

## OVERVIEW

This Audit Report has three chapters. The first chapter has five reviews (including two information technology reviews) dealing with the results of performance audit of selected programmes and schemes of Government. The second chapter has 19 audit paragraphs arising from the audit of financial transactions of Government. The third chapter contains results of integrated audit of a Government Department.

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 judgement basis. The specific audit methodology adopted for programmes and schemes has been mentioned in the reviews. Audit conclusions have been drawn and recommendations made taking into consideration the views of Government, wherever received.

A summary of the important findings is given below:

Anna University was established as a unitary type of university in September 1978 by amalgamating four technical education institutions in the city of Chennai. As of 2010, 149 colleges were affiliated to Anna University, Chennai apart from the four university/constituent colleges in Chennai and one each at Villupuram, Tindivanam and Arani. The university offers under-graduate, post-graduate and PhD programmes in almost all the engineering and technology disciplines including applied sciences, M. Phil programmes under science and humanities and management programmes.

A performance review of the functioning of Anna University, Chennai, covering the period from 2005-06 to 2009-10 disclosed that consolidated accounts for the receipts and payments of the university as a whole were not prepared. Reducing the qualifying marks for granting affiliation to courses run by affiliated colleges from 85 to 50 paved the way for grant of provisional affiliation to 509 courses in 111 colleges. The university increased self-financing courses, as against the Government's policy of encouraging affordable higher education. The overall faculty-student ratio of the university was 1:38 as against All India Council for Technical Education's norms of 1:15 for each course. Setting up of a 'Knowledge Data Centre', for providing web-based technological resources to students in the State was delayed by more than six years.

***(Paragraph 1.1)***

A performance audit of the functioning of Industrial Training Institutes (ITIs) revealed that Government's plan (1996) to establish ITIs in all the blocks of

the State either in the Government sector or the private sector was still to materialise. As of March 2010, 68 out of 385 blocks in the State did not have ITIs. Test-checked ITIs lacked basic infrastructure facilities such as adequate classrooms, power supply and hostels. There were shortfalls in the availability of tools and equipment with reference to the standard list of trades prescribed by the National Council for Vocational Training. Though admissions in ITIs increased, the percentage of vacant seats and the number of dropouts amongst students admitted also increased. Stipends were not paid to all trainees as envisaged by Government of India, making the ITIs less attractive. Non-enhancement of the rates of training grants by the State Government resulted in inadequate supply of raw materials and consumables to the trainees. As against ₹ 16.01 crore available under the World Bank assisted Centre of Excellence scheme, the department spent only ₹ 9.23 crore during 2006-10, resulting in non-creation of the required infrastructure in 17 ITIs. Consequently, 17 trades introduced in 17 ITIs were still to be affiliated by the National Council for Vocational Training. Lack of co-ordination with the Chief Inspector of Factories resulted in poor placement in providing apprenticeship training to ITI passed candidates.

***(Paragraph 1.2)***

A performance audit of the Modernisation of Police Force scheme disclosed that Annual Action Plans were not prepared on need basis. Equipment costing ₹ 2.52 crore was procured in deviation of plans during 2006-09. Non-sanctioning and delay in execution of works resulted in under-utilisation of funds sanctioned for the scheme. Funds amounting to ₹ 191.56 crore out of ₹ 1024.49 crore released by the Central and State Governments during 2000-10, remained unutilised as of March 2010 under the scheme. As against 205 works sanctioned, only 90 were completed as of March 2010. New buildings were sanctioned only for 191 police stations, during 2006-10, as against 804 police stations planned to be constructed. Of these, only 85 were completed and put to use. As against 12,000 residential quarters to be constructed during 2006-10, only 2,686 were constructed. Vehicles were purchased to replace condemned ones rather than to increase fleet strength, thereby defeating the objective of increasing the mobility of the police force. In 38 test-checked police stations, no motor cycles were available as of March 2010 and 18 police stations did not have even a single vehicle. As against 20,742 pieces of communication equipment such as Very High Frequency mobile sets, Very High Frequency hand held sets, High Frequency sets to be procured during 2006-11, only 5,492 pieces of equipment were purchased.

***(Paragraph 1.3)***

The Chennai Metropolitan Water Supply and Sewerage Board (Board) caters to water supply and sewerage requirements of about 6.51 lakh properties in the Chennai metropolitan area. The main sources of revenue for the Board were water tax and water charges. An Information Technology audit of computerisation in the Board revealed non-inclusion of 'New water connections' in the 'Enterprise Resource Planning' due to deficient planning and non-achievement of the envisaged objectives of the 'Complaints Monitoring System' despite spending ₹ 1.12 crore. Accounts of the Board were not compiled through Enterprise Resource Planning. Incorrect classification of properties led to short assessment of water charges to the tune of ₹ 7.67 crore. Loss of about ₹ 10 crore occurred due to adoption of lower annual value for properties for computing water tax and non-raising of demands for metered connections. Omission to include properties in the database led to non-raising of tax demand to the tune of ₹ 21.35 crore.

***(Paragraph 1.4)***

Preparation and updation of the electoral database is the responsibility of the Chief Electoral Officer. The Public (Elections) Department introduced the concept of photo electoral roll in July 2006 in the entire State of Tamil Nadu. Audit examination revealed that the department was still to formulate an Information Technology policy. No documentation existed for the software. No backup facility for the database was available. The department deleted 73 lakh eligible voters for want of photographs in 2006. More than six lakh fresh eligible voters were not included in the roll during 2007 to 2009. Fifty-five lakh eligible electors were not issued Electors' Photo Identity Cards as of August 2009. The Central Server was still to be connected with the District Servers. Errors in the database due to inadequate validation controls in the system were also noticed. Excess/incorrect payments were made to vendors for printing of Electors' Photo Identity Cards during the year 2006.

***(Paragraph 1.5)***

Besides the above, audit of financial transactions, test-checked in various departments of the Government and their field offices, revealed instances of wasteful expenditure, infructuous expenditure, undue favour to contractors, violation of contractual obligations, avoidable expenditure and other irregularities involving ₹ 101.11 crore.

Some of the important transaction audit findings are given below.

Injudicious rejection of a proposal to set up a dairy-cum-powder plant in Tiruvannamalai District through the National Dairy Development Board

resulted in additional commitment of ₹ 31 crore to the Government on the project due to escalation in cost, besides blocking of funds of ₹ 6.73 crore for over two years.

***(Paragraph 2.2.1)***

Failure to omit a stretch of the National Highway 210 from the World Bank-aided State road project resulted in avoidable expenditure of ₹ 28.28 crore.

***(Paragraph 2.2.2)***

Even though the agreed rates of contractors for five bridge and road works were inclusive of all duties and taxes, the Chief Engineer (Highways Department) provided Central Excise duty exemption benefit to contractors, resulting in unauthorised financial benefit of ₹ 2.37 crore to contractors.

***(Paragraph 2.2.3)***

Failure of the Chief Engineer, Tamil Nadu Water Supply and Drainage Board, Southern Region, Madurai to avail of a rebate of ₹ 2.28 crore offered by a contracting firm resulted in avoidable expenditure of ₹ 1.50 crore under an Asian Development Bank - assisted water supply project.

***(Paragraph 2.2.4)***

Failure of the Chief Engineer, Tamil Nadu Water Supply and Drainage Board, Northern Region, Vellore to evaluate the bids received for three packages of the Underground Sewerage Scheme to Thiruvallur Municipality as per bid criteria resulted in avoidable extra cost of ₹ 92 lakh.

***(Paragraph 2.2.6)***

Enrolment of husband and wife of a family as individual members and payment of insurance premium separately for each under the Health Insurance Scheme for Handlooms Weavers, instead of treating them as a family, resulted in avoidable expenditure of ₹ 44.30 lakh as insurance premia to the State/Government of India.

***(Paragraph 2.2.10)***

Integrated Audit of the Public Works Department (Buildings) revealed that out of ₹ 282.53 crore allocated to Tamil Nadu by the Twelfth Finance Commission for maintenance of buildings and heritage conservation during 2005-10, the State could not avail of ₹ 62.11 crore. Budgeting was unrealistic as there were large-scale re-appropriations under the grant and persistent savings were noticed under the minor head 'Direction and Administration'. A Government of India grant of ₹ 8.85 crore for construction of hostels for Backward Class students could not be availed of. The pattern of response to

tender calls in the test-checked divisions was indicative of cartel formations among contractors. Provisions of the Tamil Nadu Transparency in Tenders Act and Rules were not followed in award of contracts for providing architectural services for construction of the Assembly building. Construction of a temporary dome for the purpose of inauguration, due to delay in construction of the permanent dome of the Assembly building, resulted in wasteful expenditure of ₹ 3.28 crore. Wrong measurement in pile foundation of the Assembly building resulted in overpayment of ₹ 2.46 crore to contractors. Non-adoption of revised specifications of the Bureau of Indian Standards in usage of cement in concrete works resulted in an extra expenditure of ₹ 3.54 crore. Environment-friendly materials like fly-ash bricks, crush stone sand were not used in the works.

***(Paragraph 3.1)***