

## OVERVIEW

This Report comprises three Chapters. Chapter I includes four performance audit reviews, Chapter II includes 25 paragraphs on audit of financial transactions of various Government departments and Chapter III includes a report on an integrated audit of the Scheduled Tribes Development Department.

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 methods as well as on judgemental basis. The specific audit methodology adopted for programmes and schemes has been mentioned in the reviews. The audit conclusions have been drawn and the recommendations made, taking into consideration the views of the Government. The audit findings are given below:

### 1. State Horticulture Mission

The State Horticulture Mission was launched in 2005-06 to give new momentum to the development of horticulture, generate employment and enhance farm income. The Perspective Plan for the Mission period (2005-2012) was not prepared. The Annual Action Plans for 2005-08 were prepared without basic data from district/field level agencies, as a result of which the targets were unrealistic. A total amount of Rs 267.90 crore was received from Central and State Government during 2005-09, of which Rs 112.34 crore (42 *per cent*) remained unutilised with the State Horticulture Mission, the district Missions and other implementing agencies as of March 2009. There was excess payment of assistance of Rs 2.16 crore to farmers for ginger and turmeric crops and non-payment of assistance of Rs 51.81 lakh for pepper crops in the four test-checked districts under the area expansion programme. The total area under cultivation of major crops, namely pineapple, pepper and ginger declined in 2007-08 as compared to 2004-05, despite expenditure of Rs 10.93 crore during 2005-08 under the area expansion programme. The areas under banana and turmeric crops showed only a marginal increase. In the Idukki and Wayanad districts, the production of pepper decreased despite spending Rs 34.46 crore under the scheme, 'Rejuvenation of pepper gardens' during 2005-08. Subsidy of Rs 3.25 crore, earmarked for pack houses, mobile processing units and cold storages during 2005-09 was not utilised due to poor response arising out of low subsidy rates.

*(Paragraph 1.1)*

### 2. National Rural Health Mission

The National Rural Health Mission was launched by Government of India in April 2005 for strengthening rural health care institutions by providing adequate infrastructure facilities and funds. In Kerala, the State Health Mission was set up in September 2006. A review of the implementation of the National Rural Health Mission revealed improvements in the flow of funds to rural health institutions, upgradation of infrastructure in some health institutions and better health awareness among the rural population. Although sample household surveys were carried out in the three test-checked districts, facility surveys required to identify health care needs of rural areas were conducted only in Community Health Centres though the guidelines stipulated

that these were also to be carried out in Primary Health Centres and Sub Centres. The Perspective Plan for the Mission period was not prepared. During 2007-08 and 2008-09, National Rural Health Mission funds of Rs 1.48 crore were spent on activities not approved by Government of India in the annual Programme Implementation Plans and Rs 51.86 lakh was diverted without their approval. Accredited Social Health Activists selected during 2007-08 and 2008-09 were not imparted training in three out of five prescribed modules. Availability of manpower, infrastructure and equipment in Community Health Centres and Primary Health Centres did not meet the Indian Public Health Standards. Guidelines for procurement of medicines prescribed by Government of India were not followed. Penalty of Rs 3.18 crore for delayed supplies of medicines was not levied. An effective Health Management Information System was not set up even though hardware and software valuing Rs 4.70 crore were procured for this purpose. Under the 'Integrated Disease Surveillance Project', hardware and accessories procured for Rs 54.82 lakh for video-conferencing units at the district level were lying idle as the State level video-conferencing unit had not been set up due to non-provision of space by the Director of Health Services.

(Paragraph 1.2)

### **3. Road Safety Management in Kerala**

Road safety is an area of serious concern for the State Government. Kerala, with three *per cent* of the national population (2001 Census) accounted for nine *per cent* of the total road accidents in the country. The Kerala Road Safety Authority was constituted in April 2007 to co-ordinate road safety activities and make recommendations for formulating a road safety policy for the Government. A Road Safety Fund was also created for this purpose. Inadequacies in the strength of enforcement officers in the Motor Vehicles and Police Departments and the rapid increase in the number of vehicles led to ineffective enforcement of the provisions of the Motor Vehicles Act and Rules in the State. Out of 635 cases of suspension of driving licences, reported by the police during 2004-09, action was taken in only 329 cases. Eleven Speed Check Radars were purchased by the Police Department during 2004-05, out of which six were not utilised due to defects, resulting in idle investment of Rs 34.94 lakh. Government did not have a trauma care policy and the emergency care facilities provided in the hospitals for road accident victims were inadequate. As of March 2009, 1.37 lakh cases of motor accident claims were pending in Motor Accident Claims Tribunals in the State.

(Paragraph 1.3)

### **4. IT Audit of Akshaya, an e-Governance Project**

IT audit of Akshaya, an e-governance project on Information and Communication Technology enabled centres/e-kendras run by private entrepreneurs was conducted. The primary objective of imparting e-literacy to citizens had not been completed even after two to three years of implementation of the first and second phases of the project. Only 28.62 lakh (41 *per cent*) out of the targeted 69.83 lakh families had been trained so far. Owing to the low turn-out of beneficiaries in the roll-out phase as a result of the fast penetration of IT in villages and the compulsory IT education introduced in schools, Rs 39.56 crore transferred from local self-government institutions to the Kerala State IT Mission for the project remained unutilised. Due to improper selection of beneficiaries, 93.14 *per cent* of sponsored

candidates from socio-economically marginalised sections of the society could not complete the e-vidya course. Insufficient server capacity led to overloading of the Akshaya server on peak days of e-payments; a non-secured site was used for financial transactions and users were compelled to share passwords in the absence of the required number of user ids. The backend providers of information, ie. Government departments and agencies, were not disseminating the required information to these kendras effectively even after six years of implementation of the pilot project. As against the targeted employment generation of 50,000 jobs and investment of Rs 500 crore by the Government, local self-government institutions and Akshaya Centre Entrepreneurs in the project, the achievements were only 6,818 jobs (14 *per cent*) and Rs 124.46 crore (25 *per cent*) respectively.

(Paragraph 1.4)

## **5. Integrated Audit of Scheduled Tribes Development Department**

The Scheduled Tribes Development Department implements various welfare schemes in the fields of education, health, housing, etc. for the benefit of Scheduled Tribes. An integrated audit of the department revealed several deficiencies like underutilisation of Plan funds, delay in implementation of schemes, ineffective implementation of various Acts enacted for the welfare of Scheduled Tribes, etc. During 2004-09, savings of Rs 52.73 crore were noticed under the 'Plan' head, mainly due to non-implementation of various schemes. Against the target of construction of 4128 houses undertaken by the Tribal Resettlement and Development Mission, only 346 (8 *per cent*) houses had been completed as of May 2009. Despite spending Rs 3.91 crore for setting up a speciality hospital in Attapadi for tribals of remote areas in the State, better health care facilities could not be provided to them, mainly due to shortage of medical and para-medical staff. Although Government of India released Rs 12.50 crore during 2002-04 as Special Central assistance and Rs 2.03 crore in March 2005 as Additional Central assistance for drinking water supply schemes for tribals in Wayanad and Idukki districts respectively, the schemes remained incomplete and the tribals were denied access to clean drinking water. Despite availability of funds, infrastructural facilities in residential schools under the department were largely inadequate due to delays in construction of buildings. Lack of proper supervision and monitoring also affected the implementation of various schemes.

(Paragraph 3.1)

## **6. Audit of Transactions**

Besides the above, audit of financial transactions, subjected to test check in various departments of the Government and their field functionaries revealed instances of misappropriation/fraudulent claims/avoidable and unfruitful expenditure/excess payment/idle investment and other irregularities involving Rs 115.95 crore as mentioned below:

In the Health and Family Welfare Department, owing to lack of supervisory checks by concerned officers, Rs 6.33 lakh was misappropriated by manipulating the accounts of a blood bank run by the Hospital Development Committee of the Women and Children's Hospital, Thiruvananthapuram.

In the Local Self Government Department failure of the officials to check fraudulent claims submitted by a Mahila Pradhan agent resulted in overpayment of incentive allowance and bonus amounting to Rs 5.71 lakh.

Violation of contractual obligations/undue favour to contractors/avoidable expenditure totalling Rs 39.36 crore were noticed in the Water Resources (Rs 1.03 crore), Health and Family Welfare (Rs 32.99 crore), Public Works (Rs 4.83 crore) and Fisheries and Ports (Rs 0.51 crore) Departments.

Cases of infructuous/unfruitful expenditure and overpayment of Rs 25.48 crore were noticed in the Power (Rs 0.23 crore), Public Works (Rs 1.36 crore), Home (Rs 0.60 crore) and Housing (Rs 23.29 crore) Departments. These included a case of abandonment of an upgraded portion of the Angamaly-Thodupuzha road due to unscientific alignment resulting in infructuous expenditure of Rs 1.36 crore.

Idle investment/blockage of funds amounting to Rs 37.56 crore were noticed in Fisheries and Ports (Rs 3.43 crore), Health and Family Welfare (Rs 0.95 crore), Local Self Government (Rs 25.86 crore), Personnel and Administrative Reforms (Rs 1.90 crore) and Public Works (Rs 5.42 crore) Departments.

Apart from these, there were other irregularities involving Rs 13.43 crore in Forest and Wildlife (Rs 0.33 crore), General Education (Rs 1.96 crore), Higher Education (Rs 0.56 crore), Public Works/Home (Rs 0.83 crore) and Water Resources (Rs 9.75 crore) Departments.

***(Paragraphs 2.1 to 2.5)***