	7666.97
Total		18895.86		11228.89	7666.97

Balance arrived as calculated above 7666.97 lakh

Balance shown in statement 7437.01 lakh

Difference 229.96 lakh

Difference of Rs.2.30 crore in the statement of PD account received from treasury was not reconciled.

CHS stated that the position will be intimated after reconciliation (August 2007). Persistent discrepancy and non-reconciliation of set of two figures, can lead to misappropriation and defalcation.

5.1.6.3 Excess drawal from PD account

The CHS drawn Rs.112.29 crore from PD account during 2003-07, against which only Rs.76.70 crore were released to the district health societies. Thus, Rs.35.59 crore were drawn in excess of requirement. Reasons were not intimated to audit.

5.1.6.4 Non adjustment of temporary advances

Temporary advances of Rs.20.87 crore remained unadjusted due to non-submission of adjustment bills/paid-up vouchers.

Rule 53 (iv) of MPTC Volume-I lays down that the temporary advances were to be adjusted as soon as possible and should not remain outstanding for more than three months. Scrutiny in seven⁶ districts and CHS, Bhopal (March-October 2007) revealed that temporary advances amounting to Rs.2.24 crore drawn out of Government fund during September 1999 to March 2007 were lying unadjusted as of October 2007 as the adjustment bills/paid-up vouchers were not submitted by any of officials given these advances.

Thus the department extended the undue financial help to their employees. DDOs stated that the advances will be adjusted at the earliest.

Similarly an advance of Rs.18.63 crore given out of Reproductive Child Health (RCH) fund was also pending for adjustment as of November 2007 in ten⁷ districts for the period ranging from four months to more than 12 months. DDOs stated that the advances would be adjusted at the earliest (November 2007).

5.1.6.5 Non adjustment of advance paid to MP Electric Distribution Company

Advances of Rs.8.22 crore paid to M.P.Electric distribution company was not adjusted.

The scrutiny of the records of CHS revealed (May 2007) that an advance of Rs.8.22 crore paid to MP Vidyut Vitran Company through 33 bills during March 2005 to March 2007 was not adjusted by MP Vidyut Vitran Company as of May 2007. Department stated that the amount was paid against the pendency of the electric bills of different field units but these bills were not shown to audit for verification. The drawal of the amount was not supported by the bills and was drawn on simple receipt bill (MPTC-76) as advance, which requires final adjustment.

5.1.6.6 Defective maintenance of cash book and bill register

Rule 53 of MPTC Volume-I provides that the DDO was required to verify cash personally at the end of each month and record a certificate of verification and the details of cash balance in the cash book under his dated signature. Daily totals of cash book were to be checked by the person other than the writer of the cash book and fortnightly verification of drawals was to

⁶ Barwani, Betul, Bhopal, Chhindwara, Hoshangabad, Jhabua and Sidhi.

⁷ Bhopal, Chhindwara, Dhar, Hoshangabad, Jhabua, Mandasaur, Shahdol, Sidhi, Seoni and Vidisha.

be conducted with reference to treasury voucher slips. Further Rule 197 of MPTC Volume-I provides that each DDO should review the bill register monthly and record the results of such review conducted by him. Scrutiny of records of CMHO/CS in thirteen districts and JDHS, Indore revealed (February-November 2007) that physical verification of cash, fortnightly verification of drawals made from treasury and monthly review of bill register was not done by any of the DDOs. Thus the DDOs failed to follow the codal provision which was essential for financial/cash controls and to avoid fraud, embezzlement, misappropriation of Government fund. DDOs assured the compliance in future.

5.1.6.7 Non reconciliation of balances with bank account

Reconciliation of balances with bank account was not conducted.

Government of MP Finance Department, Bhopal (October 1998) issued instruction to all the departments that no accounts should be opened in the Banks without permission of Finance Department. Rule 53 (2) of MPTC Volume-I provides that all the transaction should be entered in the cash book as soon as they occur, no money should remain un-accounted for out of Government cash book.

Test check of CMHO/CS in thirteen districts and JDHS Bhopal and Indore revealed (February-November 2007) that funds of Rs.3.43 crore received in these offices for implementation of different schemes were credited in Bank accounts and kept out of Government cash book. It was also seen that there was difference of Rs.1.02 crore in the balances in Bank pass books and ledger/cash book of schemes. As reconciliation of balance between the bank and connected cash books/ledgers was not carried out which indicates the lack of control on management of cash as well as accounting procedure in these offices.

DDOs stated (February-November 2007) that reconciliation will be conducted at the earliest and funds will be incorporated in Government cash book.

5.1.6.8 Irregular drawal of pay and allowances

Salary amounting to Rs.586.71 crore was irregularly drawn in respect of 13,829 officials.

Rule 256 MPTC Volume-I provides that the pay and allowances of the staff can be drawn against the temporary establishment provided that the sanction for continuation was accorded. In absence of such sanction the posts are automatically abolished. The Directorate was required to submit the consolidated proposal to the Government for obtaining the sanction for continuation of temporary post and the same was to be intimated to the DDOs. Scrutiny of records (March-November 2007) of CMHO/CS in thirteen districts and JDHS, Bhopal revealed that though the sanctions for continuation of 13,829 temporary posts of the establishment were not available with the DDOs during 2002-07, yet salary worth Rs.586.71 crore for the staff working against temporary posts was unauthorisedly drawn and paid by the DDOs. Further scrutiny of records of CHS revealed that Directorate did not submit the

consolidated proposals to the Government for sanction for continuation of temporary posts.

DDOs stated (February-November 2007) that the proposals had been sent to the Directorate but the sanction was awaited.

5.1.7 Internal control activities

5.1.7.1 Primary Health Centres were functioning without Doctors

118 PHCs, were working without doctors and in 50 PHCs even the compounder and nurses were not posted.

With a view to extend proper medical facilities at the grass root level it was the responsibility of CMHO to ensure availability of the services of at least one medical officer/ compounder/staff nurse at each PHC. Scrutiny revealed that 118 PHCs of 13⁸ districts were running without Doctors from 1996 to November 2007⁹ and in 50 PHCs even the compounder/staff nurse were not posted. In the absence of Doctors/compounders/staff nurse, the treatment was being given by unauthorised staff (Dresser/Class-IV) while the expenditure of Rs.9.43 crore was incurred on pay and allowances of para medical staff of these PHCs during 2001-07. CMHOs stated (February-November 2007) that the alternate arrangement of a doctor from nearby PHC was made for two or three days in a week. It was also stated that the power of appointment/posting rests with Government.

This indicates that proper medical care was not available for rural areas.

5.1.7.2 Posting of staff in excess of sanctioned strength

Posting of staff in excess of sanctioned strength resulted in irregular drawal and payment of salary of Rs.1.99 crore during 2002-07.

The unit wise register of sanctioned and working strength was required to be maintained at Directorate level so that the deployment of manpower could properly be monitored and staff could be posted according to the requirement of the field units. Government of M.P. General Administration Department issued instructions (March 1999 and June 2003) not to draw the salary of the staff posted in excess of sanctioned strength and that officials of one post should not be posted against the another vacant post.

Scrutiny at CHS, revealed (August 2007) that the register showing unit wise sanctioned and working posts was not maintained at Directorate level. Further scrutiny in CMHO Bhopal, Vidisha and CS Bhopal and Chhindwara (June-October 2007) revealed that staff was posted in excess of sanctioned strength and salary worth Rs.1.99 crore was irregularly drawn and paid during February 2002 to October 2007. DDOs stated that the position was brought to the notice of higher authorities from time to time. Thus it was clear that manpower management was deficient.

⁸ Betul (8), Barwani (8), Chhindwara (16), Dhar (4), Hoshangabad (5), Jhabua (7), Khargone (12), Mandasaur (16), Ratlam (5), Sidhi (17), Seoni (7), Shahdol (9) and Vidisha (4).

⁹ Upto 5 years – 73, five to 10 years – 27 and above ten years - 18.

5.1.7.3 Shortfall in training slots

Training infrastructure largely remained unutilised as 1,397 persons against capacity of 3,050 were trained during 2002-07.

Scrutiny of records of training centres of ten¹⁰ districts revealed (February-November 2007) that 21 sessions were held against the targeted 44 sessions. Against a capacity of 3,050, 1,397 persons were trained in these training centres during 2002-07. CMHOs stated (February-November 2007) that training programme were organised as per instruction of Directorate. Reply was not tenable as the department failed to utilise the infrastructure of training centres as regular nomination of trainees was not done.

5.1.7.4 Survey of unregistered doctors was not conducted

Survey of unregistered doctors was conducted only in three districts out of 13 test checked districts.

Director Health Services issued the instruction (August 1997) to all the CMHO/ CS/JDHS to conduct the survey of fake doctors in their areas. This work was to be completed upto September 1997 and criminal case was to be registered against the unregistered/fake doctors. Scrutiny of the records (February-November 2007) of CMHOs in thirteen districts revealed that the survey work was conducted only in Bhopal, Barwani and Seoni districts and out of 1,297 surveyed, 863 doctors were found doing practice without having proper registration/degree or otherwise. But no action was found to be taken in these cases. In other 10 districts no survey was conducted as of November 2007.

5.1.7.5 Non-providing of basic infrastructure in rural areas

Medical facilities in rural areas could not be enhanced as construction of only 288 out of 1335 buildings could be completed during 2002-07.

Government of MP Public Health and Family Welfare Department, Bhopal sanctioned Rs.156.28 crore for construction of 1,335 health care centre buildings during 2002-07 and funds of Rs.128.31 crore were released to the construction agencies and District Health Societies. Scrutiny of the records produced and information furnished to audit revealed (August 2007) that only 288 buildings could be completed after incurring expenditure of Rs.24.06 crore as of May 2007. The construction of 878 buildings was not completed even after incurring an expenditure of Rs.43.34 crore. The construction of 169 buildings was not yet started as of May 2007 though the funds of Rs.60.91 crore were already available.

Due to non-completion of buildings, the basic infrastructure for enhancing the medical facilities in rural areas could not be provided. This also shows the lack of monitoring of the works at all levels.

5.1.7.6 Non-establishment of Regional Diagnostic Centre

Diagnostic centre could not be started even after incurring expenditure of Rs.7.15 crore on building and equipment.

Regional Diagnostic Centres at 11 places were sanctioned (October 2001) under Eleventh Finance Commission with a view to strengthen emergency obstetric care and to reduce infant mortality rate/mother mortality rate. Government sanctioned Rs.47 lakh for construction of buildings and Rs.2.53 crore for equipments for these centres. Additional staff was also sanctioned for these centres in October 2006.

¹⁰ Betul, Barwani, Chhindwara, Dhar, Jhabua, Mandsaur, Seoni, Shahdol, Sidhi and Vidisha.

Scrutiny in CS, Chhindwara, Dhar, Hoshangabad and Mandasaur (June-October 2007) revealed that the buildings were completed at a cost of Rs.1.86 crore and equipment of Rs.3.82 crore was received (September 2004 to January 2005). However, the diagnostic centres were not started due to non availability of specialists and technical staff and therefore expenditure of Rs.5.68 crore proved unfruitful. CS admitted (June-October 2007) that these equipments could not be put to use due to non availability of Specialist/PGMO/ Technicians and other support staff. Thus the object of the scheme was not achieved and the people were deprived of the specialist medical services.

Similarly, test-check (February 2007) of the records of the Hospital Superintendent cum Civil Surgeon, Rajgarh (CS) and further information collected (August 2007) revealed that the specifications for building recommended by technical expert were made available to PWD in December 2002 when the construction of building had almost completed as a result technical specifications required for CT scan and X-ray were not followed. Further equipment required for the centre was installed as late as in June-December 2005 and was still (August 2007) lying idle.

Thus due to construction of building without fulfilling the recommendations of technical expert and, purchase of equipments by the Director Medical Services (September 2004) without making arrangement of technical staff, the desired medical facility could not reach to the needy patients, even after a lapse of two years period despite incurring expenditure of Rs.1.47 crore.

5.1.7.7 Idle outlay on construction of 100 bedded hospital building

Government of Madhya Pradesh, Public Health and Family Welfare Department accorded sanction of Rupees one crore (May 1997) for construction of a 100 bedded hospital building at Jhoteswar (District Narsinghpur). The construction of proposed building was completed in August 2001 by Public Works Department at a cost of Rs.3.07 crore.

Test-check (August 2006) of the records of Chief Medical and Health Officer (CMHO), Narsinghpur and further information collected (August 2007) revealed that the building could not be put to use for want of requisite staff, equipment, furniture and residential quarters essential to start the hospital activities. The hospital building thus lying idle since its completion (August 2001) and the construction cost of Rs.3.07 crore remained nugatory besides depriving the villagers from the intended medical facilities.

On being pointed out the Director stated (August 2007) that due to lesser density of population in nearby localities the 100 bedded hospital was not considered practicable, therefore budget provision was not made and the hospital could not start. The reply may be viewed in the light of the fact that viability of running 100 bedded hospital was not examined before sanctioning the construction of building for 100 bedded hospital.

5.1.7.8 Failure in follow up of Rajya Bimari Sahayata Nidhi Yojana

The Rajya Bimari Sahayata Nidhi was established (1997) with the object to extend the relief upto Rs.1.50 lakh to the patients of BPL families who were suffering from fatal disease enlisted in the scheme and for treatment in the Government or medical institutes approved for the purpose where patient was willing to under go treatment. Government further decided (January 2006) that the assistance upto Rs.75,000 will be sanctioned by District management committee.

Monitoring and follow-up of scheme was deficient as the details of treatment, period of treatment and expenditure actually incurred was not called for from the health institutions.

Scrutiny of records of CHS Bhopal and 11¹¹ districts revealed (March-November 2007) that the assistance of Rs.1.97 crore in 290 cases was sanctioned by CHS (97 cases, Rs.0.88 crore) and CMHOs (193 cases, Rs.1.09 crore) for the treatment of patients of BPL families. In 221 cases the BPL certificate was given by the authorities other than the Collector and in 197 cases medical certificate was given by the CS on the basis of the clinical diagnosis by the institution without consultation of specialist. The follow up of the scheme was totally deficient as the details of treatment, period of treatment and expenditure actually incurred in 258 cases (assistance Rs.1.63 crore) was never called for from the health institutions. CHS (May 2007) and CMHO/CS stated (March-November 2007) that the account/UCs of the assistance and balance amount will be called for from the institutions at the earliest.

5.1.7.9 Excess wastage of vaccines

According to the reference available in Handouts of State Cold Chain Officers meeting the wastage of vaccines were prescribed: 50 *per cent* for BCG and 20 *per cent* for other vaccines.

Wastage of BCG was 94 *per cent* and for other vaccines ranged between 39 to 68 *per cent*, which resulted in loss of Rs.6.60 crore.

The test check of the records of CMHO in twelve¹² districts revealed that the wastage of vaccines during 2002-07 was 68 *per cent* for DPT, 41 *per cent* for OPV, 46 *per cent* for Measles, 39 *per cent* for DT, 55 *per cent* for TT and 94 *per cent* for BCG which was very high as compared to the prescribed norms. This resulted in excess wastage of vaccines worth Rs.6.60 crore.

5.1.7.10 Shortage of vaccines

Scrutiny of Stock Register and Vouchers of vaccines of CMHO Khargone (April 2007) for the period 2002-07 revealed that entries of the vaccines received through the vouchers of JDHS, Indore were not found in the stock register as detailed below:

¹¹ Barwani, Bhopal, Chhindwara, Hoshangabad, Jhabua, Khargone, Mandsaur, Seoni, Shahdol, Sidhi and Vidisha.

¹² Barwani, Betul, Bhopal, Chhindwara, Dhar, Hoshangabad, Jhabua, Khargone, Mandsaur, Seoni, Sidhi and Vidisha.

Shortage of vaccines of Rs.14.48 lakh was noticed.

Voucher No. of RJD (HS), Indore	Details of vaccines issued (No. of doses)		Details of vaccines taken into stock	Quantity of vaccines not taken in account	Cost of vaccines not taken in Account
A153/753 dated 23-12-2005	Oral Polio Vaccine	3,37,000	30,000	3,07,000 @ 4.625	14,19,875
	DPT	20,000	Nil	20,000 @ 1.40	28,000
				Total	14,47,875.00

This resulted in shortage of vaccines worth Rs.14.48 lakh. CMHO Khargone stated (April 2007) that the case will be investigated and action will be taken accordingly.

5.1.7.11 Issue of time barred vaccines

The scrutiny of the records of CMHO Khargone (April 2007) revealed that the vaccines were issued after date of their expiry to the field unit for utilisation. The stock registers of the field units were also verified and it was found that these vaccine were consumed as detailed below:

Sl. No.	No. and date of vouchers by which these were received in CMHO store	Name of vaccines	Quantity in number of doses	Date of expiry as per voucher	Period of issue/consumption (quantity in doses)
1.	A-6/09-04-2003	DPT	30,000	May 2003	15000 issued to field units in the month of May 2003 and 15000 issued thereafter
	--do--	OPV	20,000	January 2003	Issued to field during 09-04-03 to 26.4.2003
2.	A-17/29-04-2003	OPV	15,000	January 2003	Issued to field during 29-04-03 and thereafter.
3.	A-159/18-08-2004	BCG	10,000	December 2003	Issued during 18-08-2004 to 23-09-2004
4.	A-153/23-12-2005	Measles	5,000	December 2004	Issued during 24-12-2005 to 25-01-2006
	--do--	OPV	3,37,000	August 2005, September 2005	Only 30000 were taken into account and issued during 24-12-2005 onwards

Issue and use of time expired vaccines indicate poor materials management.

5.1.7.12 Excess expenditure on diet

Excess expenditure of Rs.26.31 lakh was incurred on diet of 9,84,359 patients above the prescribed norms.

The expenditure on diet for indoor patients was fixed at Rupees eight per day per patient and enhanced to Rs.20/- from April 2006. Scrutiny in six¹³ districts revealed (March-October 2007) that an excess expenditure of Rs.26.31 lakh was incurred on diet of 9,84,359 patients during 2002-07. The excess was attributed to price hike.

¹³ Barwani, Betul, Chhindwara, Khargone, Hoshangabad and Sidhi.

5.1.7.13 Purchase of medicines for school education

Finance Committee recommended (October 2006) that Iron folic acid tablets and deworming (Albendazole) tablets be distributed to the 88,91,737 students covered under Mid Day Meal (MDM) scheme in the schools of State. Accordingly tablets worth Rs.4.98 crore were purchased in December 2006.

11.52 crore Iron folic acid tablets and deworming tablets were issued for distribution in OPD instead of issuing to MDM students.

Scrutiny of records in eight¹⁴ districts revealed that 11.52 crore Iron folic acid tablets out of 15.09 crore tablets were issued to CHC/PHC/SHC in a routine manner for distribution to the patients without any instruction for distribution to only MDM students. Thus the very purpose of purchase of these tablets were defeated. CMHOs stated that the necessary monitoring to ensure proper utilisation of these tablets was to be carried out by DFID, but no follow-up report were available with them (May-October 2007).

5.1.7.14 Purchase of Anti Snake Venom (ASV) without assessing the requirement

Purchase of ASV worth Rs.0.76 crore without assessing the actual requirement of the field.

Delegation of financial power 1995 Vol.II provides that the material should be procured as per requirement in particular financial year. Department purchased 51,800 Anti Snake Venom 10 ml worth Rs.1.05 crore during 2006-07 without assessing the requirement. As per snakebite report of Revenue department the requirement of ASV comes to 14,000 vials (20 continuous vials for snakebites) only. Scrutiny in nine¹⁵ districts (May-October 2007) revealed that only 822 ASV were consumed against receipt of 8,320 vials and 7,498 were lying unconsumed as of October 2007. This resulted in purchase of 37,800 ASV worth Rs.0.76 crore in excess of the actual requirement. CMHOs stated that these were supplied by the Directorate without demand and will be utilised in future (May-October 2007). CHS stated that the storage of ASV is essential and it will be utilised in next four years.

5.1.7.15 Irregular purchase of Gauge, Bandage and Bandage Rolls from unauthorised supplier/manufacture

Purchase of Gauge than/Bandage than and Bandage rolls worth Rs.6.45 crore was made from the supplier/manufacturer who did not possess the valid drug licence.

As per instructions issued in para V of Government of MP Public Health and Family Welfare Department Bhopal orders (October 2002) the Gauge and Bandage comes under the definition of medicines therefore the manufacturer and supplier of the Gauge/Bandage should have the valid Drug licence required under the rules and date of manufacturing, date of expiry and batch number and name and size should be mentioned on the packet of the medicine.

Scrutiny of records of CHS (May 2007) revealed that the Gauge Than, Bandage Than and Bandage Rolls worth Rs.6.45 crore were purchased by the CHS during the year 2004-07 from Commissioner Handloom and Hasth Shilp Vikas Nigam MP Bhopal without ensuring that the supplier and manufacturer of the Gauge Than/Bandage Than/Bandage Rolls had a valid drug license in Form 20-B and in Form-25 and date of manufacture and date of expiry was

¹⁴ Barwani, Bhopal, Dhar, Hoshangabad, Jhabua, Mandsaur, Sidhi and Vidisha.

¹⁵ Bhopal, Chhindwara, Dhar, Hoshangabad, Jhabua, Mandsaur, Sidhi, Seoni and Vidisha.

not mentioned in suppliers bill. Thus the codal provisions were not followed and the purchase of Gauge, Bandage was irregularly made from the unauthorised supplier/ manufacturer.

5.1.7.16 Purchase of Cat Gut and Medicines at higher rate

The MP Store purchase Rule 14 lays down that the items enlisted in annexure A, B and C were reserved to be purchased from MP Laghu Udyog Nigam (MPLUN). Scrutiny of records of CHS (May 2007) revealed that the catgut/sutures and medicines were purchased from Public Undertakings instead of purchasing from MPLUN. As the rates of Public Undertakings were higher than the rates of MPLUN this resulted in excess expenditure of Rs.1.92 crore. CHS stated (May 2007) that the purchases were made according to purchase preference policy (PPP) of the Government of India.

Purchase of catgut and medicines from public undertakings instead of MPLUN resulted in excess expenditure of Rs.1.92 crore.

5.1.8 Other points of interest

5.1.8.1 Infructuous expenditure on idle workshop

Regional Depot/ Workshops at Divisional levels were existed for maintenance and repair of departmental vehicles. Test-check (January and April 2007) of the records of Joint Director Health Services (JDHS) Jabalpur, Gwalior and Indore and further information collected (August 2007) from JDHS Bhopal revealed that ever since the reformation of the Regional Joint Director Health Services (June 1999) work of repairing and maintenance of departmental vehicles was being got done from outside/ private dealers and negligible job of repair and maintenance of departmental vehicles was attended by the workshops. However, expenditure of Rs.4.05 crore (Bhopal: Rs.2.68 crore, Gwalior: Rs.0.39 crore, Indore: Rs.0.76 crore and Jabalpur: Rs.0.22 crore) was incurred on pay and allowance of the staff of four workshops during 1999-2007 which resulted in infructuous expenditure on idle workshop.

Thus there is a need to rationalize deployment of staff and repair arrangements for vehicles.

5.1.8.2 Infructuous expenditure on replacing health cards

Deendayal Antyodaya Upchar Yojna (yojna) was launched in September, 2004 to provide qualitative medical services free of cost to the Scheduled Castes/ Scheduled Tribes below poverty line. The yojna was extended (August 2006) to all living below poverty line.

Test-check (April 2007) of the records of the Director, State Health Information Education Communication Bureau Bhopal (Bureau) revealed that 24 lakh health cards, costing Rs.84.65 lakh, were printed between October 2004 to July 2005 for providing to the SC/ST families below the poverty line under the yojna. Out of these 21 lakh cards were distributed leaving a balance of three lakh cards with the department. It was also noticed that with extending the facilities available under yojna to all living below poverty line, 50 lakh cards were again got printed (December 2006) at a cost of Rs.5.42 crore to cover the beneficiaries from added category and to replace the old cards of

SC/ST beneficiaries also. Since the new cards did not contain any additional information, it was injudicious on the part of department to replace the old cards unnecessarily. This resulted in infructuous expenditure of Rs.84.65 lakh on 24 lakh cards printed earlier at the initiation of the yojna.

On being pointed out Bureau authorities replied in April 2007 that with a view to provide information about some other schemes and also to maintain the uniformity, revised edition of the 50 lakh health cards were printed.

The reply was not tenable as the revised edition of the cards did not contain any additional information.

5.1.9 Monitoring including internal audit

5.1.9.1 Departmental inspection

Periodic inspections by departmental officers are an important and effective tool to ensure proper functioning of the department according to laid down procedures. The roster of inspection for officers of Directorate was not available, against 86 inspections only 33 inspections were conducted by JDHS, Bhopal during 2002-07 and no inspection was conducted by JDHS, Indore during 2002-06.

Rule 291 of MPTC Volume-I provides that every DDO should make the monthly inspection of accounts of his office and quarterly report should be sent to higher authorities stating therein the corrective steps taken. Scrutiny of records in thirteen districts revealed that only four¹⁶ districts conducted the inspection to some extent and none of other DDOs carried out the regular inspection as envisaged in the rules. This shows that the system of inspection was largely ignored.

5.1.9.2 Internal Audit

A separate internal audit wing was set up in the office of the Commissioner Health MP Bhopal and in the JDHS offices at Indore, Bhopal, Rewa, Jabalpur and Gwalior. The internal audit (IA) wing was under the supervision of the Additional Director of Finance who was assisted by one Accounts officer and six Senior Auditors and nine Junior Auditors, but there was shortage of four senior auditors and eight junior auditors. Internal Audit Wing was under staffed and there was shortfall in internal audit of units.

Scrutiny of records of CHS (May 2007) revealed that an annual audit plan was never prepared during 2002-07. The audit of different wings/sections of Directorate was neither planned nor conducted by IA wing of CHS. There was 100 *per cent* deficiency in audit of field units during 2002-07 as none of the 168 units was audited by IA wing of the Department. Similarly there were internal audit wings in JDHS offices at Bhopal and Indore. Against a target of

¹⁶ Hoshangabad (8), Jhabua (12), Seoni (7) and Sidhi (42).

42 units per year (Bhopal 19 and Indore 23) audit of 16 units was conducted during 2006-07 (Bhopal 12 and Indore four). Thus there was shortfall of 100 *per cent* during 2002-06 and 62 *per cent* during 2006-07.

Internal audit system was found totally ineffective as no audit was conducted during 2002-06 and only 38 *per cent* units were audited by JDHS offices.

5.1.9.3 Departmental enquiry cases

A departmental enquiry cell and a legal cell were functioning in the Directorate for dealing with Departmental Enquiry (DE) cases and court cases. Scrutiny of records of CHS revealed (August 2007) that 164 DE cases were pending as on 1 April 2006 and 22 cases were added during April 2006 to July 2007. Thus against 186 total cases only 18 cases were decided during above period leaving pendency of 168 DE cases with the Department. Likewise, 198 show cause notices were pending for settlement/disposal as of August 2007. Besides 11 Lokayukt cases were also pending as of August 2007.

5.1.10 Conclusion

The internal control mechanism of the department was weak. The system of preparation of budget estimates were grossly deficient as the persistent savings were noticed and supplementary provision were made without requirement. Departmental figures were not reconciled with A.G. (A&E) figures. Funds of central schemes were parked in Civil Deposits. System of maintenance of cash book and verification of cash was defective and security deposit was not obtained from officials handling cash/store. The fortnightly verification of drawals was not made from treasury list. Operational control was ineffective as basic infrastructure was not provided. Diagnostic centres were not established. PHCs were running without doctors. Survey of unregistered/fake doctors were not conducted. There was shortfall in inspection by CHS/JDHS. Internal audit was not conducted during 2002-06 and there was a large shortfall in internal audits during 2006-07 which defeated the object of establishment of Internal Audit Wing.

5.1.11 Recommendation

- Reconciliation of expenditure figures should be taken up expeditiously and system of reconciliation with bank should be strengthened.
- Codal provision for maintenance of Cash Book should be strictly adhered to.
- Departmental officers should carry out the inspection of field units strictly according to roster and monitoring cell should be strengthened.

- Internal audit wing should be strengthened by deploying adequate staff and by introducing system of audit planning, prescribed periodicity and cycle of audit of various units. The different wings of Directorate may also be brought within the purview of internal audit.
- Comprehensive instructions on maintenance of internal control in department may be issued.

**Gwalior
The**

**(SANAT KUMAR MISHRA)
Principal Accountant General
(Civil and Commercial Audit)
Madhya Pradesh**

Countersigned

**New Delhi
The**

**(VINOD RAI)
Comptroller and Auditor General of India**