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## OVERVIEW

This Report comprises four Chapters which include four performance audits, a review of internal controls in the Water Resources Department and 18 paragraphs on audit of financial transactions of various Government Departments, Government Companies and Statutory Corporations.

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 as well as risk based judgmental sampling. The audit conclusions have been drawn and recommendations have been made, taking into consideration the views of the Government. A summary of the key audit findings are presented in this overview.

### 1. National Rural Health Mission

The National Rural Health Mission was launched in April 2005 with the aim of providing accessible, affordable, accountable, effective and reliable health care facilities in rural areas. The State Government spent Rs 634.55 crore from the inception of the scheme till March 2009. There were savings of Rs 250.96 crore (28 *per cent*). There were instances of irregular expenditure, stage-wise planning was not done and the availability of health care infrastructure, doctors and supporting staff remained inadequate. While there were significant achievements in some interventions and the health indicators accordingly showed improvements, there were shortfalls in administration of iron-folic acid tablets, gender imbalance in sterilisation, low institutional deliveries, low detection of sputum positive cases and non-achievement of the norms of annual parasitic incidence. The indicators of maternal and infant mortality remained short of interim targets.

*(Paragraph 1.1)*

### 2. Modernisation of Police Force

The 'Modernisation of Police Force' scheme was launched by Government of India to equip the State police forces to face the emerging challenges to internal security. The Police Department spent Rs 205.63 crore during 2003-09 under the scheme. Performance audit of the scheme showed that there were large savings, mainly under security and communication equipment heads. Despite availability of funds, large numbers of residential and non-residential buildings had not been completed and there were shortages of light vehicles in police stations. Besides, there were shortages in the availability of modern weapons. POLNET, a satellite based police communication network used for communicating with the headquarters, districts and other States, was not installed in six districts and was functioning partially in 14 districts. Police stations were not fully computerised. Equipment and buildings costing Rs 2.11 crore meant for conducting forensic examination were not utilized due to lack of technical staff.

*(Paragraph 1.2)*

### **3. Computerisation of paddy procurement: 'Dhan Kharidi-Online'**

The State Government implemented the IT project 'Dhan Kharidi-Online' for paddy procurement in order to ensure instant cheque payments to farmers; improve inventory control; check leakage and diversion of paddy and rice and improve management of milling. It was operationalised in a short period of six months and received the National e-Governance award in 2008. It has been used successfully for two paddy procurement cycles. A review of the project revealed that some areas were required to be streamlined. There were deficiencies in the registration of farmers with important details like landholdings not being recorded, controls not being properly exercised at the data entry stage, paddy procurements not being validated against landholdings of farmers etc. Besides, there were shortcomings in the issue and reconciliation of cheques, the procedure for miller verification was not strictly followed, the validity of paddy delivery orders to millers was not adequately monitored and procedures for system security were not properly documented and implemented. Corrective action had, however, been initiated by the Government in most of the areas.

*(Paragraph 1.3)*

### **4. Internal Control in Water Resources Department**

A review of internal controls in the Water Resources Department revealed that there were instances of excess expenditure over allotments given by the Engineer-in-Chief, amounts remained pending under various suspense heads, works abstracts were not prepared and cheques and remittances were not reconciled in time. There were deficiencies in enforcing terms of agreements, resulting in undue benefits to contractors. Deficiencies in maintenance of stock records resulted in differences between stock records and accounts figures. Due to shortcomings in administrative controls, there were imbalances in the deployment of officials. There were also instances of works being executed without conducting quality control tests.

*(Paragraph 3)*

### **5. Audit of Transactions in Government Departments**

Audit of financial transactions in various departments of the Government revealed instances of excess payment, wasteful expenditure, undue benefit, idle expenditure, blockage of funds and irregular expenditure amounting to Rs 21.35 crore in the Agriculture Department (Rs 90.16 lakh), the Manpower Planning Department (Rs 10.39 crore), the Panchayat and Rural Development Department (Rs 2.83 crore), the Public Health and Engineering Department (Rs 95 lakh), the Public Health and Family Welfare Department (Rs 4.34 crore), the Public Works Department (Rs 50.07 lakh) and the Sports and Youth Welfare Department (Rs 1.44 crore).

*(Paragraphs 2.1 to 2.4)*

## **6. Government Commercial and Trading Activities**

There were 10 Government Companies, four deemed Government Companies, two Statutory Corporations and the Electricity Regulatory Commission, all working under the control of the State Government, as on 31 March 2009. The total investment in 16 working PSUs (14 Government Companies and two Statutory Corporations) was Rs 2,963.05 crore. Out of 16 PSUs, 13 had not finalised their accounts for the year 2008-09. According to the latest financial accounts, three working Government Companies had incurred an aggregate loss of Rs 7.20 crore and four Government Companies and two Statutory Corporations had earned an aggregate profit of Rs 184.36 crore.

*(Paragraphs 4.1.2, 4.1.7, 4.1.16 and 4.1.31)*

## **7. Review of Performance of Chhattisgarh Rajya Van Vikas Nigam Limited**

The Chhattisgarh *Rajya Van Vikas Nigam Limited* is engaged in accelerating and increasing forest production by developing forest land, raising plantations, felling trees and their marketing. The performance audit of the Company was conducted to assess the economy, efficiency and effectiveness of activities relating to acquisition and utilisation of land; planning and raising of plantations; financial management and adequacy of the internal control mechanism. It was observed that there was no laid down policy and detailed procedure specifying the criteria for selection of land and the time frame for transfer of land by the State Government. There was a shortfall of 0.26 lakh hectares against 1.49 lakh hectares of land targeted for treatment/ utilisation. The expenditure on the operational activities of the Company had reduced from Rs 28.93 crore in 2004-05 to Rs 18.79 crore in 2007-08. It had not carried out replantation in 41.94 *per cent* of failed plantation areas. The plantation activities at Hirri mines of Bhilai Steel Plant had survival rates of zero to 60 *per cent* as against the agreed survival rate of 80 *per cent*. As a result, Bhilai Steel Plant had withheld an amount of Rs 25.73 lakh towards excess casualty.

*(Paragraph 4.2)*

## **8. Audit of Transactions in Government Companies and Statutory Corporation**

Audit of transactions in Government Companies and Statutory Corporation included in this Report highlight the deficiencies in the management of PSUs, which resulted in serious financial implications. These include the following :

Chhattisgarh State Electricity Board had incurred extra expenditure of Rs 24.42 lakh due to non-compliance with rules, directives, procedures and terms and conditions of contracts.

*(Paragraph 4.3.1)*

Chhattisgarh State Electricity Board procured economiser coils worth Rs 1.53 crore through extension orders and without inviting tenders.

***(Paragraph 4.3.2)***

Chhattisgarh State Industrial Development Corporation Limited issued misleading instructions to MPSIDC which led to non-securitisation of loan documents of a private firm resulting in non-realisation of Rs 30.08 crore.

***(Paragraph 4.3.3)***