

# CHAPTER-I PERFORMANCE AUDIT

## WOMEN AND CHILD DEVELOPMENT DEPARTMENT

### 1.1 Integrated Child Development Services

#### Highlights

Integrated Child Development Services, a Centrally sponsored scheme, was launched in 1975 with a view to improve the nutritional and health status of children under six years of age and their holistic development through pre-school education in Anganwadi centres. The scheme also envisaged taking care of the health and nutritional status of pregnant and lactating women. The review revealed that all the eligible beneficiaries could not be covered under the scheme due to inadequate surveys, improper planning, non-availability of adequate project staff and lack of monitoring and supervision. Serious deficiencies were noticed in implementation of other components of the scheme such as referral services and growth monitoring. Implementation of the scheme also got affected due to poor infrastructural facilities such as non-availability of buildings for Anganwadi centres, drinking water and toilets. There were considerable delays in completion of Anganwadi centre buildings.

Funds released for Supplementary Nutrition ranging between ₹ 15.11 crore and ₹ 132.61 crore remained unutilised due to inadequate surveys and improper assessment of eligible beneficiaries.

*(Paragraph 1.1.8)*

Inclusion of ineligible beneficiaries for the Supplementary Nutrition Programme resulted in avoidable expenditure of ₹ 11.07 crore.

*(Paragraph 1.1.10.4)*

Issue of rice without verification of available stock and non-reconciliation of stock position led to accumulation of 2045.13 MT rice with the agencies in six test-checked projects.

*(Paragraph 1.1.10.5)*

Government of India funds amounting to ₹ 5.96 crore for diarrhoea, de-worming and skin diseases of children remained unutilised due to non-supply of medicine kits to the Anganwadi centres.

*(Paragraph 1.1.11.2)*

Even after 35 years of implementation of the scheme, the infant mortality rate remained at 57 per 1000 live births as against the all-India figure of 53. Similarly, the percentage of malnourished children stood at 51.31 as compared to the national percentage of 42.50.

*(Paragraph 1.1.11.4)*

Funds amounting to ₹ 42.74 lakh for developing learning attitudes and values for emotional and mental preparation of children before primary education remained unutilised due to non-procurement of pre-school education kits.

*(Paragraph 1.1.13.1)*

There were considerable delays, ranging from three to eight years in construction of Anganwadi Centres.

*(Paragraph 1.1.14.2)*

### **1.1.1 Introduction**

The Integrated Child Development Services (ICDS) scheme launched in 1975, aims at holistic development of children up to six years of age, adolescent girls, pregnant and lactating mothers. This is a Centrally sponsored scheme wherein Government of India (GOI) is responsible for programme planning and infrastructure funding while the State Government is responsible for programme implementation. It provides a package of services comprising supplementary nutrition, immunization, health check-ups, referral services, non-formal pre-school education, health and nutrition education. The objective of the scheme is to reduce the incidence of mortality, morbidity, malnutrition and school dropouts, improve the nutritional and health status of children under six years and enhance the capacity of their mothers to look after the normal health and nutritional needs of their children. At present, 163 ICDS projects are being implemented in the State covering 34,937 Anganwadi Centres (AWCs).

### **1.1.2 Organisational set up**

The Secretary-cum-Commissioner, Women and Child Development Department (W&CD), is head of the department and overall in-charge of implementation of the scheme. At the district level, the Commissioner is assisted by District Programme Officers (DPOs). Actual implementation of scheme is carried out at the block level by Child Development Project Officers (CDPOs) through Anganwadi Workers (AWWs) and Anganwadi Helpers (AWHs) in Anganwadi and mini-Anganwadi Centres.

### **1.1.3 Audit Objectives**

Performance audit of the ICDS scheme was conducted with a view to assess whether:

- proper planning was being done for implementation of the scheme;

- allocation, release and utilisation of funds for the scheme were adequate and effective;
- services such as the supplementary nutrition programme (SNP), immunization, health services, growth/weight monitoring, referral services, pre-school education, nutrition and health education etc. were provided to the beneficiaries;
- the various components of the scheme essential for delivery of services to the beneficiaries such as infrastructure, management and institutional development, staffing and training were efficiently implemented as envisaged; and
- the existing monitoring system was adequate to ensure effective implementation of the scheme.

#### 1.1.4 Audit criteria

- Instructions issued by GOI and the decision of the Supreme Court on universalisation of ICDS services<sup>1</sup>.
- Scheme guidelines and instructions of the State Government.

#### 1.1.5 Scope of Audit and Audit Methodology

Performance audit of the scheme was carried out from January to July 2010, covering the period from 2005-06 to 2009-10. Five out of 18 districts and two ICDS projects in each selected district were included for test check by applying the method of Simple Random Sampling without Replacement (SRSWOR). Further, 10 AWCs within each project were randomly selected. Audit scrutinised records maintained in the Directorate of W&CD, five<sup>2</sup> DPOs, 10<sup>3</sup> CDPOs and 100 AWCs.

The performance audit commenced with an entry conference on 14 June 2010 with the Secretary-cum-Commissioner, W&CD Department. An exit conference with the Secretary was held on 02 November 2010.

#### Audit findings

##### 1.1.6 Planning

The State Government was responsible for implementation of different services under the ICDS scheme. For this, surveys of all the families were to be conducted by AWWs/AWHs in the project areas for identifying eligible beneficiaries and enrolling them for providing services under ICDS. These

<sup>1</sup> Judgement on writ petition No. 196 of 2001 between People's Union for Civil Liberties and Union of India and others dated 13.12.2006.

<sup>2</sup> Durg, Raipur, Rajnandgaon, Jagdalpur and Jashpur.

<sup>3</sup> Arang, Bastar, Bakawand, Dongargarh, Durg (urban), Khairagarh, Kunkuri, Patan, Pathalgaon, Raipur (urban).

surveys were to be followed by repeat surveys once in every year. On the basis of data available in the survey registers, Annual Action Plans (AAPs) were to be prepared for effective implementation of the scheme.

Test check of the records of the selected AWCs revealed that survey registers were not maintained properly and complete information i.e. child population, live births, still births, adolescent girls, pregnant and lactating mothers etc. from the concerned AWCs were not available in the register. No AAPs were prepared.

During the exit conference, the Government stated (November 2010) that implementation of the scheme was done on the basis of surveys made by AWWs/AWHs. Benefits of the scheme were given to all beneficiaries who came to AWCs. The AAPs and budget are coterminous in implementation of the scheme.

The reply of the Government is not acceptable as no proper record of surveys as stated above, were maintained.

### 1.1.7 Funding pattern

Prior to 2005-06, *cent per cent* financial assistance for inputs other than SNP was being provided by GOI. In the case of SNP, the States were to provide funds out of their own resources. From 2005-06, *50 per cent* of the expenditure on SNP was to be provided by the State Government. The share of the Centre and State for all other components of ICDS was, however, modified to 90:10 from 2009-10.

### 1.1.8 Budgetary Management

The position of allotment, expenditure and savings made under SNP and other components of ICDS are mentioned below:

**Table-1: Year-wise allotment, expenditure and savings**  
(₹ in crore)

Year	Supplementary Nutrition Programme			Other components of ICDS		
	Allotment	Expenditure	Savings (Percentage)	Allotment	Expenditure	Savings (Percentage)
2005-06	126.76	111.65	15.11 (12)	82.52	61.29	21.23 (26)
2006-07	209.97	77.36	132.61 (63)	107.01	74.83	32.18 (30)
2007-08	202.64	139.24	63.40 (31)	137.02	99.10	37.92 (28)
2008-09	206.28	188.96	17.32 (8)	179.63	144.55	35.08 (20)
2009-10	337.94	216.47	121.47 (36)	248.47	179.43	69.04 (28)
<b>TOTAL</b>	<b>1083.59</b>	<b>733.68</b>	<b>349.91(32)</b>	<b>754.65</b>	<b>559.20</b>	<b>195.45 (26)</b>

(Source: Allotment and expenditure statements furnished by the department)

It is evident from the table that during the years 2005-06 to 2009-10, the department had incurred expenditure of ₹ 1292.88 crore (₹ 733.68 crore + ₹ 559.20 crore) as against the allotment of ₹ 1838.24 crore (₹ 1083.59 crore + ₹ 754.65 crore) under the scheme. There were savings of eight to 63 *per cent* of funds in SNP. These savings were due to incorrect

Improper assessment and inadequate survey of eligible beneficiaries resulted in savings

assessment of the number of eligible beneficiaries i.e. the number of actual beneficiaries were much lower than that projected during preparation of the budgets. During 2006-07, the savings were 63 *per cent*, which was due to non-adoption of revised rates<sup>4</sup> prescribed by GOI. Similarly, non-utilisation of funds during 2009-10 was mainly due to delay in implementation of the ready-to-eat food programme. Savings in other components of ICDS, which were between 20 and 30 *per cent*, were mainly due to non-filling up of the vacant posts in the project.

On this being pointed out, the Government stated (September 2010) that the budget was prepared on the basis of eligible beneficiary surveyed and the savings in SNP occurred due to non-operationalisation of all the sanctioned AWCs, non-finalisation of the court cases on recruitment, local elections, Naxalite problems and issue of new guidelines by GOI for distribution of ready-to-eat food.

The department should have taken immediate steps for adoption of the revised rates of GOI to provide the intended benefits of new programmes. Moreover, proper assessment of actual beneficiaries should have been done by the department.

#### ***1.1.8.1 Non-obtaining of Utilisation Certificates***

The State Government had provided funds for maintenance of completed/owned AWCs at the rate of ₹ 2,400 per annum per AWC. The amounts were given to the AWWs who were submitting original vouchers to their Project Officers. On the basis of these vouchers, Project Officers were required to issue utilisation certificates (UC) to the DPOs.

Test check of records of the 10 selected project offices revealed that a total amount of ₹ 40.94 lakh was given to the AWWs for maintenance of 853 AWCs during the period from 2008 to 2010. However, all the Project Offices failed to submit UCs to the DPOs. Original vouchers were also not made available to Audit. In the absence of these, the authenticity of the expenditure could not be ascertained.

On this being pointed out, the Government stated (September 2010) that instructions would be issued to all the DPOs and Project Officers to submit the UCs to the Directorate.

### **1.1.9 Programme implementation**

#### ***1.1.9.1 Status of ICDS projects and Anganwadi Centres in the State***

The actual implementation of the scheme is carried out by Project Officers at the block level through AWCs at the village level. The position of sanctioned

<sup>4</sup> Category of Beneficiaries	Pre-revised norms	Revised norms.
6 months to 6 years children (normal)	₹ 1.00	₹ 2.00
Pregnant and lactating women	₹ 2.00	₹ 2.70
6 months to 6 years children (malnourished)	₹ 2.00	₹ 2.30

and operational AWCs during 2005-06 to 2009-10 was as under:

**Table-2: Position of sanctioned and operational ICDS projects and AWCs**

Year	Number of ICDS Projects		Number of Anganwadi Centres	
	Sanctioned	Operational	Sanctioned	Operational
2005-06	158	152	29437	20286
2006-07	158	153	29437	26801
2007-08	158	158	29437	29373
2008-09	163	161	34937	33470
2009-10	163	163	34937	34937

(Source: As per information furnished by the department)

**1.1.9.2 Less coverage of beneficiaries.**

Out of 46.75 lakh eligible beneficiaries, only 23.62 lakh were benefited under the scheme

As per GOI instructions (March 2006), all children below the age group of six years and pregnant and lactating women were to be provided supplementary nutrition as per norms, irrespective of their nutrition or the income status of the family to which they belonged. Accordingly, survey of all eligible beneficiaries was required to be done by AWWs once in a year to ensure enrolment of beneficiaries for coverage under SNP. In the test-checked AWCs, it was observed that although tentative data on surveyed beneficiaries was reported in the monthly progress reports, the survey registers were not properly maintained by the AWWs.

The position of eligible, surveyed, enrolled and actual beneficiaries in the State during 2005-06 to 2009-10 was as follows:

**Table-3: Details of eligible, surveyed, enrolled and actual beneficiaries**

Year	Eligible <sup>5</sup> as per ESD	Surveyed by W&CD	Percentage of surveyed over eligible beneficiaries	Enrolled in AWCs	Percentage of enrolled over eligible beneficiaries	Actually benefited under the scheme	Percentage of benefited over eligible beneficiaries
1	2	3	4	5	6	7	8
2005-06	4264862	2349402	55	2127794	50	1804331	42
2006-07	4417811	3104861	70	2597161	59	2096058	47
2007-08	4551803	3392702	75	NA	NA	2362082	52
2008-09	4655316	3583304	77	3044684	65	2495513	54
2009-10	4675908	3455785	74	2918386	62	2362371	51

(Source: Monthly progress reports of ICDS and Economics and Statistics Department [ESD])

From the above table, it may be observed that as on March 2010, out of a total of 46.75 lakh eligible beneficiaries (projected population based on census, 2001 by ESD), only 34.55 lakh (74 per cent) were surveyed by the AWWs, leaving 12.20 lakh (26 per cent) eligible beneficiaries uncovered under the

<sup>5</sup> Population of children below six years and pregnant and lactating women.

scheme. Further, of the 34.55 lakh beneficiaries, only 23.62 lakh (68 per cent) were provided SNP under the scheme. Thus, almost 10.93 lakh (32 per cent) eligible beneficiaries in the State were not provided SNP under the scheme even after being surveyed.

During test check of records of five districts, it was observed that in four<sup>6</sup> districts, 65 to 70 per cent of eligible beneficiaries were surveyed, whereas in Durg district, only 50 per cent were surveyed. The percentage of the population which benefitted under SNP was 54 to 57 in three<sup>7</sup> districts whereas in Durg and Raipur this was only 34 and 42 respectively.

On this being pointed out, the department stated (September 2010) that due to the hilly area, difficult geographical conditions and scattered distribution of population, the coverage of beneficiaries was less. Further, during the exit conference, the Government stated (November 2010) that as eligible/surveyed beneficiaries did not necessarily avail of the benefits of ICDS, the coverage of beneficiaries was a variable factor. The number of AWCs had been increased to 54,000 from the existing 34,937 and more coverage was expected hereafter.

The reply is not acceptable, as surveys of all eligible beneficiaries had not been done by the AWWs as envisaged in the guidelines to ensure enrolment of beneficiaries for coverage under SNP. Further, 10.93 lakh eligible beneficiaries had been deprived of the benefit of the scheme even after being surveyed.

### 1.1.10 Supplementary Nutrition Program (SNP)

As per the scheme guidelines (February 2007), supplementary nutrition consisting of rice, processed soya, mixed *dal*, *gur* etc. were to be provided to beneficiaries. While cooked food was to be given to children in the age group of three to six years, take home ration (THR) was to be distributed to children below three years and to pregnant and lactating women at the AWCs.

#### 1.1.10.1 Interruption in distribution of supplementary nutrition.

As per an order (October 2004) of the Supreme Court and instructions of GOI, supplementary nutrition should be provided at AWCs to eligible beneficiaries for 300 days in a year. Accordingly, each AWC should distribute supplementary nutrition for at least 25 days in a month. The responsibility of providing rice and other food supplements was with the agencies or self help groups (SHG). As per the agreements between the agencies and the Project Officers, in cases of interruption in supply of these items at the AWCs, the Project Officers were empowered to impose penalties and could also revoke the agreements and assign other agencies to supply the items.

During scrutiny of attendance registers, consumption registers and information furnished by the AWWs at the 100 test-checked AWCs (*Appendix-1.1*), it

Out of the 100 test-checked AWCs, 56 to 84 AWCs had distributed THR for less than 300 days

<sup>6</sup> Jagdalpur, Jashpur, Raipur and Rajnandgaon.

<sup>7</sup> Jagdalpur, Jashpur and Rajnandgaon.

was observed that the number of AWCs which had distributed THR for less than 300 days was 84 in 2007-08, 60 in 2008-09 and 56 in 2009-10.

While compiling monthly information about distribution of THR in the test-checked AWCs during the years 2007-08 to 2009-10, it was observed that THR had not distributed in one month by 44 AWCs, two months by 34 AWCs and three months by 12 AWCs. Moreover, THR was not distributed for six months by AWC, Patelpara (Raipur urban) in 2007-08 and by AWC, Kumhali (Patan) in 2009-10. Similarly, THR was not distributed for eight months by AWC, Murmunda (Dongargarh) in 2008-09 (*Appendix-1.1*).

On this being pointed out, the Government stated (September 2010) that a new system for SNP had been introduced from April 2007 and the responsibility for providing rice and other food supplements at the AWCs had rested with the agencies/SHGs. Therefore, there had been some interruption in the implementation of the scheme in the initial years.

The reply is not acceptable as the interruptions were noticed during the period 2007-08 to 2009-10. Moreover, Project Officers had neither penalised the defaulting agencies nor revoked their agreements. Due to shortfall in distribution of THR for 300 days, proper nutrition could be not provided to eligible beneficiaries.

#### ***1.1.10.2 Quality of food***

##### ***(i) Supply of supplementary nutrition containing less calories and protein***

**Inadequate calories and protein provided to beneficiaries**

The main objective of SNP was to improve the nutritional and health status of children below the age of six years as well as pregnant and lactating women by providing food supplements as per the nutritional norms of GOI (in terms of calories and protein).

In order to provide desired nutrition to the beneficiaries, SNP (Rice based nutrition) was launched from April 2007. Details of norms of nutritional value, distributed and non-distributed nutrition is detailed in **Table-4**.



**Table-4: Details of Nutritional value of Supplementary Nutrition**

Category of beneficiary	Total nutritional value of SNP as per norms			Weightage of rice in supplementary nutrition norms			Weightage of Gur, processed soya, dal, vegetables in supplementary nutrition norm		
	Qty (gm)	Calorie	Protein	Qty (gm)	Calorie (in per cent)	Protein (in per cent)	Qty (gm)	Calorie (in per cent)	Protein (in per cent)
Children 6 months to 3 years (Normal)	140	493.20	15.96	100	70	43	40	30	57
Children 6 months to 3 years (Malnourished)	195	685.30	23.21	140	70	41	55	30	59
Children 3 years to 6 years (Normal)	128	401.75	13.22	70	60	36	58	40	64
Children 3 years to 6 years (Malnourished)	203	657.20	19.18	140	73	50	63	27	50
Pregnant and lactating mothers	185	652.80	20.81	140	74	46	45	26	54

(Source: Reports of SNP and Form-7 maintained by Project Offices)

Scrutiny of records of eight<sup>8</sup> out of 10 Project Offices revealed that during the years 2008-09 and 2009-10, rice was distributed consistently which contained nutritional value ranging from 60 to 74 *per cent* of calories and 36 to 50 *per cent* of protein as shown in table above. However, the food supplements like *gur*, processed soya, mixed *dal* and vegetable were not provided consistently to the beneficiaries as per the prescribed nutritional norms. This might have led to short distribution of food supplements which deprived the beneficiaries from availing of the benefit of the complete nutritional value of food supplements. It was further observed that in Rajnandgaon district, *gur* and soya were not distributed during the rainy season reportedly due to fungus problem.

On this being pointed out, the Government stated (September 2010) that during the years 2007-09, there was an abnormal increase in the prices of the food supplements but the rates had not been revised by the GOI. Thus the department faced difficulties in providing all the food supplements as per norms. During the exit conference, the Secretary, W&CD department stated (November 2010) that the ICDS scheme was not just to provide SNP to the beneficiaries for eradicating malnutrition. The objective of the scheme was to sensitize eligible beneficiaries regarding nourishment, health check-ups and health and nutrition education.

The reply is not acceptable as no alternative food supplements as envisaged in the guidelines were provided to the beneficiaries to ensure complete nutrition as per the norms.

<sup>8</sup> Bakawand, Bastar, Dongargarh, Durg (urban), Khairagarh, Kunkuri, Patan, Pathalgaon.

**(ii) Deficiencies in distribution of ready-to-eat food**

As per directions (February 2009) of GOI, under the programme for distribution of ready-to-eat food, a wheat-based supplementary nutrition programme was started by the State Government from September 2009. As per the scheme guidelines of August 2009, the ready-to-eat food was to be packed in prescribed quantities of 750 gm, 960 gm and 1200 gm in plastic packets, specifically indicating vital information viz. name of the SHG/manufacturer, date of manufacturing, expiry date, quantity, batch number, nutritional value of the ready-to-eat food etc. The ready-to-eat food was to be consumed within three months from the date of manufacturing.

During scrutiny of the records of the test-checked AWCs, it was observed that in six<sup>9</sup> AWCs, information regarding manufacturing and expiry dates, weight, batch number were not printed on the packets of ready-to-eat food. As these AWCs had no weighing machines, it was difficult to distribute the THR to the beneficiaries in prescribed quantities. Distribution of expired ready-to-eat food also could not be ruled out in the absence of expiry dates, batch numbers and other details.

On this being pointed out, the Government stated (September 2010) that as ready-to-eat food was prepared and provided by women's SHGs for the first time, some deficiencies were noticed due to lack of experience. The department had since provided training from time to time to the groups to improve the implementation of the scheme.

The reply is not acceptable as the instructions for ready-to-eat food programme were issued by GOI in February 2009 and the department should have ensured that the vital information mentioned in the guidelines was printed on the ready-to-eat food packets.

**1.1.10.3 Undue aid to Self Help Groups**

As per the instructions, the wheat required for preparation of ready-to-eat food is provided by the Government to the SHGs. The ready-to-eat food was to be prepared in such a way that it contained calories and protein as per Government standards<sup>10</sup>. To ensure the nutritional values of the ready-to-eat food, samples were to be sent to the Nutrition Board, Mumbai and payments to SHGs were to be made according to the test results. In case of non-receipt of test reports, the payments to SHGs were to be restricted to 90 *per cent* of the total claimed amounts. The balance 10 *per cent* was to be paid only after receipt of the test reports.

Audit noticed (July 2010) that although samples were sent by the Project Offices to the Nutrition Board, no test reports of the samples were received. A total amount of ₹ 3.14 crore was paid to the SHGs during the year 2009-10, without deducting 10 *per cent* from their bills. Thus irregular payment of

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<sup>9</sup> Badedeora I & II (Bakawand project); Kumhidol, Pakargaon, Raghunthpur, Thakurmuda (Pathalgaon Project).

<sup>10</sup> Each 100 gm of mix to contain 403.5 calories and 13.58 gm of protein.

₹ 31.35 lakh was made to SHGs in violation of the scheme guidelines.

On this being pointed out, Government accepted (September 2010) the fact and stated that the system of examination of food was not in place in the initial months. However, detailed information would be sought from DPO, Jashpur and necessary action would be taken.

#### **1.1.10.4 Expenditure on ineligible beneficiaries**

**Expenditure of ₹ 11.07 crore due to inclusion of ineligible beneficiaries**

According to the instructions of GOI, categories of eligible beneficiaries under SNP included children below the age of six years and pregnant and lactating women. The AWWs and AWHs were not eligible beneficiaries under the scheme.

However, scrutiny of records of the Project Offices and AWCs and progress reports at the block, district and State levels, it was observed that during 2007-08 and 2008-09, the AWWs and AWHs availed of the benefits under the scheme and an amount of ₹ 11.07 crore was incurred on providing supplementary nutrition to them. This expenditure was irregular as only children below the age of six years, pregnant and lactating women were to be benefitted under the scheme. The AWWs/AWHs were not categorised as beneficiaries in the guidelines.

On being pointed out, Government accepted (September 2010) the fact and stated that prior to 2007, AWWs/AWHs were supposed to taste the quality of food before its distribution. However, no specific instructions had been issued by the department for inclusion of AWWs/AWHs as eligible beneficiaries under the new programme commenced from April 2007. It was further stated that instructions would be issued to exclude the AWWs/AWHs from the list of eligible beneficiaries. This clearly indicated lack of monitoring on the part of the department.

#### **1.1.10.5 Accumulation of rice with the agencies**

**Issue of rice without verification of available stock led to accumulation of rice with agencies**

Rice under SNP was provided by GOI through the Food Corporation of India (FCI) at the Below Poverty Line (BPL) rate of ₹ 6250 per MT. According to instructions issued (February 2007) by the State Government, Project Officers of ICDS projects were to assess the quantities of rice required in each month, keeping in view the number of eligible beneficiaries for SNP in their projects. After compilation of the demands of each project, the DPOs issued orders to the Chhattisgarh State Civil Supplies Corporation (CSCSC) to supply the rice to Fair Price Shops (FPS). The SHGs were to lift the rice from FPS and supply it to the AWCs. To avoid interruption in distribution of SNP, additional rice for 15 days to one month in every AWC was to be kept as stock. The details of rice received, distributed, consumed and closing balance were to be maintained by both AWCs and SHGs/agencies and monitored by the project Officers.

Test check of records of all the 10 projects revealed that the stock position of

rice was maintained as per requirement in four<sup>11</sup> projects. However, in the remaining six<sup>12</sup> projects, monthly assessments of the actual requirements of rice were done without considering the number of beneficiaries and also without taking into account the closing stock of rice available with the AWCs. Thus the assessment of the demand for rice was made on the basis of average monthly consumption. Accordingly, rice was supplied to the agencies without reconciliation and verifying the stock position. This resulted in accumulation of 2045.13 MT of rice with the SHGs/agencies in these six projects. The details of issue and consumption of rice in respect of these projects during 2007-08 to 2009-10 are as follows:

**Table-5: Details of rice available with the Agencies**

*(Quantity in MT)*

Sl. No	Name of Project	Rice issued to agencies by FPS	Consumption in AWCs	Closing balance to be available with agency	Closing balance as per project office records (on March 2010)	Rice available with the agencies (SHG/sarpanch)
A	B	C	D	E = (C-D)	F	G = (E-F)
1	Bakawand	3408.19	2147.27	1260.92	47.43	1213.49
2	Pathalgaon	2342.83	1986.69	356.14	58.50	297.64
3	Kunkuri	1063.85	771.81	292.04	63.25	228.79
4	Arang	2769.33	2535.17	234.16	90.80	143.36
5	Khairagarh	1937.19	1862.28	74.91	Not Available	74.91
6	Durg (urban)	1020.30	928.76	91.54	4.60	86.94
	<b>TOTAL</b>	<b>12541.69</b>	<b>10231.98</b>	<b>2309.71</b>	<b>264.58</b>	<b>2045.13</b>

*(Source: Reports and statements furnished by the Project Offices)*

Further, stock registers and consumption records (Form-7) of the AWCs also showed that distribution of SNP was hampered due to non-availability of rice with them. Thus, it is evident that rice was supplied to the agencies but they had not supplied the rice to the AWCs as per their actual requirement. The remaining quantity of rice should have been recovered from the agencies before issuing additional rice to them.

On this being pointed out, the Government stated (September 2010) that detailed information from the concerned officers would be collected for receiving the excess quantity of rice at the AWCs. Moreover, recoveries would be made, if required. During the exit conference, it was stated (November 2010) that advance stocking for three months was done to avoid interruption in the services.

The reply is not acceptable as the guidelines provided for advance stocking for 15 to 30 days only. Moreover, interruptions were noticed in the distribution of SNP despite having advance stocks for seven months with the SHGs. This clearly indicated lack of monitoring on the part of the department over the distribution of rice issued to the agencies. The department should have verified the available stock with the AWCs before issue of fresh rice.

<sup>11</sup> Bastar, Dongargarh, Patan and Raipur (urban).

<sup>12</sup> Arang, Bakawand, Durg (urban), Khairagarh, Kunkuri and Pathalgaon.

### 1.1.11 Health Check-ups

Health check-ups include health care of children less than six years of age, antenatal care of expectant mothers and postnatal care of nursing mothers. The various health services provided for children by Anganwadi workers with cooperation from Health Department staff includes immunization, regular health check-ups, immunization, recording of weight, management of malnutrition, treatment of diarrhoea, medicines for de-worming, distribution of simple medicines etc.

#### 1.1.11.1 Delays in immunization of beneficiaries.

Immunization of beneficiaries was to be done by the AWWs through coordination with the staff of the Health Department in respect of six preventable diseases—polio, diphtheria, pertussis, tetanus, tuberculosis and measles. These were major preventable causes of child mortality, disability, morbidity and related malnutrition. Immunization of pregnant women against tetanus also reduced maternal and neonatal mortality.

Test check of immunization registers maintained by the AWCs revealed that although the names of the immunized beneficiaries were recorded by the AWWs, important vaccines such as BCG to new-born babies, measles vaccines to nine month old children and tetanus injection to pregnant women were given with delays ranging from one month to five months.

On this being pointed out, the Government stated (September 2010) that the vaccinations were given in coordination with the Health Department. The Supervisors and AWWs had been instructed to coordinate with the field staff of the Health Department for timely vaccinations of the beneficiaries.

#### 1.1.11.2 Non-supply of medicine kits to AWCs

**Non-  
procurement of  
medicine kits  
of ₹ 5.96 crore**

ICDS guidelines envisage that every AWC should be equipped with medicines for treatment of diarrhoea, de-worming, skin diseases etc. To fulfill this requirement, GOI provided funds under ICDS for procuring medicine kits (containing first aid boxes and simple medicines) worth ₹ 600 to each AWC every year. GOI reiterated (December 2008) that medicines kits should be provided to each AWC every year.

Audit scrutiny revealed that during 2007-08 to 2009-10, the department had not purchased any medicine kits. This resulted in non-utilisation of funds amounting to ₹ 5.96 crore, provided by GOI.

On this being pointed out, the Government stated (September 2010) that due to delay in finalisation of the tender for procurement of medicine kits by the Chhattisgarh State Industrial Development Corporation (CSIDC), supply of medicine kits could not be made in 2007-08 and informed that a decision had since been taken by the department for inviting tenders for procurement of the medicine kits.

**1.1.11.3 Growth/Weight monitoring of children**

Non -availability of weighing machines hampered growth monitoring of children

The World Health Organisation (WHO) had developed new international standards for assessing the physical growth and nutritional status of children. The Ministry of W&CD, GOI had adopted the revised standards from 15 August 2008, according to which, the weight of every child below six years was to be taken at regular intervals and recorded in their growth charts in categories such as normal, Grade I and Grade II for malnourished children and Grade III and Grade IV for severely malnourished children.

Records of test-checked projects revealed that out of 2,608 AWCs, weighing machines were available in 1,801 AWCs but revised growth charts were not available in any of the AWCs (as on March 2010). Due to non-availability of weighing machines and revised growth charts in some AWCs, weighing of children and recording the weight in the charts were not possible.

On this being pointed out, the Government stated (September 2010) that presently new growth charts had been distributed in the AWCs and weighing machines would be provided to the remaining AWCs in 2010-11.

The department should have taken steps to provide weighing machines and revised growth charts in a timely manner to monitor the improvements in the nutritional status of children.

**1.1.11.4 Status of Malnutrition and Infant Mortality Rate (IMR)**

IMR and percentage of malnourished children remained higher than the national level

The objective of the scheme was to reduce the incidence of mortality and malnutrition as well as to improve the nutritional and health status of children under six years age group. Details of the infant mortality rate and the number of malnourished children are given below:

**Table-6: Year-wise details of IMR and malnourished children**

Year	Infant Mortality Rate (per 1000 live births)		Year	Malnourished Children (0 - 6 years)
	National level	State level		State level (percentage)
SRS-2005	58	63	2006	56.34
SRS-2006	57	61	2007	54.14
SRS-2007	55	59	2008	53.99
SRS-2008	53	57	2009	53.93
			2010	51.31

(Source: Sample Registration Survey (SRS) by Registrar of Census).

(Source: Information furnished by the department).

It may be seen from the above **table** that though the IMR and percentage of malnourished children came down from 63 to 57 and 56.34 to 51.31 *per cent* respectively, the same still remained high as compared to the national level of 53 and 42.50 *per cent* respectively. Even though there was a marginal reduction in the percentage of malnourished children in the State during the period, it was noticed that the percentage of malnourished children in

Bakawand and Bastar projects was 61 and 62 *per cent* respectively.

On this being pointed out, the Government stated (September 2010) that as per the National Family Health Survey (NFHS) II and III, improvement in the percentage of malnourished children and IMR in the State was better than the national level. It was further stated that relentless efforts were being made by the department to implement the scheme to bring down the percentage of malnourished children through community based SNP and awareness among the community.

During the exit conference, the Government stated (November 2010) that reducing the IMR was the responsibility of the Health Department and W&CD helped them at village level.

The reply is not acceptable as reducing the IMR and the percentage of malnourished children were the objectives of the ICDS scheme. Moreover, the percentage of malnourished children and IMR was still higher in comparison to the national level as per the SRS Bulletin<sup>13</sup>.

### **1.1.12 Referral Services**

#### ***1.1.12.1 Non-maintenance of register of referral services***

During health check-ups and growth monitoring, malnourished children in need of prompt medical attention, are referred to Primary Health Centres (PHC) or City Hospitals. Anganwadi workers are also oriented to detect disabilities in children by enlisting all such cases in a special register for referring them to the Medical Officer of the PHCs or City Hospitals.

Scrutiny of records of 100 test-checked AWCs revealed that this register was not maintained in any of the AWCs. In the absence of this, referral services if any provided to the children and follow up of referred cases could not be ascertained in Audit.

On this being pointed out, the Government stated (September 2010) that ‘the Chief Minister’s *Bal Sandarbh* Scheme’ had been started from June 2009 and malnourished children were being monitored under this scheme.

The reply is not acceptable as registers of referral services were not being maintained and in the absence of the same, the extension of referral services could not be ascertained as stated above.

### **1.1.13 Non-formal Pre-school education**

With a view to develop a learning attitude and values for emotional and mental preparation before primary education, children in the age group of three to six years of age were to be imparted non-formal pre-school education (PSE) in AWCs. As per data furnished by the department, no PSE was given to the children in 1,364 out of 34,937 AWCs.

<sup>13</sup> *Sample Registration Survey (SRS) conducted by Registrar of Census, GOI.*

### 1.1.13.1 Non-procurement of PSE kits

Funds for procurement of PSE kits<sup>14</sup> were provided by GOI at the rate of ₹ 500 per operational AWC every year. The allotments were given to the DPOs for procurement and distribution of kits to the AWCs.

It was noticed that DPOs, Jashpur and Raipur had surrendered funds amounting to ₹ 4.88 lakh and ₹ 11.47 lakh in 2005-06 respectively, which were allocated for purchase of PSE kits. In 2006-07, DPO, Jagdalpur had surrendered funds amounting to ₹ 13.41 lakh, as the funds were received at the end of the year, while no funds were allotted to DPO, Jashpur for purchase of PSE kits. Similarly, DPO, Rajnandgaon had not procured PSE kits despite availability of funds and kept the funds of ₹ 8.10 lakh in a bank account in 2008-09. This resulted in non-utilisation of GOI funds totalling ₹ 42.74 lakh, thereby depriving the children from developing a learning attitude and values for emotional and mental preparation before primary education.

On this being pointed out, the Government stated (September 2010) that PSE kits had to be procured at the district level but in some districts, the procurement was not done. Efforts were being made to procure the kits every year as per instructions of GOI.

## 1.1.14 Infrastructure facilities

### 1.1.14.1 Non-availability of basic infrastructure in AWCs

As per scheme guidelines, each AWC was required to accommodate 40 children during the day for pre-school education and consumption of cooked food provided under SNP. As per GOI instructions, drinking water facilities and toilet facilities were necessary in the AWCs. It was observed that out of 34,937 AWCs functioning in the State, 13,097 (37 per cent) had no building of their own and were functioning from rented rooms/cottages. Of these 13,097 AWCs, only 10,057 AWCs (77 per cent) had drinking water facilities and 5,231 AWCs (40 per cent) had toilet facilities.

This indicated that the department had failed to provide basic facilities in some of the AWCs.

### 1.1.14.2 Slow progress in construction of AWCs

Since formation of the State (November 2000), construction of 20933 AWCs was sanctioned (2001-02 to 2009-10) under various schemes. Out of these, 7,075 AWCs were sanctioned by the W&CD Department. The estimated cost of construction of each AWC was between ₹ one lakh and ₹ 2.25 lakh. The amount was given to Rural Engineering Services (RES) and Janpad Panchayats of respective districts and blocks to complete the work within the stipulated period of three months from the date of release of funds.

Considerable delays of three to eight years in construction of AWCs

<sup>14</sup> Consists of hand balls, flying discs, color blocks, plastic items, educational charts, pictures etc.



It was noticed that as of March 2010, out of 7,075 AWCs, construction of 4,242 AWC buildings had been completed, that of 1,294 AWCs was in progress and construction of 1,539 AWCs was still to be started. An amount of ₹ 45.42 crore had remained with the agencies (December 2009). Construction was not completed even after the lapse of three to eight years (*Appendix-1.2*) despite deposit of funds. Thus the benefit of suitable accommodation with basic amenities could not be provided to the beneficiaries due to non-completion of the AWCs.

On this being pointed out, the Government stated (September 2010) that effective steps were being taken by the department to complete these buildings. It was further stated that periodical review meetings of the officials were being held to monitor the progress of construction works.

### 1.1.15 Manpower Management and Training

#### 1.1.15.1 Vacancies in vital posts in the department

The manpower position as of March 2010 in the W&CD Department was as under:

**Table -7: Details of Manpower Position of the Department**

Designation	Sanctioned	Persons in position	Vacant	Percentage of vacancy
CDPO/ACDPO	266	131	135	51
Supervisor	1617	761	856	53
AWW	34937	34057	880	03
AWH	34937	33428	1509	04

(Source: Information furnished by the department)

It is evident from the above table that there were vacancies in important posts i.e. CDPO/ACDPO and Supervisors, which were largely responsible for effective implementation and monitoring of the ICDS scheme at the field level and no steps had been taken by the department to fill up these posts to ensure successful implementation of scheme.

It was also observed that in Jashpur, against eight sanctioned posts no regular CDPO was working and in Jagdalpur out of 13 sanctioned posts, only seven were filled. Similarly, against 214 sanctioned posts of Supervisors, only 138 had been filled up in these two districts. Due to vacancies, Supervisors were allotted 40 to 60 AWCs against the norm of 25 AWCs for monitoring and supervision of services provided under ICDS.

On this being pointed out, the Government stated (September 2010) that recruitment for the post of CDPOs was being done by the Public Service Commission and steps were also being taken to fill up other vacant posts through departmental promotions. It was further stated that appointment orders had since been issued to fill up 624 posts of Supervisors.

### **1.1.15.2 Training to AWW/AWH**

**Inadequate training to AWWs/ and AWHs**

Training and capacity building is the most crucial element in the ICDS scheme, as the achievement of the programme goals largely depends upon the effectiveness of frontline workers in improving service delivery under the programme. Since the inception of the ICDS scheme, GOI had formulated a comprehensive training strategy for ICDS functionaries. There are two types of regular training imparted to AWWs/AWHs viz., induction training (on initial appointment) to all AWWs/ AWHs and refresher training (once in every two years).

Scrutiny of records of the 10 selected projects revealed that out of a total of 5,023 AWWs/AWHs, basic training was imparted to 3,517 AWWs/AWHs and 2,093 AWWs/AWHs were due for refresher training (as of March 2010). The huge gap in training of AWWs/AWHs indicated that the department had failed to upgrade the skills of these personnel for effective discharge of their duties.

On this being pointed out, the Government stated (September 2010) that annual calendars for training were prepared at the State level and accordingly, training was imparted to AWWs/AWHs.

The reply is not acceptable as basic and refresher trainings could not be imparted to all the AWWs/AWHs for upgrading their skills.

### **1.1.16 Monitoring and supervision**

**Lack of monitoring and supervision due to shortage of staff at projects**

For ensuring effective programme planning, implementation and monitoring, GOI prescribed the submission of periodical reports viz., monthly progress reports by Supervisors/CDPOs to the Directorate. The supervisors were required to undertake field visits of at least 25 AWCs in a month.

Details of visits made by CDPOs and DPOs to AWCs within their jurisdiction to monitor their operations were not available in any of the test-checked districts/ blocks. However, information furnished by AWWs of test-checked 100 AWCs revealed that the frequency of visits by the CDPOs was negligible i.e. one or two AWCs in a month. Supervisors of the concerned centres had visited only 10 to 15 AWCs in a month.

Thus there was inadequate monitoring and supervision of scheme. Further, acute shortage of supervisory staff also adversely affected the implementation of the programme.

On this being pointed out, the Government stated (September 2010) that vacant posts of Supervisors had been filled up. Moreover, nutrition surveillance programmes were also being implemented for effective monitoring of the scheme.

### 1.1.17 Internal Audit

Internal audit is conducted to examine and evaluate the level of compliance with departmental rules and procedures so as to provide a reasonable assurance on the adequacy of internal control system of the department. However, no internal audit was done during the last five years.

On this being pointed out, the Government stated (September 2010) that an internal audit wing could not be set up due to acute shortage of staff. It was however, stated that a proposal had been sent to the Finance Department for sanction of additional posts and an internal audit cell would be set up on receipt of the sanction.

### 1.1.18 Conclusion

The programme aimed at improving the nutritional level of children below six years of age as well as pregnant and lactating women. Funds amounting to ₹ 1292.88 crore were spent on the programme during 2005-10, but it failed to achieve its objectives due to coverage of only 49 *per cent* of the eligible beneficiaries. A total of 23.13 lakh children and women remained uncovered, largely due to ineffective surveys and less number of AWCs. Interruptions were noticed in the distribution of supplementary nutrition due to non-availability of foodgrains at AWCs despite huge quantities of rice lying with the agencies. Supplementary nutrition containing less calories was distributed. Though funds were allocated by GOI for medicines and PSE kits to the AWCs, they were not supplied annually, thereby depriving the beneficiaries. Growth of children was not monitored due to the absence of weighing machines and growth charts. Both IMR and the percentage of malnourished children reduced but the same remained high in comparison to the national level. Infrastructure facilities like building, safe drinking water, toilets, etc., were not adequate in the AWCs. Monitoring and supervision of the programme was inadequate due to vacancies in key posts.

### 1.1.19 Recommendations

- The department needs to carry out proper surveys to identify all the eligible beneficiaries and bring them under the coverage of the scheme.
- Annual Action Plans and budget estimates should be prepared for implementation of the scheme only after surveys and assessment of the beneficiaries to avoid savings of the allotted funds.
- Adequate steps should be taken to ensure distribution of supplementary nutrition with complete nutrition value as per norms.
- Requirement of rice, RTE and food supplements should be assessed after verification of available stock with the agencies.
- Medicine kits, PSE kits, growth charts and weighing machines should be provided to all the AWCs in sufficient quantities for effective implementation of the scheme.

- Referral services and pre-school education should be streamlined.
- Immediate steps should be taken to complete the construction of all the ongoing AWCs and to start the remaining AWCs.
- Efforts should be made to provide infrastructure facilities such as building, safe drinking water, toilets etc., in all AWCs.
- In order to ensure proper implementation of the scheme, there is a need to fill up the vacant posts and impart essential training to upgrade skills.
- Monitoring of AWCs by DPO/CDPO/Supervisors as per guidelines should be ensured for effective implementation of the scheme.
- An internal audit wing should be put in place to ensure internal controls.

**SCHEDULED TRIBES AND SCHEDULED CASTES  
DEVELOPMENT DEPARTMENT**

**1.2 Promotion of education for Scheduled Caste and Scheduled  
Tribe children**

**Highlights**

For promoting the educational interests of Scheduled Castes (SC) and Scheduled Tribes (ST), the State Government implemented various Central as well as State schemes. Performance audit of the major schemes revealed that due to lack of planning and deficiency in identification of children in the age group of six to 14 years, the benefits could not be extended to the eligible beneficiaries. There were considerable delays in disbursement of scholarships to students as well as free cycles to girl students. The schools and ashrams in the test-checked districts lacked basic amenities like drinking water, toilets and bathrooms. Implementation of various schemes could not achieve the desired results due to acute shortage of teaching staff and non-availability of school and residential buildings. Despite incurring expenditure of ₹ 4974.11 crore during 2005-10, the department failed to enhance the enrolment and reduce the dropout rates of SC and ST children in its schools.

Lack of planning and deficiencies in identification of SC and ST students led to savings, ranging between five and 21 per cent.

*(Paragraph 1.2.7)*

SC and ST students were deprived of timely financial assistance due to belated release of funds amounting to ₹ 13.95 crore during 2005-10.

*(Paragraph 1.2.7.1)*

Construction of ashrams and hostels remained incomplete despite availability of funds amounting to ₹ 62.23 crore.

*(Paragraph 1.2.8.4 [a] and [b])*

Procurement of textbooks in excess of requirement led to avoidable expenditure of ₹ 1.50 crore.

*(Paragraph 1.2.8.9)*

The vacancies of teaching staff in primary and middle schools and in high and higher secondary schools ranged between 32 and 43 per cent.

*(Paragraph 1.2.10.1)*

Dropout rates of SC and ST children in the primary schools of the department ranged between 21 and 66 per cent in the State and were much above the envisaged rate of less than 10 per cent.

*(Paragraph 1.2.11.2)*

### **1.2.1 Introduction**

Under Article 46 of the Constitution of India, the State has a responsibility for promoting the education and economic interests of the weaker sections of the society, particularly those belonging to Scheduled Castes (SC) and Scheduled Tribes (ST). As per the census of 2001, SCs and STs constituted 11.61 *per cent* (24.18 lakh) and 31.76 *per cent* (66.16 lakh) of the State's population respectively. The literacy rate of SCs and STs in the State was 63 and 52 *per cent* as against the national literacy rate of 55 and 47 *per cent* of SCs and STs respectively and the State's average literacy rate of 65 *per cent*. In order to increase enrolment and to reduce the dropout rates of SC and ST students in educational institutions, the Government of India (GOI) and the State Government are implementing various schemes as detailed in *Appendix-1.3* for promotion of their education.

### **1.2.2 Organisational set-up**

The Secretary, Scheduled Tribes (ST) and Scheduled Castes (SC) Development Department (Department) exercises overall control over the implementation of educational schemes relating to SCs and STs in the State. The Commissioner, Scheduled Tribes and Scheduled Castes development (CTD) is the Chief Controlling Officer of the department and is assisted by the Director, Additional Directors and Deputy Commissioners at the State level, Assistant Commissioners, Tribal Development (ACTD) at the district level and Block Education Officers (BEO) and Principals of Higher Secondary Schools at the block level to implement the schemes.

### **1.2.3 Audit objectives**

The performance audit was conducted to assess whether:

- proper planning was done for effective implementation of the schemes;
- allocation, release and utilisation of funds earmarked for various schemes were adequate and effective;
- implementation of educational schemes were as per the guidelines and were carried out in an effective and efficient manner;
- various educational indicators like gross enrolment rate, transition rate, etc., were improved and dropout rates were reduced; and
- the monitoring system at various levels was functioning effectively.

### **1.2.4 Audit criteria**

The main criteria to arrive at the audit conclusions were:

- Annual Plans of the department.
- Norms and conditions specified in the scheme guidelines.
- Budget estimates.

### 1.2.5 Audit methodology and sampling

Performance audit of the implementation of schemes related to educational development of SCs and STs was conducted (February-July 2010) for the period 2005-10, covering Central and State schemes. The audit was conducted through test check of records of CTD and field functionaries in five<sup>1</sup> out of 18 districts (28 *per cent*). These districts were selected by the Simple Random Sampling method. Five units each of primary schools, middle schools, high schools, higher secondary schools, colleges and boys' and girls' ashrams; one BEO, one *Eklavya*<sup>2</sup> school and two non-government organisations (NGOs) were test-checked in each selected district. Entry and the exit conferences were held with the Secretary, Scheduled Tribes and Scheduled Castes Development Department, Government of Chhattisgarh on 12 July 2010 and 24 September 2010 respectively.

The results of performance audit are mentioned in the succeeding paragraphs.

### 1.2.6 Planning

For effective implementation of schemes in the State, proper planning and identification of the total number of SC and ST children in the age group of six to 14 years were essential. It was noticed that the department had not prepared any Perspective or Annual Plan for implementation of the schemes and also for identifying the eligible SC and ST children. The department did not have any district-wise data about the total number of the SC and ST children, except for the SC and ST students enrolled in the schools. Due to this, the department was not in a position to know the number of eligible children in the age group of six to 14 years who were out of schools in the State.

At the exit conference, the Government stated (September 2010) that as per the existing practice, physical targets were fixed by adding approximately 10 *per cent* to the figures of the previous year.

The reply is not acceptable as the department was implementing the schemes on the basis of ad-hoc data, without ascertaining the actual number of eligible children. In the absence of data, it is likely that some eligible children were deprived of the benefits of the various schemes for promotion of education of SC and ST children.

### 1.2.7 Financial Management

Funds for these schemes are provided to the department by GOI as well as by the State Government. While 100 *per cent* funds are provided by the GOI in respect of Central sector schemes, funds are shared by the GOI and the State Government in respect of Centrally sponsored schemes. In respect of State schemes, the funds are provided by the State Government.

<sup>1</sup> Jagdalpur, Jashpur, Kanker, Raigarh and Raipur.

<sup>2</sup> The residential school for SC and ST children studying in class six to 12.

Details in respect of the funding of different Centrally sponsored schemes and State schemes for promotion of education for Scheduled Caste and Scheduled Tribes are given below:

**Table-1.1: Funding pattern of schemes for education of SCs and STs**

Sl.No.	Name of scheme	Funding pattern
<b>A</b>	<b>Centrally Sponsored Schemes</b>	
1	Pre-Matric scholarships for children whose parents were engaged in unclean occupations	Committed liability to be borne in full by the State. Expenditure over and above the committed liabilities to be shared in ratio of 50:50 by GOI and State Government.
2.	Post-Matric scholarships	100 per cent by GOI and excess over the committed liability to be borne by the State Government.
3	Book Bank Schemes	50:50 by GOI and State Government
4	Constructions of hostels and ashram buildings.	50:50 by GOI and State Government
5.	Coaching and allied schemes	50:50 by GOI and State Government
6	Eklavya model schools	100 per cent by GOI
<b>B</b>	<b>State Schemes</b>	
7	(a) Pre-Matric scholarships, (b) Stipend, (c) Kanya Saksharta Protsahan Yojana, (d) Saraswati Cycle Yojana, (e) Free text books to girls studying in high schools, (f) Free uniforms, (g) Jawahar Utkarsh Yojana, (h) Maintenance of hostels, (i) Pre-examination training center, (j) Pilot and Air hostess scheme and (k) Computer Training Schemes.	Being State Plan schemes, expenditure to be borne 100 per cent by the State Government.
8	Grant-in-aid to voluntary organization	90:10 by Government and voluntary organisation.

(Source: Guidelines issued by the Government)

The department incurs expenditure under Major Head 2225-Tribal Welfare under nine<sup>3</sup> grants. The details of allotment and expenditure is given in **Table-1.2**.

**Table-1.2: Allotment and Expenditure during 2005-10**

(₹ in crore)

Year	Allotment		Expenditure		Total		Saving with percentage		
	Central	State	Central	State	Allotment	Expenditure	Central	State	Total
2005-06	93.25	689.83	86.15	536.09	783.08	622.24	7.10(8)	153.74(22)	160.84(21)
2006-07	90.06	756.40	89.49	661.99	846.46	751.48	0.57(.6)	94.41(12)	94.98(11)
2007-08	110.36	905.92	103.65	812.52	1016.28	916.17	6.71(6)	93.40(10)	100.11(10)
2008-09	187.50	1093.18	185.41	929.49	1280.68	1114.90	2.09(1)	163.69(15)	165.78(13)
2009-10	157.00	1501.32	152.86	1416.46	1658.32	1569.32	4.14(3)	84.86(6)	89.00(05)
<b>Total</b>	<b>638.17</b>	<b>4946.65</b>	<b>617.56</b>	<b>4356.55</b>	<b>5584.82</b>	<b>4974.11</b>	<b>20.61</b>	<b>590.10</b>	<b>610.71</b>

(Source : As per allotment and expenditure figures furnished by CTD)

<sup>3</sup> Grant numbers 15, 32, 33, 41, 49, 64, 66, 67 and 82.



It is evident from the table that the department could not utilise the allotted funds during the review period. The savings were more than 10 *per cent* during the period except in 2009-10, where the savings was only five *per cent*.

The Government accepted (September 2010) the audit observation at the exit conference and stated that the savings were mainly due to non-filling of vacant posts of teachers and non-completion of various construction works.

This clearly indicates lack of proper planning and also non-initiation of effective steps on the part of the department for filling of the vacant posts and completion of the various construction works.

### ***1.2.7.1 Delayed release of funds for scholarships by ACTD***

As per the provisions of pre and post-Matric scholarship schemes, the scholarships were payable in two instalments i.e. by 30 September for the first four months (June to September) of the academic session<sup>4</sup> and by 31 January for the next six months (October to March) at the prescribed rates in each academic session.

**Delay in  
release of  
scholarships of  
₹ 13.95 crore**

Test check of records of ACTD, Jagdalpur, Jashpur and Raigarh districts revealed that as against the stipulated time frame, disbursement of the second instalments of State and post-Matric scholarships amounting to ₹ 7.92 crore and ₹ 6.03 crore respectively were released to BEOs in the subsequent academic sessions as shown in *Appendix-1.4*. The delayed disbursement of scholarships deprived the SC and ST students from receiving the financial benefits in time.

On this being pointed out ACTD, Jagdalpur, Jashpur and Raigarh stated (July 2010) that delayed distribution of second instalments was mainly due to late receipt of funds from CTD.

The Government accepted (September 2010) the audit observation at the exit conference and intimated that instructions would be issued to all ACTDs to ensure timely payment of scholarships to the students.

### ***1.2.7.2 Non-reconciliation of scholarships amount***

As per the instructions of the CTD, ACTDs are solely responsible for distribution and reconciliation of scholarships in their respective districts. Headmasters are required to submit the bank scrolls to the BEOs after distribution of scholarships and BEOs are in turn required to submit the respective bank scrolls to ACTDs before 15 October and 28 February of each year. Similarly Principals are also required to submit the bank scrolls to ACTD within the stipulated period as mentioned above.

**Scholarships  
totalling  
₹ 42.34 crore  
remained  
un-reconciled**

<sup>4</sup> Academic session-June to March.

Test check of records of ACTD, Jagdalpur, Jashpur and Raigarh districts revealed that huge scholarship amounts remained un-reconciled during 2005-10. The position of distribution and adjustment of pre and post-Matric scholarships were as under:

**Table-1.3: Details of unreconciled scholarship amounts during 2005-10**

(₹ in crore)

Name of scholarships	Distributed amount	Reconciled amount	Un-reconciled amount
Pre-Matric ST	34.25	13.40	20.85
Pre-Matric SC	7.50	1.85	5.64
Post-Matric ST	17.30	6.78	10.53
Post-Matric SC	6.65	1.33	5.32
<b>Total</b>	<b>65.70</b>	<b>23.36</b>	<b>42.34</b>

(Source: Compiled from data furnished by ACTDs)

The details of the unreconciled amounts of three districts are shown in *Appendix-1.5*. It would be seen from the above table that scholarships amounting to ₹ 23.36 crore (out of ₹ 65.70 crore) were reconciled during 2005-10 and a total amount of ₹ 42.34 crore, representing 64 per cent of the distributed amount, remained un-reconciled. Due to non-receipt of bank scrolls, it could not be ascertained whether the scholarship amounts were actually paid to the students.

On this being pointed out in audit, ACTDs, Jagdalpur, Jashpur and Raigarh districts stated (July 2010) that paid vouchers were being collected for reconciliation and the results would be intimated in due course. The reply does not explain the reasons for the delays of one to four years in reconciliation and improper accounting of the fund.

The Government accepted (September 2010) the points raised by Audit in the exit conference and intimated that a special drive would be carried out to reconcile the figures within six months.

### 1.2.7.3 Non-accountal of scholarship amounts drawn in cash book

**Non-accountal of scholarship of ₹ 22.69 crore in cash book**

As per Rule 53 of the Treasury Code, all monetary transactions should be exhibited in the Cash Book by the Drawing and Disbursing Officer. Test check of records of ACTD, Raigarh revealed that during 2005-10, funds to the tune of ₹ 22.69 crore pertaining to pre and post-Matric scholarships were drawn from the treasury and deposited in the nodal bank without any entries in the cash book, in violation of the above provisions.

On being pointed out in audit, ACTD, Raigarh accepted (July 2010) the irregularity and stated that the observations made by Audit had been noted for future compliance.

The Government accepted (September 2010) the audit observation at the exit conference and stated that instructions would be issued to all ACTDs to follow the procedures in future.

## 1.2.8 Implementation of schemes

The department implemented various Central and State Government schemes as mentioned in *Appendix-1.3* for promotion of education of SC and ST children.

Irregularities noticed in the implementation of Central and State schemes are discussed in the following paragraphs.

### Centrally Sponsored Schemes

#### 1.2.8.1 *Pre-Matric scholarships for children whose parents were engaged in unclean occupations*

The unclean occupation scholarship scheme is a special Centrally Sponsored Scheme. The objective of the scheme is to provide financial assistance to enable the children of scavengers of dry latrines, tanners, flayers and sweepers who have traditional links with scavenging, to pursue pre-Matric education. These scholarships are sanctioned in ACTDs and released to the BEOs and BEOs in turn release the scholarship amounts to Headmasters for disbursement to the students.

**Fourteen per cent students were not paid pre-matric scholarship under the scheme**

During scrutiny of records of five test-checked ACTDs, it was noticed that in ACTD, Raipur, 4,650 students were identified for payment of scholarships and an amount of ₹ 86.03 lakh was sanctioned by the ACTD under the scheme in the year 2009-10. Out of this, scholarships amounting to ₹ 73.62 lakh were paid to 3,979 students. This resulted in non-payment of scholarships of ₹ 12.41 lakh to 671 (14 per cent) students.

On this being pointed out, the ACTD stated (April 2010) that the short coverage was due to lack of allotment of funds.

The Government stated (September 2010) in the exit conference that the reasons would be verified and intimated to Audit.

#### 1.2.8.2 *Post-Matric scholarship scheme*

The objective of the Post-Matric scholarship scheme (PMS) scheme is to provide financial assistance to SC and ST students studying in private as well as Government colleges at the post-Matriculation level to enable them to complete their education. As per the guideline of PMS, ACTDs should develop mechanisms whereby applications for scholarships should be received up to 30 June from BEOs and Principals in the ACTD offices every year, so that demands could be raised for allotments of funds to the CTD. On receipt of the allotments, ACTDs would distribute scholarships in two instalments i.e. by 30 September for the first four months (June to September) of the academic session<sup>5</sup> and by 31 January for the next six months (October to March) at the prescribed rates in each academic session and reconcile the disbursed amount by 15 October and 28 February respectively.

<sup>5</sup> Academic session-June to March.

Scrutiny of implementation of the schemes revealed the following deficiencies/irregularities:

**(a) Short coverage of students under PMS**

As per the guideline of PMS, all SC and ST students studying at the post-Matric level should be covered for payment of scholarships.

**PMS scholarship not given to 13403 students**

Scrutiny of records of the five test-checked ACTDs, it was observed in three ACTDs<sup>6</sup> that 84,570 SC and ST students (3,605 in Jagdalpur, 34,693 in Kanker and 46,272 in Raipur) were identified under the scheme. Out of these, only 71,167 students were covered and 13,403 (16 per cent) students remained uncovered. The position of students covered and scholarships paid was as under:

**Table-1.4: Details of short coverage of students under Post-Matric Scholarship**

District	Year	Category	Sanctioned		Covered		Short Coverage	
			No. of students identified	Scholarship amount sanctioned	No. of students covered	Scholarship amount paid	Short coverage of students	Amount undisbursed
Jagdalpur	2008-09 to 2009-10	ST	3312	1.19	2936	0.79	376	0.40
	2008-09	SC	293	0.20	269	0.16	24	0.04
Kanker	2005-06 to 2009-10	ST	28912	5.51	26022	4.30	2890	1.21
	2005-06 to 2009-10	SC	5781	1.11	5203	0.71	578	0.40
Raipur	2007-08 to 2009-10	ST	24318	10.29	19043	7.54	5275	2.75
	2007-08 and 2009-10	SC	21954	8.48	17694	6.23	4260	2.25
		<b>Total</b>	<b>84570</b>	<b>26.78</b>	<b>71167</b>	<b>19.73</b>	<b>13403</b>	<b>7.05</b>

(Source: Compiled from information furnished by ACTDs)

The table indicates that as against the sanctioned amount of ₹ 26.78 crore, the actual payment made was ₹ 19.73 crore. This led to non-payment of scholarships amounting to ₹ 7.05 crore to 13403 students.

On this being pointed out in audit, ACTD, Kanker stated (May 2010) that due to the absence of students, the scholarships could not be paid. ACTD, Jagdalpur and Raipur stated that due to lack of allotment of funds, the remaining students could not be covered.

The Government accepted (September 2010) the audit observation in the exit conference and intimated that appropriate instructions would be issued to all ACTDs to ensure coverage of all eligible students.

**(b) Excess reimbursement of fees to private college**

As per instructions (2006) of GOI, the full amount of fees of SC and ST students charged by Government institutions would be reimbursed under the scheme and in case the students joined private colleges, the reimbursement of fees paid would be limited to the fees prescribed for government colleges.

<sup>6</sup> Jagdalpur, Kanker and Raipur districts.

Excess payment of ₹ 8.79 lakh to private college

During scrutiny of the records of five test-checked districts, it was noticed that in ACTD, Kanker that reimbursement of fees of ₹ 11.79 lakh for 308 students was made to the Bhavsingh Arts and Science College during 2006-10, instead of the reimbursable amount of ₹ three lakh as detailed in *Appendix-1.6*. This resulted in excess payment of ₹ 8.79 lakh.

On this being pointed out, the ACTD, Kanker replied (May 2010) that the reimbursement was made as per the rules of the college. The reply is not tenable as the fees were to be reimbursed as per the instructions of GOI.

While accepting (September 2010) the audit observation in the exit conference, the Government stated that an inquiry would be conducted for verification of facts and appropriate action would be taken against the officials responsible for excess payment.

### **1.2.8.3 Book Bank Schemes**

The book bank scheme, a Centrally sponsored scheme, aims to provide SC and ST students the latest version of text books and to reduce dropouts from professional courses. Funds were to be provided to professional colleges by the department for purchase of books by the colleges. Under the scheme, book banks were to be set up in all medical, engineering, agriculture, law, veterinary colleges and institutes imparting chartered accountancy (CA), Master of Business Administration (MBA) and similar courses, for benefit of SC and ST students, who were in receipt of PMS. The State Government was to constitute an expert committee consisting of members from selected colleges to decide the sets of textbooks required for each course and estimates were to be worked out accordingly. One set of books was to be purchased for two students of all professional courses except for post-graduate and CA courses, where one set was to be purchased for each student.

Non-establishment of book banks for SC and ST students in professional colleges

Test check of records of five professional colleges, at Jagdalpur and Raipur, revealed that though 1,282<sup>7</sup> SC and ST students were studying in professional colleges and were eligible for availing of the benefits of the book bank scheme, no book bank was, however, established for them in these colleges. As a result, the benefit of the book bank scheme could not be provided to these students by the colleges.

On this being pointed out in audit, the principals of these colleges stated (July 2010) that funds were not provided by the department under the book bank scheme due to which books for SC and ST students could not be purchased.

The Government intimated (September 2010) in the exit conference that the matter would be taken up with the concerned colleges as to why the proposals for establishment of book bank for SC and ST students were not submitted.

<sup>7</sup> Jagdalpur- 1037 (Government Medical College-150, Government Engineering College-392 and Government Girls Polytechnic College-495), Raipur- 245 (Government Dental College - 145 and Government Ayurvedic College -100).

Secretary, SC& ST Department further stated that the book bank scheme had since been merged (2005-06) with PMS.

#### 1.2.8.4 Construction of hostels and ashram buildings

For providing residential facilities to SC and ST students, construction of hostel<sup>8</sup> and ashram<sup>9</sup> buildings were to be carried out in rural and urban areas under the Centrally sponsored scheme. Under the scheme, funds for construction of hostel and ashram buildings are equally shared by GOI and State Government.

##### (a) Hostel buildings

Construction of 114 hostel buildings remained incomplete

Scrutiny of implementation of the scheme revealed that funds totalling ₹ 48.65 crore for construction of 140 hostels for SC and ST students were released during 2005-09. These hostels were to be completed within six to 12 months from the dates of issue of the work orders. However, it was noticed that even after lapse of five years, 56 hostel buildings were at various stages of completion. The department could only complete 26 hostel buildings while construction of the remaining 58 hostel buildings had not been taken up till August 2009 as detailed below:

Table -1.5 : Details of construction of hostel buildings as of July 2010

(₹ in lakh)

Year	Target		Achievements						Total expenditure	Balance amount
			Completed		Under construction		Not taken up			
	Physical	Financial	Physical	Financial	Physical	Financial	Physical	Financial		
2005-06	17	679.15	9	373.03	7	141.08	1	0	514.11	165.04
2006-07	46	1162.56	17	307.90	23	439.50	6	2.73	750.13	412.43
2007-08	30	1171.73	0	0.00	24	597.64	6	0.04	597.68	574.05
2008-09	47	1851.23	0	0.00	02	10.48	45	0.00	10.48	1840.75
<b>Total</b>	<b>140</b>	<b>4864.67</b>	<b>26</b>	<b>680.93</b>	<b>56</b>	<b>1188.70</b>	<b>58</b>	<b>2.77</b>	<b>1872.40</b>	<b>2992.27</b>

(Source: Data provided by CTD)

Thus, despite availability of funds amounting to ₹ 29.92 crore, the department failed to complete the construction works in time, which pointed towards lack of proper monitoring and supervision.

##### (b) Ashram buildings

Construction of 90 ashram buildings remained incomplete

Scrutiny of CTD records revealed that for construction of 95 Ashram buildings, funds amounting to ₹ 39.55 crore were released to CTD during 2006-09. The works were to be completed within nine to 12 months from the date of issue of work order. Out of the 95 sanctioned works, only five works could be completed and 52 buildings were at different stages of construction even after the lapse of two to four years despite incurring expenditure of

<sup>8</sup> SC and ST students, who were otherwise unable to continue their education due to poor economic conditions, were to be provided hostel accommodation.

<sup>9</sup> Residential schools meant to provide necessary environment conducive to learning for educational development of SC and ST students.

₹ 7.06 crore. The construction of the remaining 38 ashrams had not been started till date. The details are given below:

**Table-1.6 : Details of construction of ashram buildings as of July 2010**

(₹ in lakh)

Year	Target		Achievements						Total expenditure	Balance amount
			Completed		Under construction		Not taken up			
	Physical	Financial	Physical	Financial	Physical	Financial	Physical	Financial		
2006-07	22	395.81	5	18.44	17	329.45	0	0	347.89	47.92
2007-08	46	1874.04	0	0	32	328.75	14	0	328.75	1545.29
2008-09	27	1685.16	0	0	03	47.64	24	0	47.64	1637.52
<b>Total</b>	<b>95</b>	<b>3955.01</b>	<b>5</b>	<b>18.44</b>	<b>52</b>	<b>705.84</b>	<b>38</b>	<b>0</b>	<b>724.28</b>	<b>3230.73</b>

(Source: Data provided by CTD)

Thus, despite availability of funds, the department failed to complete the construction works in time and the benefit of ashrams and hostels could not be extended to the SC and ST students.

The Government accepted (September 2010) the audit observation during the exit conference and intimated that the main reason for delays of construction of ashram and hostel buildings works was the Naxal problem. It was further stated that instructions had since been issued to District Collectors to change the places of construction wherever necessary and complete the works as early as possible.

**(c) Lack of basic facilities in ashrams, hostels and school buildings**

**Schools, hostels and ashrams were running without basic facilities**

A test check of records and subsequent joint physical verification by the Audit team and the Superintendents of Ashrams and Hostels/ Principals of schools, it was noticed that basic facilities such as toilets, bathrooms, drinking water etc., were not provided to either hostellers or day scholars as detailed below:

- In Jagdalpur, toilet facilities were not provided in 20 out of 59 ashrams, 13 out of 81 hostels, 878 out of 1235 primary schools, 158 out of 298 middle schools, 38 out of 93 high schools and 38 out of 51 higher secondary schools.
- In Raigarh, there were no toilet facilities in 14 out of 96 hostels; 17 schools had no bathrooms and seven schools had no drinking water facilities. Out of 40 ashrams, three had no toilets, six had no bathrooms and four had no drinking water facilities.
- In Raipur, there were no toilets and bathroom facilities in four out of 10 ashrams.

The Government accepted (September 2010) the audit observation during the exit conference and intimated that action for providing basic facilities in ashrams, hostels and schools would be taken up soon.

### 1.2.8.5 Eklavya model school

Non-completion of buildings even after delay of one year

With a view to providing quality education to SC and ST students, the Government decided (October 2006) to establish eight *Eklavya* residential model schools in the State.

Scrutiny of records of ACTD, Jagdalpur, Jashpur, Kanker and Raigarh districts revealed that funds amounting to ₹ 15.25 crore were provided to these ACTDs for construction of *Eklavya* residential school buildings under the scheme and these buildings were to be completed within 18 months as shown in *Appendix-1.7*. However, the buildings could not be completed despite incurring expenditure of ₹ 14.12 crore till date.

The Government, during the exit conference, intimated (September 2010) that the *Eklavya* model school building of Raigarh district had since been completed and inaugurated by the Hon'ble Chief Minister. The remaining works would be completed at the earliest possible.

## State Schemes

### 1.2.8.6 Pre-Matric Scholarships<sup>10</sup>

The objective of the scheme is to provide State scholarships to SC and ST students, who are studying in Classes III to X to continue their education. The norms for payment of scholarship for 10 months (June to March) are as under:

**Table-1.7 : Details of scholarships rate payable to students**

Class	Rate for 10 months (June to March)	
	Boys	Girls
Class- III to V	Nil	₹ 250
Class- VI to VIII	₹ 300	₹ 400
Class- IX to X	₹ 400	₹ 500

(Source: Guidelines issued by the State Government)

#### (a) Short payment of scholarships to ST students

Students deprived of pre-Matric scholarships

Scrutiny of the records of five test-checked districts revealed that, in ACTD, Jagdalpur as against the sanction of ₹ 6.90 crore for payment of scholarships to 2,05,799 ST students, scholarships amounting to ₹ 6.20 crore were distributed to 1,85,649 ST students. This led to short disbursement of scholarships of ₹ 70 lakh to 20,150 students during 2008-10.

On this being pointed out in audit, ACTD, Jagdalpur stated (July 2010) that due to lack of allotment of funds, the remaining students could not be covered and the demand for additional funds had been raised from the CTD. After receipt of the funds, the same would be paid to the students.

The Government stated (September 2010) at the exit conference that the reasons for short payment would be verified and intimated to Audit.

<sup>10</sup> Also known as State Scholarship.



**(b) Non-obtaining of signatures of students on bank scrolls**

As per the instructions (June 2003) of CTD, signatures of students were to be obtained on bank scrolls in support of payment of scholarships to them.

**Distribution of ₹ 3.46 lakh without obtaining signatures of students**

During scrutiny of paid vouchers of scholarships received from the Principal, Government Higher Secondary School, Adaval under BEO, Jagdalpur, it was noticed that though scholarships amounting to ₹ 3.46 lakh were paid to the students during 2008-10, signatures of the students were not obtained on the bank scrolls. Thus, in the absence of the signatures of the students on the bank scrolls, it could not be ascertained whether the scholarship amounts were actually paid to them.

On this being pointed out, the BEO, Jagdalpur stated (July 2010) that the factual position would be investigated.

While accepting (September 2010) the audit observation at the exit conference, the Government stated that the reasons would be investigated and intimated to Audit.

**1.2.8.7 Kanya Saksharta Protsahan Yojana**

*The Kanya Saksharta Protsahan Yojana*, a State Government scheme, aims to encourage Class V passed SC and ST girl students to continue their studies in Class VI. Under the scheme, scholarships amounting to ₹ 500 are given to each SC and ST girl student at the beginning of the academic session as a one time incentive.

**An amount of ₹ 72.72 lakh was paid after 20 months to 14,543 ST girls**

During scrutiny of the records of five test-checked districts, it was noticed that in ACTDs, Jagdalpur, Jashpur and Raigarh, 14,543<sup>11</sup> ST girls were found enrolled in Class VI in 2008-09 but payment of scholarships amounting to ₹ 72.72 lakh was made in 2009-10 after a delay of one and half years as shown in *Appendix-1.8*.

On this being pointed out, ACTDs, Jagdalpur, Jashpur and Raigarh districts replied that due to non-receipt of allotment of funds from CTD in 2008-09, payments were made to the ST girl students in March 2010 i.e. after a delay of 20 months.

The Government intimated (September 2010) at the exit conference that funds under Special Central Assistance (SCA) were not made available by GOI in time. Hence, there was a delay in payment of the scholarships. Now the State Government was providing the scholarships out of the State fund.

**1.2.8.8 Saraswati Cycle Yojana**

*The Saraswati Cycle Yojana* is a State Government scheme under which cycles are to be distributed free of cost to all SC and ST girl students who take admission in Class IX, to encourage them to continue their education. These

<sup>11</sup> Jagdalpur- 4753, Jashpur - 4790, and Raigarh - 5000 students.

cycles are to be distributed to SC and ST girls students at the beginning of the academic session.

**(a) Short-distribution of cycles to SC and ST girl students**

**Cycles to 4,611 girl students were not distributed in 2007-08**

Out of the five test-checked districts, it was noticed that in ACTD, Jagdalpur, 7,461 SC and ST girl students were studying in Class IX during 2007-08. As against this, cycles were distributed only to 2,850 SC and ST girls. Thus, 4,611(62 *per cent*) girls were deprived of the benefits of the scheme in the academic session 2007-08.

On this being pointed out in audit, the ACTD replied that all the cycles received from the CTD had been distributed. This implies that the CTD had issued lesser number of cycles than required.

The Government intimated (September 2010) at the exit conference that 2,850 cycles were issued to ACTD Jagdalpur for distribution to eligible girls students.

The reply is not acceptable as the cycles should have been distributed to all the 7,461 SC and ST girl students studying in class IX.

**(b) Inordinate delay in distribution of cycles to SC and ST girl students**

Scrutiny of records of the CTD revealed that in the financial years 2008-09 and 2009-10, distribution of cycles was made only after the end of the academic session due to delayed allotment of funds.

**Cycles to SC and ST girls not distributed during the academic session**

The CTD had released funds between January and February 2009 to all the ACTDs for free distribution of cycles for the year 2008-09. The ACTDs in turn issued cheques in the last week of February 2009 to Principals/ Head-masters and they, in turn, made payments to cycle vendors in April and May 2009 on the basis of receipts of cycles provided by the girl students from the vendors.

Similarly, in 2009-10, the CTD made allotment of funds for purchase of cycles in February 2010 to all ACTDs, who in turn, placed orders to cycle manufacturers in the last week of February 2010 at Chhattisgarh State Industrial Development Corporation (CSIDC) rates, with a condition to supply the cycles within 45 days. Accordingly, supplies were received in the last week of April 2010 and the work of distribution of cycles was still going on (September 2010). Thus, in both the years, the distribution of cycles was made after the end of the academic session instead of at the beginning.

The Government, while accepting (September 2010) the audit observation at the exit conference, stated that there was a problem in finalization of the tender during 2008-09 due to which cycles were distributed in the next session. The latest position would be intimated to Audit in due course.

The issue of allotment of funds in February shows lack of commitment on the part of the department to implement the schemes as per the guidelines.

### 1.2.8.9 Free text books to girls studying in high schools

To enhance the literacy rate of girls, the State Government launched a scheme in 2005 for free distribution of text books to all girl students of Class IX and X who were studying in the schools run by the department. Rule-9 of the Chhattisgarh Finance Code provided that assessment of actual requirement was to be ascertained before purchase of any article.

**Excess purchase of text books to the tune of ₹ 1.50 crore**

During the scrutiny of records of CTD, it was noticed that the total enrolment of girl students of Class IX and X was 2,12,219 in these schools, for which the requirement of text books was 15,51,581 during 2007-08 and 2009-10. As against this, the department purchased 20,37,355 text books from the Chhattisgarh Pathya Pustak Nigam, which resulted in excess purchase of 4,85,774 text books valuing ₹ 1.50 crore (*Appendix-1.9*).

Thus, purchase and distribution of text books in excess of requirement led to avoidable expenditure of ₹ 1.50 crore.

The Government accepted (September 2010) the audit observation in the exit conference and intimated that instructions had since been issued to CTD to utilise the available books. It was further assured that realistic assessment of the requirement of text books would be made in future.

### 1.2.8.10 Free Uniforms

**Avoidable expenditure of ₹ 24.21 lakh due to change of colour of uniform**

To encourage SC and ST girl students of Class I to V to come to school, free school uniforms were being distributed by the State Government under the State scheme for free uniforms. The scheme was extended to specially backward tribe boys and girls of Classes I to VIII from the year 2006-07. From the academic session 2010-11, the CTD changed (February 2010) the colour of the uniform shirts from white to blue.

During scrutiny of records of the five test-checked districts, it was noticed that in ACTDs, Jashpur and Raipur 34,103 shirts which were lying in stock (16,056 of BEO, Gariyaband and 18,047 of ACTD, Jashpur) became obsolete due to change in the colour of the shirts.

On this being pointed out in audit ACTD, Jashpur stated (June 2010) that these shirts would be distributed in other welfare schemes. However BEO, Gariaband intimated that obsolete shirts were lying in stock.

Thus, the decision of the department to change the colour of the uniform without ascertaining the available stock led to avoidable expenditure of ₹ 24.21 lakh.

The Government accepted (September 2010) the audit observation in the exit conference and intimated that the balance stock of old uniforms in Jashpur and Raipur districts had since been distributed to the students.

The reply is not acceptable as the proof of distribution of the uniforms was not produced to Audit.

### 1.2.8.11 Jawahar Utkarsh Yojana

As per the guidelines of the *Jawahar Utkarsh Yojana* (JUY), high quality of education should be imparted through reputed private educational institutions to meritorious SC and ST students to make them competent to face the competition. The scheme is being implemented in all the 18 districts of the State. Under this scheme, the beneficiary students were required to ensure that their marks did not fall below 75 *per cent* in Class VIII and X from the academic session 2009-10, otherwise they would lose the benefits and fresh candidates would be selected in their place.

Fees of  
₹46.17 lakh  
paid to  
ineligible  
students

During scrutiny of records of CTD related to JUY, it was noticed that 297 students were admitted in 28 reputed private schools in 12 districts under the scheme but of these, 72<sup>12</sup> students failed to secure the prescribed percentage of marks. Thus, expenditure of ₹ 46.17 lakh incurred on payment of fees of these students was irregular.

On this being pointed out, the CTD replied that the results of Class VIII and X had not been declared when the selection committee meeting was held.

The Government informed (September 2010) at the exit conference that revised reply would be given to Audit for consideration. Secretary, SC and ST Department further informed that with a view to ensure extension of the benefits to the needy meritorious SC and ST students and also to increase their standard of education, various steps were being taken by the department.

### 1.2.8.12 Pre-examination training centre

Wasteful  
expenditure of  
₹ 92.87 lakh on  
training of SC  
and ST  
students

To motivate and bring out the talents and calibre of SC and ST students and to make them fit for getting into Class-I services, the State Government decided to train selected (selection of students for training was done through screening tests by the department) aspirants of Union Public Service Commission (UPSC) and Chhattisgarh Public Service Commission (CGPSC), through reputed private institutions and provides hostel facilities and stipend. For this purpose, Government launched the *Yuva Career Nirman Yojana* (YCNRY) in 2006. Under this scheme, 431 (Raipur-214, Bilaspur-103 and Jagdalpur-114) candidates were trained during 2007-08 to 2009-10 and an expenditure of ₹ 92.87 lakh was incurred.

During the scrutiny of records of CTD, it was noticed that only 12 out of 431 candidates (nearly three *per cent*) got selected for UPSC and CGPSC examination. Out of the remaining, some of the candidates were selected as *Sikshakarmi* and for other clerical level posts. This raised doubts not only on the quality of training but also on the selection of the candidates for training. Though the Government had viewed it seriously (in monitoring committee meeting held in July 2008) no action had been taken so far to improve the situation.

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<sup>12</sup> Durg - 11, Jagdalpur - 5, Kabirdham-5, Korba- 1, Rajnandgaon - 27 Raigarh - 1 Raipur-18.and Sarguja-4,

During the discussion held on 24 September 2010, the Secretary, while accepting the audit observation, informed that the scheme was being modified and expanded to cover other courses also.

### **1.2.8.13 Grant-in-aid to voluntary organization**

Non-Government Organizations (NGO) were also engaged by the Government for promotion of education for SC and ST children in the State and financial assistance was extended to these NGOs for construction of hostels as well as for running of schools.

#### **(a) Excess payments to NGOs**

As per the terms and conditions of Rule 4 of part II of Grant-in-aid Rules 2006, the Government would pay the full amount of expenditure on pay and allowances and scholarships for students. For all other expenditure, the Government would pay 90 per cent and the remaining 10 per cent would be contributed by the NGOs.

Excess  
payment of  
₹ 20.63 lakh  
to NGOs

Test check of records of ACTDs, Raigarh and Raipur revealed that, for providing education for SC and ST students, a grant amounting to ₹ 7.49 crore was sanctioned and paid to NGOs by the department during 2005-10. Out of this, ₹ 5.42 crore pertained to pay and allowances and the balance amount of ₹ 2.06 crore was incurred on other items. Since the NGO was entitled for payment of ₹ 1.85 crore (90 per cent of the expenditure incurred on other items) only, the actual payment of ₹ 1.85 crore made to NGOs resulted in excess payment of ₹ 20.63 lakh (*Appendix-1.10*).

On this being pointed out, ACTD, Raipur replied (April 2010) that the Government had issued orders for full payment.

The Government intimated (September 2010) in the exit conference that the matter would be investigated.

#### **(b) Non-completion of hostel and residential buildings by NGO**

As per Rule 2 of part III of the Grant-in-aid Rules 2006, grant for construction of residential and non-residential schools for SC and ST students, was to be provided to the NGO.

Fifteen  
buildings  
remained  
incomplete  
even after  
expenditure  
of  
₹ 1.12 crore  
was incurred

During scrutiny of records of five ACTDs, it was noticed that in ACTD, Jashpur, a non-recurring grant amounting to ₹ 1.71 crore was sanctioned (between September 1997 and February 2010) to an NGO 'Sanatan Sant Samaj Gahira' for construction of 80-seater primary school hostels, 110-seater middle school hostels, 150-seater post-Matric hostels and 12 residential buildings for Superintendents and Group-D employees by the department. The amount was released in six instalments. As per the terms and conditions of release of the funds, the status of work was to be submitted by the NGO to the State Government.

Despite the lapse of 12 years and after incurring expenditure of ₹ 1.12 crore, the construction works of these hostels and residential buildings remained incomplete.

On this being pointed out in Audit, the ACTD, Jashpur replied (July 2010) that construction works amounting to ₹ 1.12 crore had been completed and the balance works are in progress. The delay in construction works was mainly attributed to receipt of funds in instalments from the Government. However, students were being accommodated in other buildings.

The Government intimated (September 2010) at the exit conference that remaining funds had since been released to the NGO with instructions to complete the works early.

### 1.2.9 Other points

#### 1.2.9.1 Water Coolers

Water coolers  
and purifiers  
costing  
₹ 10 lakh lying  
idle

The CTD allotted ₹ 10 lakh to ACTD, Jashpur in December 2008 for purchasing water coolers and purifiers for 20 girls hostels/ashrams. During scrutiny of records, the following observations were made:

- ACTD, Jashpur issued (January 2009) an order for supply of 20 water coolers at a total cost of ₹ 7.88 lakh. The water coolers were distributed to all the girls hostels/ashrams in May 2009. It was observed during physical verification that in four hostels<sup>13</sup>, water coolers were not installed and were lying idle.

On this being pointed out, ACTD replied that the water coolers would be installed during the next academic session.

- Similarly, funds were also received for purchase of water purifiers for supply of pure drinking water to hostellers in December 2008. However, the purchases were made only in February 2010 i.e. after 20 months and were not distributed to hostels/ashrams as of June 2010. On this being pointed out, the ACTD replied that due to non fulfilment of tender conditions by the supplier, tender had been cancelled and retendering was done in January 2010. The materials were supplied by the supplier in May 2010 and the same would be distributed in July 2010.

The Government, while accepting (September 2010) the audit observation in the exit conference, stated that immediate steps would be taken to make the water coolers functional.

<sup>13</sup> 1) Government Girls Ashram, Somda (Manora), Jashpur, 2) Pre-Matric Girls SC Hostel, Jashpur, 3) Pre-Matric girls ST Hostel, Jashpur and 4) Pre-Matric ST girls Ashram, Manora.

### 1.2.9.2 Computers

Computers  
lying idle

Ten sets of computers were distributed to 10 Higher Secondary schools of each districts for development of the knowledge of computer education to the students under the Information and Communication Technology in the Schools Scheme.

- During physical verification in Government Higher Secondary Schools (Girls), Jashpur and Manora, it was found that 15 computers were not installed and were still lying in cartons. Two computers were being used for office work and one computer was given to ACTD for office work. On this being pointed out, the Principals stated that due to lack of infrastructure and electricity, the computers could not be installed.
- In Government higher secondary school, Dharpura (Jagdalpur), four computers were issued to the District Election Officer in October 2008, which had not been returned as of August 2010.

Thus, due to keeping computers either idle or allotting to other offices, SC and ST students were deprived of computer education.

The Government while accepting (September 2010) the audit observation in the exit conference stated that immediate steps would be taken to make the computers functional. It was further stated that latest position would be enquired and intimated to Audit.

### 1.2.10 Manpower Management

In order to ensure effective implementation of the various schemes for promotion of education of SCs and STs and also to increase the educational indicators, manpower management including deployment of teaching faculties is very essential.

However, deficiencies noticed during audit in the deployment of teachers are discussed in the subsequent paragraphs.

#### 1.2.10.1 Shortage of teaching staff in schools

Huge shortage  
of teaching  
staff

Test check of records of the CTD revealed that the sanctioned strength and vacancies in educational institutions of the department were as detailed in **Table-1.8.**

**Table-1.8: Details of sanctioned strength, person in position and vacancy as on March 2010**

Name of schools	Number of schools	Category of posts	Number of posts sanctioned	Person-in-position	Vacant	Percentage of Vacancy
Primary school	16941	Head Master	16941	7661	9280	55
		Asst. Teachers	37719	23962	13757	36
Middle school	6202	Head Master	6202	4145	2057	33
		Teacher	25895	17483	8412	32
High schools	422	Principal	450	367	83	18
Higher Secondary school	625	Principal	604	168	436	72
		Principal Class-I	9	4	5	56
High schools/ Higher Secondary school	1047	Lecturer	12594	7229	5365	43

(Source: Compiled from information furnished by CTD)

From the above, it would be seen that the vacancies of teaching staff in primary, middle as well as high and higher secondary schools ranged between 32 and 43 per cent.

The large vacancies in the posts of Principals, Lecturers, Head Masters and Teachers in the schools adversely affected the quality of education imparted to the SC and ST students and also revealed improper manpower management by the department.

The Government accepted (September 2010) the audit observation in the exit conference and intimated that the recruitment of teachers was in progress. The Government further stated that the posts of lecturers were vacant due to non-availability of candidates in Science and English streams.

#### 1.2.10.2 Deployment of teachers in schools

Student-teacher norms notified by the State Government were as under:

**Table-1.9: Norms for student teacher ratio**

Sl. No.	Name of school	Name of post
1	Primary School (Class 1 to 5) one teacher for every 40 pupils. If number. of students exceeds 80, one additional teacher should be posted.	One Headmaster Two Assistant Teachers (Shiksha Karmi-Grade 3)
2	Upper Primary School (Class 6 to 8) If number of students exceeds 35 one additional teacher should be posted.	One Head Master Four Teachers (Shiksha Karmi-Grade 2)

(Source: Guidelines issued by State Government)

**Deficient manpower management**

Test check of records of five BEOs revealed that there was improper and unjustified deployment of teachers in the schools as follows:



- Seven schools<sup>14</sup> with students ranging between four to 62 were running without teachers and were managed by the teachers of nearby schools.
- 27 schools<sup>15</sup> were run by a single teacher, though the number of students in these schools ranged between 54 and 227.
- In two middle schools<sup>16</sup> of Gariyaband block, three teachers were found to be posted despite non-enrolment of any student.
- In 36 schools<sup>17</sup>, eight Head Masters and 31 Assistant Teachers were posted in excess of the sanctioned strength though the enrolment in these schools ranged between 11 and 115.

The Government stated (September 2010) in the exit conference that the matter would be investigated and intimated to Audit

The above indicates lack of proper manpower planning in the department.

### 1.2.11 Impact of implementation of schemes

The Tribal Development department is entrusted to oversee the primary and upper primary education system of SC and ST children in the State. To prevent the dropout of enrolled children and to increase the enrolment of SC and ST children, GOI as well as State Government introduced various incentive schemes viz. pre-Matric scholarships, post-Matric scholarships, construction of hostels and ashrams, free text books, free uniforms, etc. for the SC and ST students. However, various shortcomings were noticed in promoting the education of SC and ST students as discussed below:-

#### 1.2.11.1 Access of children to primary and upper primary education

It was observed from the analysis of enrolment data of SC and ST students vis-à-vis number of schools of CTD that though the number of primary and middle schools increased from 13,442 to 16,941 and 2,590 to 6,202 respectively during the year 2005-10, the enrolment of SC and ST children in the schools run by the Tribal Development Department did not increase proportionately. The numbers of SC and ST students enrolled in Class I to Class VIII during 2005-10 was detailed below:

**Enrolment of children in primary level declined by 12 per cent**

<sup>14</sup> Gariyaband block (Raipur)-1, Jagdalpur block-4 and Kanker block-2.

<sup>15</sup> Bastar block-4, Bhanupratpur block-1, Gariyaband block-4 and Jagdalpur block-18.

<sup>16</sup> Nagrnar and Ood middle school.

<sup>17</sup> Bastar block-14, Gariyaband block-4, Jagdalpur block-1, and Kanker block-17.

**Table-1.10: Details of enrolment of SC and ST students in primary and upper primary schools.**

Class	Total number of SC and ST students enrolled in Tribal Department Institution with percentage (Base year as 2005-06)								
	2005-06	2006-07		2007-08		2008-09		2009-10	
		No. of students	Per-centage	No. of students	Per-centage	No. of students	Per-centage	No. of students	Per-centage
1	207228	181075	87	197179	95	147246	71	145967	70
2	157735	151547	96	169590	108	131161	83	134743	85
3	134166	126951	95	145198	108	123546	92	129533	97
4	122350	107813	88	121681	99	99062	81	118738	97
5	94231	88641	94	99917	106	80498	85	98224	104
<b>Total</b>	<b>715710</b>	<b>656027</b>	<b>92</b>	<b>733565</b>	<b>102</b>	<b>581513</b>	<b>81</b>	<b>627205</b>	<b>88</b>
6	86010	78152	91	92403	107	83587	97	92992	108
7	73675	66986	91	72275	98	62662	85	79198	107
8	68936	63428	92	69422	101	61049	89	74873	109
<b>Total</b>	<b>228621</b>	<b>208566</b>	<b>91</b>	<b>234100</b>	<b>102</b>	<b>207298</b>	<b>91</b>	<b>247063</b>	<b>108</b>

(Source: Compiled from information furnished by CTD)

The above table showed that the percentage enrolment of SC and ST children in the case of the primary level declined by 12 *per cent* and the enrolment in the case of SC and ST students in the upper primary level increased by eight *per cent* in the year 2009-10 as compared to 2005-06.

The Government intimated (September 2010) in the exit conference that the reason of the declining trend of enrolment of SC and ST children in primary schools was mainly the migration of children to nearby SSA Schools.

#### **1.2.11.2 Dropout rate of primary school students**

As per the guidelines of GOI, one of the major objectives of the various schemes implemented for promotion of education for SC and ST students by the department is to reduce the dropout rate to less than 10 *per cent*.

Analysis of enrolment data of primary and middle level revealed that the dropout rate of SC and ST students in primary schools of 13 districts ranged between 21 and 66 *per cent* during 2005-10, except in Durg district. The dropout rate in three<sup>18</sup> out of the five test-checked districts ranged between 41 and 66 *per cent* as against the norms (**Appendix-1.11**).

Thus, the high dropout rate at the primary level except in Durg district indicated low retention of SC and ST students in schools and efforts of the department to prevent the dropping out of SC and ST children from primary school was not effective.

<sup>18</sup> Jagdalpur, Jashpur and Kanker.

The Government intimated (September 2010) at the exit conference that the reason for the decline in the number of SC and ST children in primary schools was mainly the migration of children to nearby SSA Schools.

### 1.2.11.3 Poor transition rate

Poor transition rate at all levels

The transition rate of SC and ST boys and girls in the tribal educational institutions from primary to upper primary level, upper primary to high school and high school to higher secondary levels as worked out by Audit, was unsatisfactory and had a declining trend during 2005-06 to 2009-10 as detailed in *Appendix-1.12*.

It is revealed from the data that the number of children who passed out from primary, upper primary and high schools could not continue their education further as the percentage of enrolment from primary to upper primary, upper primary to high school and high school to higher secondary school decreased during the year 2006-07 and 2008-09. Though the transition rate showed a slight improvement in 2007-08 and 2009-10, the same needed further improvement.

Thus, the department failed to motivate SC and ST students, particularly girls, for continuation in further classes and the efforts of the State Government to improve educational indicators were inadequate.

The Government accepted (September 2010) the audit observation in the exit conference and stated that the matter would be reviewed and appropriate action would be taken to improve the transition rate.

### 1.2.11.4 Promotion of SC and ST girls education

Dropout rate of SC and ST girls was 52 per cent in primary and 19 to 26 per cent in the upper primary level

Scrutiny of the girl students' enrolment database of CTD revealed that despite providing various kinds of incentives and facilities to SC and ST girl students for increasing their literacy rate in the State, these schemes failed to achieve the desired objectives as the dropout rate of SC and ST girl students was 52<sup>19</sup> per cent at the primary level and between 19 and 26<sup>20</sup> per cent at the upper primary level (*Appendix-1.13*).

Despite implementing various schemes for SC and ST girl students, the low transition rate and high dropout rate in the schools indicated that remedial measures were not taken by the department to increase the transition rate and reduce the dropout rate in respect of SC and ST girl students.

The Government intimated (September 2010) at the exit conference that the reason for the high dropout rate in primary and upper primary schools of SC and ST girls was mainly migration of girls to nearby SSA Schools.

<sup>19</sup> Retention Rate (RR) =  $(48557 * 100) / 101549 = 48$ ,  $100-48=52$ .

<sup>20</sup> RR =  $(31850*100)/39124=81$ ,  $100-81=19$ , RR =  $28695*100/35940 = 80$ ,  $100-80=20$ , RR =  $31830*100/43181= 74$ ,  $100-74 =26$ .

### **1.2.12 Internal audit system**

It was seen during audit that no separate Internal Audit Wing was set up in CTD and no audit of field offices were conducted since the beginning. On this being pointed out, the CTD stated (July 2010) that an audit wing would be established in future for conducting internal audit.

The Government informed (September 2010) at the exit conference that internal audit wing had since been set up in CTD and had also started functioning.

### **1.2.13 Monitoring and evaluation**

Commissioner, Tribal Development, Madhya Pradesh issued (1991) instructions that district officers should submit Monthly Progress Reports (MPR) to CTD, who in turn would submit progress reports to the Government. The procedure was also adopted by CTD, Chhattisgarh.

In the test-checked districts, it was noticed that MPRs were sent to CTD on annual basis on demand rather than on a monthly basis. Except for releasing scholarships to schools on demand for payment, the effectiveness of implementation of the schemes was not monitored at any level.

Further, no evaluation of any of the schemes was conducted either by the department or by any independent agency so far.

The Government stated (September 2010) at the exit conference that a Management Information System (MIS) had been established in the CTD to streamline the progress of schemes in near future.

### **1.2.14 Conclusion**

The department had not identified the total number of SC and ST children in the age group of six to 14 years in the State and did not maintain any database to monitor their coverage. The implementation of the schemes for promotion of education for SC and ST students suffered in the State mainly due to under-utilisation of budget grants. Disbursement of scholarships was delayed or not made at all. Huge funds were locked up with executive agencies. Construction of hostels, ashrams and *Eklavya* buildings were delayed and basic facilities such as toilets, bathrooms and drinking water were lacking in some of them. Monitoring of the scheme was not sufficient and no evaluation of the schemes was conducted to assess their impact.

### **1.2.15 Recommendations**

- Identification of the total number of SC and ST children in the age group of six to 14 years should be carried out for proper planning and effective implementation of the schemes.
- Budget estimates should be prepared on a realistic basis after assessing the targeted SC and ST students.

- Adherence to the prescribed procedure for disbursement of scholarships should be ensured.
- All schemes for promotion of education of SCs and STs should be widely publicised for generating awareness among the targeted beneficiaries.
- A comprehensive plan for infrastructure development should be drawn up for timely completion of the construction of hostels, ashrams and *Eklavya* buildings. Steps should also be taken to improve the quality of basic amenities in the hostels, ashrams and schools.
- The monitoring mechanism should be strengthened at CTD and district levels.
- An evaluation of the educational schemes should be done to assess the impact of the scheme.

## INFORMATION TECHNOLOGY DEPARTMENT

### 1.3 IT Audit on 'e-Procurement Project'

#### Highlights

The Government of Chhattisgarh introduced electronic procurement project for procuring works and services as a significant initiative to increase transparency, accountability, efficiency and economy in procurement using information technology (IT). The project was launched on 14 August 2007 using a Public Private Partnership (PPP) model and is presently used by nine departments and 4,657 tenders amounting ₹ 13,741.32 crore were called through e-Procurement. A review of the project revealed that though the State Government made significant achievements in addressing some of the problem associated with the bidding process with the implementation of the project, the overall project objectives however remained unachieved due to non-implementation of the associated modules. There were few management information system (MIS) reports being generated from the system to assist efficient procurement and in showcasing transparency in vendor selection. Even the e-tendering module was partially implemented with important details like the winning bidder, cancellation of tenders etc. not being recorded in the system. There were significant shortcomings in the procedures followed for authenticating the electronic bids using digital signatures and in ensuring secured processing of the bids. Even after three years of use of the application, the system was only undergoing testing, acceptance and security certification and so far no mid term review conducted by the department to assess the efficacy of the system and also to identify the bottlenecks.

Main points are given below:

In the absence of system requirement specification, audit could not ascertain the availability of all tables, their location and utility in the application for which these were provided.

*(Paragraph 1.3.7)*

The system was rolled out before formal completion of Pilot phase and prior to Testing, Acceptance & certification.

*(Paragraphs 1.3.8 and 1.3.9)*

Use of same digital signature certificate (DSC) by multiple users and participation in the tendering process even after expiry of its validity defeated its very purpose of secured online bidding.

*(Paragraph 1.3.10)*

Performance of multiple jobs by single user due to non-segregation of duties rendered the system to high risk and non-accountability.

*(Paragraph 1.3.10)*

**e-Procurement modules were not fully operationalised leading to partial achievement of intended objectives.**

*(Paragraph 1.3.11)*

**Non-availability of Department's Payment Gateway in the system led to unauthorized retention of Government money by the Application Service Provider (ASP)**

*(Paragraph 1.3.12)*

**Application failed to ensure the desired level of transparency due to absence of adequate MIS and complete details of tender activity.**

*(Paragraph 1.3.13 and 1.3.14.1)*

**Price bids of 603 out of 2578 tenders were processed even after mismatch of hash value thereby questioning the system built security measures.**

*(Paragraph 1.3.20.2)*

### **1.3.1 Introduction**

The e-Procurement project in Chhattisgarh is managed by the Chhattisgarh Infotech and Biotech Promotion Society (CHiPS), a registered society promoted by the State Government and a nodal agency for implementation of IT Plans in the State. The Chief Minister heads the Governing Council of CHiPS. The project was conceptualized with the help of the National Institute for Smart Government (NISG), which was appointed as a consultant for system study leading to preparation of the request for proposal (RFP) for the e-Procurement. The RFP envisaged the implementation on a PPP model adopting build-own-operate (BOO) with no upfront financial burden on the State. The vendor was to be paid an agreed upon transaction charge for the bids being processed by the system. The project aimed at increasing the efficiency and transparency in procurement by implementing an end-to-end e-Procurement solution across all the Government departments/agencies/boards in a phased manner.

Based on open bidding for this project, a master services agreement (MSA) was signed on 19 December 2006 between CHiPS and the winning bidder, M/s Wipro Ltd. in consortium with M/s NexTenders India Pvt. Ltd., who had been selected as the private partner for the implementation of e-Procurement project in the State of Chhattisgarh.

The e-Procurement project was officially launched on 14 August 2007 and the project began with four<sup>1</sup> department w.e.f. 5 December 2007. As on the date

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<sup>1</sup> Public Works Department, Public Health & Family Welfare Department and Public Health Engineering Department and Water Resource Department.

of review, e-Procurement project had been implemented in nine<sup>2</sup> departments where all tenders above ₹ 20 lakh were processed through the e-procurement system.

### **1.3.2 Project Management Organization**

The project was governed by an empowered committee headed by the Chief Secretary, which had the authority to take decisions required for implementing the e-Procurement initiatives. The empowered committee had 13 members. The CHiPS was the nodal agency to manage the implementation effort. At the departmental level, a nodal officer was identified in each of the four<sup>3</sup> pilot departments who were to coordinate the implementation effort.

### **1.3.3 Salient Features of e-Procurement Project**

The e-Procurement application comprises of the following modules:

**Centralised Supplier Registration:** This module deals with registering the vendors for participating in the e-Procurement process. Each contractor has to initially register with the e-Procurement system centrally. To transact, he then needs to obtain a digital signature certificate (DSC) from a certified authority and use it at the time of bidding. This module has been implemented.

**Indent Management:** The flow of documents during the course of preparing a tender is handled by the workflow automation module. The process starts from demand aggregation of goods for procurement, making a plan for works and ends with the calculation of final probable amount of contract (PAC). The objective of using this module was to reduce the time taken in movement of documents leading to issue of tender, monitor the process to identify clog areas and taking remedial action.

**e-Tendering:** The indent management process is followed by the e-Tendering process. The e-Tendering process involves the preparation of bid invitation notice and tender documents for the e-Tendering process, receipt of bid from contractors, evaluation of the received bids and award of tender. The system publishes the detailed Notice Inviting Tender (NIT) and the tender document directly on the e-Procurement website and sends electronic alerts in the form of e-mail to the relevant registered bidders. According to the tendering

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<sup>2</sup> Animal Husbandry & Dairy Department, Chhattisgarh State Industrial Development Corporation, Panchayat and Social Welfare Department, Public Works Department, Public Health and Family Welfare Department, Public Health Engineering Department, Urban Administration & Development Department and Panchayat & Rural Development Department and Water Resource Department.

<sup>3</sup> Chhattisgarh State Industrial Development Corporation, Public Health & Family Welfare Department, Public Works Department, and Water Resource Department,



schedule provided in NIT, the intending contractors prepare and submit the bids online. The final step in the competitive bidding exercise was to evaluate the bids submitted online by the bidders, and select the eligible contractor for awarding contract.

**Contract Management:** This module covers the processes involved in between issuance of work order and completion of the work with an objective of maintaining an overview of the works in progress, monitor and measure performance of the contractor. The module has features for processing of bills associated with the work already completed, approval of bills and making payment to the supplier by transferring funds from the Government's bank account to that of the suppliers account.

**e-Auction:** The auction module is a facility that allows suppliers to dynamically out-bid their competitors within a time-frame specified by a buying agency. The auction module was to have facilities for both buying (reverse auction) and selling (forward auction) of goods, works and services.

**Catalogue Management:** In the catalogue management module, the information about rate contracts negotiated by the Government is hosted in an online environment. End users in the Government use the negotiated rate contracts and directly place orders for goods and services with the supplier community. This module was not implemented.

**e-Payments:** The e-Payments functionality facilitates online transfer of funds both inflows and outflows happening during the course of public procurement activity covering transactions such as sale of tender documents, online transfer of Earnest Money Deposit (EMD), making payments to suppliers/contractors for purchase of goods and completion of works.

**Accounting:** The accounting functionality calculates payments to be made to contractors for completion of works and for purchase of goods.

#### 1.3.4 Objectives of the project

The Government of Chhattisgarh aimed at achieving the following objectives from the implementation of the project:

**Transparency:** Introduce the maximum extent of transparency in the public procurement by making the required information available on the Internet.

**Cost Savings through higher competition:** A result of wider publicity to Government procurement opportunities.

**Cost Savings through demand aggregation:** The ability to aggregate Government departments' demand to leverage buying power with the supply market.

**Reduced inventory costs:** Improved planning and management of inventory leading to lower levels of inventory.

**Internal arbitrage:** Ensuring consistency in goods and services costs at the best price across all Departments at item level.

**Consistent and sustainable bidder development:** Enabling pre-qualified vendors the opportunity to access to other Government departments.

**Transactional effectiveness:** Eliminating or automating non-value adding steps within the procurement to enable efficient and effective processes.

**Reduced Total cost of ownership:** Understanding the supply chain and life cycle costs in procurement to establish value adding supply relationships leading to reduced cost of doing business for both Government and industry.

**Effective tender processing:** Use of different types of e-Auctions to get better prices for Government of Chhattisgarh.

**Open platform:** Level playing field and fair competitive platform for the suppliers.

**Disposals:** Accessing a wider customer base when disposing of redundant assets.

**Smart governance:** Increased transparency, monitoring and control of procurement process.

### **1.3.5 Audit Objectives**

The IT Audit of e-Procurement platform had the following objectives:

- To review whether core objectives of the e-Procurement viz. increased transparency in the bidding process, streamlining of the process, and reduction in the cost of procurement have been achieved as envisaged;
- To analyse the data for completeness, integrity, reliability and accuracy;
- To evaluate the security controls built into the system; and
- To ascertain whether adequate backup procedures have been followed.

### **1.3.6 Audit Coverage, Scope and Methodology**

The flow of transactions during e-Procurement was analysed to identify the key stages, risks and controls. After identifying these key controls and studying the organizational structure, the operation of the system was reviewed in the offices of the CH/PS, Public Works Department (PWD), Water Resource Department (WRD) and Health Department in four<sup>4</sup> selected districts. An entry conference was held with the Secretary, Department of IT, Government of Chhattisgarh on 10 June 2010 and the exit conference was held on 15 September 2010.

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<sup>4</sup> Ambikapur, Bilaspur, Durg and Raipur.

The methodology of audit involved review of documents and computer operations in the selected offices including analysis of the electronic database (containing all transaction data from inception till 31 December 2009) provided by CHiPS. The information generated from the database dumps, including exception reports prepared by Audit were compared with the manual records in the office of the Engineer-in-Chief (E-in-C), Superintending Engineer (SE) in PWD and WRD and Directorate of Health Services (DHS) and Medical Education (DME).

### **Audit Observations**

#### **1.3.7 System Requirement Specification was not available**

The e-Procurement application was to run on PPP model. The application was developed by the private partner using MS SQL Server 2005 as the database software and APS, COM in VB and VC++ as the front end development tool. The System Requirement Specification (SRS) document, a key document for understanding and reviewing the application by auditors was not available with CHiPS. On the auditor's request, a copy of the database backup containing data upto 31 December 2009 was made available, but the SRS was not provided. The CHiPS stated that no SRS was to be done by the application service provider. In the absence of SRS, Audit could not ascertain the availability of all tables, their location and utility in the application for which they were provided.

The Government stated in the exit conference that the SRS was not a part of deliverable. In case of any exit by the ASP, the issues should be addressed by the executing agency CHiPS as per agreement.

#### **1.3.8 Implementation of Pilot phase and Roll-out phase**

The implementation of e-Procurement was to be done in two phase viz. pilot and roll-out. The pilot phase was to last for six-months, during which time the ASP was to deploy all the required modules on a test basis in four<sup>5</sup> departments and the offices identified by the State Government. The performance of the ASP was to be evaluated at the end of the pilot phase. Based on successful result of evaluation, the ASP was to roll-out the system across all the departments in the State. The roll-out phase as forecasted by the State Government was to last for five years in addition to six months allocated for the pilot phase.

During scrutiny of the record, it was noticed that even after completion of three years of launch of the project, no evaluation of the performance of the project was undertaken and the go-live date for extending the system to other departments was not formally decided by the State Government.

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<sup>5</sup> Chhattisgarh State Industrial Development Corporation, Public Health and Family Welfare Department, Public Works Department and Water Resource Department.

The Government while agreeing with the audit observations in the exit conference stated that since the project was running smoothly, they did not make any difference between pilot phase and roll-out phase and they extended the implementation of the project to other departments.

### **1.3.9 Testing, Acceptance & Certification was not completed**

As per the RFP, Project Director (CEO CHiPS) e-Procurement, would undertake an exercise of testing, acceptance and certification of e-procurement system through a third party, as soon as the ASP declares the e-Procurement system to be ready for the go-live. ASP would coordinate with e-Procurement, Project Director and the nominated agency for security audit.

During scrutiny of record it was found that the security audit of e-Procurement system was awarded to M/s Standard Testing and Quality Certification (STQC), Kolkata in July 2009 at a total cost of ₹ 34 lakh. Though the firm started the security audit but the same was not completed till the date of review. However, five<sup>6</sup> more departments were included in the e-Procurement project even before the completion of testing, acceptance and certification.

The Government intimated during the exit conference that the application had already been certified by STQC and many of the State and GOI departments are using it. The department however, stated that Software-Retesting through STQC is under process.

### **1.3.10 Segregation of duties were not made by the department**

The State Government had given duties and financial power to the officers working in a department. As per system design and work-flow each and every officials had different access level. User-id and DSC had been provided to the officials for different access level.

The e-Tendering module envisaged four distinct roles i.e. uploading of tender, release of tender, closing of bid and opening of bids. In addition, in each department, an additional role of key manager was defined.

During audit, it was observed that the duties and powers had not been performed by the officials as per the system design and in most of the cases, the work was handled by one or two individuals performing the different roles using different User IDs. Further, it was noticed that in SE, PWD Ambikapur, Bilaspur and in DHS and DME, Raipur, the project was operated by the contractual staff exposing a sensitive system to high risk and lack of accountability.

The Government accepted the audit observation and stated in the exit conference that the training is being provided to departmental officials.

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<sup>6</sup> Animal Husbandry & Dairy Department, Panchayat & Rural Development Department, Panchayat and Social Welfare Department, Public Health Engineering Department, and Urban Administration & Development Department

### **1.3.11 e-Procurement modules were not fully operational**

The project was launched in August 2007 with the aim of implementing a comprehensive and end-to-end e-Procurement solution across all the Government departments/agencies/boards in a phased manner. It was observed that even in the four departments selected for the pilot phase of implementation, all the modules were not put to use by the department. Consequently, the envisaged functionality of monitoring works under execution and evaluating contractor performance were not achieved. As on the date of review as against eight modules being available and planned for only two modules of the e-Procurement application was in use, viz. Supplier Registration and e-Tendering.

The Project Coordination Committee in their first meeting (February 2007) decided to implement all the modules between April 2007 to August 2007. Subsequently the date was revised and as per the revised time schedule all these modules were to be implemented between May 2007 and August 2007. In the seventh meeting of the Committee (August 2009), CEO CHiPS informed that all the modules were developed and adopted by the user departments. As against this, only two modules were being implemented and used by nine departments till the date of review. It was evident that due to lack of coordination between CHiPS and user departments, implementation of all modules as envisaged in the system could not be implemented.

On being pointed out in audit, user departments stated that the basic infrastructure/facilities like Computer, internet connection, Data Entry Operator and trained staff were not available at the offices where the modules were to be implemented. However, reasons for non-implementation of other modules were not intimated to audit.

Thus, due to non-implementation of all modules, the objective of improving transactional effectiveness, eliminating or automating non-value adding steps within the procurement to enable efficient and effective processes could not be achieved.

The Government while agreeing with audit observations in the exit conference stated that although all modules have not been implemented but all important and high impact modules have been implemented. Due to non availability of payment gateway last two areas of the application, contract management and payment to contractors comprising six modules could not be implemented. However, the same are now being implemented and also informed that ASP has already started customizations of the remaining modules and retraining of officials on these new modules.

### **1.3.12 Department's Payment Gateway was not operational**

The e-Payments functionality facilitates online transfer of funds, both inflows and outflows, happening during the course of public procurement activity. The online transfer could be done in multiple ways such as through Credit Cards, Purchasing Cards and Internet Banking applications. In the public

procurement context, implementation of e-Payments functionality was required for facilitating payment of transaction and related charges at the time of submission of bid, online transfer of EMD and making payments to suppliers/contractors for purchase of goods and completion of works. It was the responsibility of the ASP to integrate the e-Procurement system with the payment gateway specified by the Government, while complying with and implementing accounting, audit and security procedures as prescribed by the Government of Chhattisgarh. Further, as per Government Financial Rules, the receipts and dues of the Government are to be correctly and promptly assessed, collected and duly credited to the Consolidated Fund.

During scrutiny of records it was noticed that the transaction fees and other charges for e-Procurement project were received through payment gateway of ASP on their bank account. The collected amount was later transferred by ASP to CHiPS through demand draft and the transaction charges were paid to ASP against the submission of invoice. As per the records provided, it was found that an amount of ₹ 1.69 crore was collected up to 31 December 2009 through payment gateway of ASP and out of these an amount of ₹ 1.36 crore (up to March 2010) was transferred to CHiPS. The details of amount collected by ASP, transfer of receipts to CHiPS, submission of invoice and Payment to ASP is tabulated below:

Particulars	Year			Total (Amount in ₹)
	2007-08	2008-09	2009-10	
<b>Amount collected through Payment gateway</b>	2,48,556.00	77,25,380.00	89,59,557.00 (upto Dec.09)	<b>1,69,33,493</b>
<b>Amount Transferred to CHiPS by ASP</b>	Nil	23,61,402.04	1,12,56,608.35	<b>1,36,18,010.39</b>
<b>Invoice submitted by ASP</b>	Nil	18,77,240.00	43,76,840.03	<b>62,54,080.03</b>
<b>Payment made to ASP</b>	Nil	Nil	12,77,960.00	<b>12,77,960.00</b>

*(Source: Database and payment records of CHiPS)*

It was clear from the above table that the ASP had kept the Government money for a period of one year without remitting it to CHiPS and an amount of ₹ 33 lakh was still not transferred. The CHiPS had also not transferred the due amount to concerned department.

Thus the Government revenue was collected but not duly credited to the Consolidated Fund and the system had no provision for automatic reconciliation of unsuccessful or double payment made by system during receiving of payment through payment gateway and monthly transaction charges due to ASP.

The Government stated in the exit conference that the payment gateway has since been made operational and all required modification would be carried out.

### **1.3.13 MIS Report were not provided to department /stakeholder**

As per the RFP, online MIS reporting system should be an integrated system which should provide web-based reporting for points of access like e-Procurement organization, data center and departments. Following MIS reports were to be available on the system:

- Contractor-wise reports on bids participated, won, lost, etc.
- Monthly transaction charges
- Projects on track, delayed, completed, abandoned
- Contractor performance by class of registration, contract value, type of contract/project
- Trend analysis reports detailing the user behaviour patterns providing forward-looking predictions of user interests in e-Procurement portal
- Item wise, work wise, department wise vendor participation and location wise vendor participation

During audit it was noticed that none of the above listed reports were available in the MIS module. Further, the user departments were unable to generate the MIS report that had been provided in the system as on date, viz. Tender Information Report.

Thus, the objective of better monitoring in public procurement could not be achieved due to non-availability of MIS reports.

The Government accepted the audit observation and stated in the exit conference that MIS is provided by the system. However, more reports would be customised and made available in MIS module for effective use of the system.

### **1.3.14 Incomplete information about tender activity**

#### ***1.3.14.1 Award of tender was not recorded in system***

The e-Procurement project includes eight modules. Of these modules, only two modules, Supplier management and e-Tendering have been implemented. Under the e-Tendering module online invitation of NIT, bid submission, opening of tender and comparative statement were required to be generated through system and the award of tender should be posted in the system.

During analysis of the system, it was found that the final award of work was not posted online. Total 4,657 tenders (as on 22 June 2010) were invited from the system from nine different departments but the system could not generate any reports as to whom the work was awarded due to non-posting of complete information on the system. This seriously affected the transparency objective of the e-Procurement as information regarding award of contract and the relative evaluation of bids were not available for view either by the participating bidders or by general public.

**1.3.14.2 Cancellation of tender was not marked in the system**

The system has provision to mark cancellation of tenders at different stage of tender processing.

During analysis of system it was noticed that though the field was provided for cancellation of the tender in the system but user departments were not recording the same. The system had also not properly provided or customized to capture valid reason for cancellation of tender with authority name and date of cancel order.

**1.3.14.3 Linking of re-invitation of tender not available in application**

The tendering process called for bids online on the tenders floated. Some tenders were cancelled by the department due to higher rate, single bid received, on technical ground and other reasons. In such cases, the department cancelled the tender and re-invited bids against a fresh tender notice. It is also mentioned in RFP that if re-tendering is done, the ASP will not re-charge the bidders who responded to the earlier tendering activity. Only new bidders participating in the tender would be charged.

During scrutiny of tender register maintained manually it was noticed that many tenders were re-invited for second call after first call. Further it was observed that the first call of such tenders had not been marked cancelled in the system. The linking of re-invited tender was not available in the application. Therefore the transaction charges collected accordingly which was against the provision of RFP.

The Government agreed with the audit observation and stated in the exit conference that the training has been provided to users of the application and instructions have also been issued to all the departments to ensure the same.

**1.3.15 Mid-term review of the project was not conducted**

The project was to be rolled out across all the Government departments/agencies/boards within five years. During audit it was observed that even after lapse of three years the project was implemented in nine departments and two out of eight modules could only be implemented.

So far no mid-term review of the project was undertaken to analyse the reasons for non-implementation of modules and decide upon the feasibility of implementing all the modules.

The Government agreed to the audit observation in the exit conference that no formal mid-term review of the project conducted. However, the performance of the project was monitored by the empowered committee and Task Force Committee under the Chairmanship of Principal Secretary from time to time.



**1.3.16 Non-supply of 200 Desktops by ASP**

As per the RFP and the terms of payment, the ASP would provide 200 Desktops (PC) for implementation of the e-Procurement system. The computers were to be maintained by the partner for the full contract period (pilot and roll-out phase). Of the 200 computers, the first 100 PCs were to be deployed during the first year of implementation (August 2007) and the remaining in the second year.

During scrutiny of record (May 2010), it was found that the 200 PCs were not provided by the ASP till date. In reply CHiPS stated (June 2010) that the issue had been taken up with the ASP and the firm has assured to supply and install the same soon.

The Government stated in exit conference that 20 Desktop has since been provided by the ASP and intimated that the ASP has assured to supply the remaining Desktops in a phased manner.

**1.3.17 Incomplete Master Data*****1.3.17.1 Schedule of Rates (SOR) master was not completed***

The application had a provision of SOR master data entry for making of indent and floating of tender. For inviting tender the information regarding item-id, item description, quantity executed, rate, total amount etc. were required to be entered directly in the system.

During the system review, it was noticed that during up-loading of NIT, the SOR master was not used and the individual items were entered manually. This not only led to delay in uploading of tender but also increased the possibility of making mistakes in direct data entry on these fields.

***1.3.17.2 Item code was not systematically entered***

For creating indent for particular item, the item needs to be present in the item master. The Items are to be recorded in the Item master with unique item codes.

The analysis of database in audit revealed that for same item more than one code was allotted in the system. Further, there was neither any hierarchy nor classification for items. The system did not provide for a common item master across the departments and each department was maintaining its own item master. Due to multiple codifications it was difficult to generate meaningful MIS relating to item level procurement thereby defeating one of the project objectives.

The Government stated in the exit conference that training is being provided for feeding SOR and item code.

### **1.3.18 Inadequate training to the departmental officials**

As per the RFP, the private partner was to train Governmental end users on the e-Procurement system. The training should be provided in classroom context with hands-on experience and as downloadable e-learning lessons. The duration of training for department users and contractors was for a period of two weeks prior to go-live.

During audit it was observed that training was provided to 628<sup>7</sup> departmental officials and 114 contractors for e-Tendering and supplier registration module. Further no training was provided to departmental officials on uses of other modules viz. indent management, contract management and catalogue management modules etc.

The Government stated in the exit conference that the re-training is being provided to the user departments on the application.

### **1.3.19 Non-deployment of staff for e-Procurement cell**

The State Government had sanctioned six posts (two for manager (accounts) and one for senior project manager, manager (technology), manager (coordinator), office assistant) for constitution and implementation of the e-Procurement project.

It was observed during audit that even after expiry of the sanctioned period of three years, none of the above post were filled up, which adversely affected regular monitoring and evaluation of the project.

In reply CHiPS stated that no applicant was found eligible in spite of the posts being advertised for three times. It was further mentioned that the extension for the sanctioned posts was pending with finance department.

The Government stated in the exit conference that the recruitment process is in progress.

### **1.3.20 Security Management**

One of the key requirements from the e-Procurement system was bidder authentication and data security, whereby the bidders are able to electronically submit their bids, while maintaining confidentiality and ensuring integrity of data till the opening of bids. This was proposed to be done using the “Secure Bid” system of the vendor which relied on use of Public Key Infrastructure (PKI).

**Use of Public Key Infrastructure (PKI): DSC is used for** enabling secured and reliable communication, user identification, authorization and encryption

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<sup>7</sup> WRD-143, Health-66, PHED-133, PWD-75, CSIDC- 42, DAHD-4, DSW- 2, PARD-20 and UADD-143.

functionality. The PKI using DSC establishes a reliable and secured e-transaction platform between buyers and suppliers.

The firm has to authorise a specific individual via an authorisation certificate signed by all partners to use the DSC issued by certificate authority (CA). As per Indian IT Act 2000, it is equivalent to a non-objection certificate/power of attorney. The firm intimated to the department whenever the authorized user has been changed fresh 'authorization certificate' for the new user has to be submitted. The DSC is used within the application for ensuring confidentiality and integrity of data. After the bidder has recorded relevant bid details online, the same is saved in the system in encrypted form using the bidders Public Key, ensuring that only he is able to view and edit the data.

Hence the key control for using PKI must be that the application should identify only the authorized person participating in the bidding process by using own DSC.

***1.3.20.1 Application does not validate that only authorized DSC is used by vendor***

In the Supplier registration module of the application, the system had provision for enrolling companies/vendors and assigning them valid username/password for logging on to the application. However the authorised signatories for the companies, along with their valid DSC were not being enrolled in the application. For this reason, the application is unable to validate the DSC against the vendor login which has used the DSC.

The bidders have not submitted any document to authorize the person or persons authorised by them for using DSC. Thus for the verification for DSC used by the bidder at the time of online bid submission, neither the department nor e-Procurement system/application is in a position to verify that only the authorised person has digitally signed the bid document.

Data analysis revealed that out of total 3,776 tenders processed, more than one bid was submitted in 301 tenders using the same DSC. Further it was revealed that there were 74 Public Keys that had been used by three or more different bidder companies, and 73 DSC that had been two different bidder companies. It was also noticed that of the 1,798 distinct bidders, 977 users had DSC enrolled in the system that had already expired (as on 31 December 2009).

During review and analysis of database it was noticed that, there was no mechanism available for linking the DSC to particular bidder and to validate the signature against the DSCs authorised for use by a given bidder. The application simply uses the Public key provided by the bidder for encrypting his bid and records the public Key used along with the bid. Hence the bidder is free to use different DSC for different bids.

It was clear from the above observation that the use of DSC in application has not served the purpose of secured online bidding. Further, it raises question on the validity of the bids submitted by the bidders, as the digital signature of bids are not being checked.

The Government accepted the audit observation and stated in the exit conference that the matter has been taken up with ASP.

**Bid seal process (Hash):** The actual online submission of bids is preceded by submission of the digitally signed bid seal (Hash). The bidder cannot change any bid data after the generation of bid seal. After submission of bid seal (Hash) by the contractors, the bid round will be closed and a digitally signed tender Super-Hash prepared by department marks the bid as closed, which is equivalent to sealing the tender box. The super-Hash so generated is displayed in each contractor's login page. The next stage is for the contractors to submit their encrypted bids online after the generation of super-Hash within the date and time as stated in the tender schedule. A contractor who does not submit his bid seal (Hash) within the stipulated time will not be allowed to submit his bid. The department receiving the bids online shall first open the envelope containing 'EMD' and other related documents. In case the requirements are not complete, the commercial and other envelopes will not be opened. The department will match the hash of each envelope for tender with the hash submitted by the contractors prior to bid submission. In the event of mismatch, the tender in question may be rejected after a due process of verification by the department.

#### ***1.3.20.2 Tender was processed even after mismatching of Hash value***

During analysis of database and scrutiny of records, it was noticed that in many cases the Hashes were not matched. The application displayed the alert message at the time of opening of bid whenever the Hash of the bid generated is not matched with the Hash generated at the time of bid submitted by the bidder. However, price bid envelopes of 603 tenders (WRD-437, PWD- 153 and PHED-13) out of a total of 2,578<sup>8</sup> tenders which had mismatched hashes were processed further by the department without any enquiry about non-matching of hash. Application did not have any logs to identify the particular cases where Hash was not matched. The records of the Hashes were maintained in the database. Hence, though the system provided for checking of tampering of data (which can lead to change in Hash value), it failed to prevent the user departments from proceeding further with bid evaluation, thereby reducing the level of assurance provided by the process. Further even though these bids were required to be analysed, the same were not carried out while processing these tenders

In reply, the user departments stated that they were not aware of the importance of Hash and also stated that they have not been issued any instruction or order from CHiPS about matching of Hash, and the action to be taken in case of hash mismatch.

The Government accepted the audit observation and stated in the exit conference that instruction has since been issued to ASP to make necessary changes in the Software so that no tender will be opened if Hash is not matched.

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<sup>8</sup> WRD-1065, PWD-1277 and PHED-236.

### ***1.3.20.3 Reliance on ASP provided encryption software as against open standards software for data encryption***

The e-Procurement application uses PKI for providing data security. The manner of implementation includes encrypting of the bids by the bidder using his (Bidder's) public key, such that only he is able to view and edit the data using his Private key. The RFP had also stated (Clause 11.2.1 e-Procurement Portal Solution Requirements, Item-10) that "The system must not require the installation of Software on User's personal computers other than software normally associated with web browser operation".

During review it was noticed that the encryption and decryption itself were done using a utility provided by the ASP, which has to be separately downloaded and installed on the user's computer. Since this utility was not open standard/open source software and no assurance can be provided that the encryption does not leave a backdoor which can be exploited by a secret key known only to the ASP.

Thus, the encryption utility developed by the ASP, besides being an unknown security risk is also in violation of the terms of RFP. The Risk is perceived as real, as the vendor has already provided for a key manager facility, wherein bids encrypted for viewing by the authorised departmental user, can also be viewed with the help of an alternate key available with the Key Manager.

The Government stated in the exit conference that the encryption utility has been created to enable the use of encryption and hashing algorithms. The algorithms used for encryption is '**Advanced Encryption Standard**' (AES) and the algorithm used for Hashing is '**SHA1**', both of which are in the public domain and are not proprietary. STQC testing is in progress to check these features.

The reply is not acceptable as the encryption utility should be inbuilt in the software itself developed by the ASP as per clause 11.2.1 of RFP.

### ***1.3.20.4 Information Security tools and procedure were not provided***

As per the RFP, the ASP was responsible for implementing measures to ensure the overall security of e-Procurement solution and maintain the e-Procurement data. The ASP was to monitor production systems for events or activities which might compromise (fraudulently or accidentally) the confidentiality, integrity or availability of the e-Procurement services through the security controls including real-time intrusion detection tools, Audit review tools and manual processes. ASP was to develop a detailed security policy for e-Procurement solution which would be periodically updated to keep the security recommendations current and the same would be implemented. The ASP would produce and maintain system audit logs on the system for a period agreed by the ASP and the Project Director, e-Procurement, at which point they would be archived and stored at off-site or as desired. The ASP would regularly review the audit logs for relevant security exceptions. The purpose of a log would be to record all the activities to keep audit trail and to fix responsibility in case of any unforeseen activities

in the application. As per the requirements, the application was to provide the feature of audit trail.

During review it was observed that even where the data was critical and sensitive the audit log were not available with the department. The ASP did not furnish reports on use of real-time intrusion detection tools, audit review tools, manual processes, security policy for e-Procurement solution and system audit log.

Therefore, the security of the application against the threats could not be assessed by the department due to non- availability of such tools and logs.

The Government stated in the exit conference that the security features incorporated in the application ensures that all activities are logged, no unauthorised person has access to data, all sensitive data is encrypted and that the system can be restored in the minimal, possible time in case of a disaster or system crash. However, Government also stated that help of STQC would be taken to get the system tested for security penetration vulnerability.

### **1.3.21 Backup and Business Continuity Plan**

During review it was noticed that the daily backup of data was taken on hard disks (RAID Box) in the same server. The backup was neither taken in another media nor kept at remote locality to avoid unforeseen data loss.

It is recommended that the backup procedures should be reviewed considering storage of the first copy of the backup cartridges in strong room/steel cupboards and storage of second copy and original system software Compact Disks (CD) in another location.

The Government accepted the audit observation and stated in the exit conference that the Data Centre of Chhattisgarh Government is being constructed and all backup plan would be implemented.

### **1.3.22 Conclusion**

The pioneering initiative of implementation of the State-wide e-Procurement platform did not yield the desired results as out of eight modules incorporated in the application, six were not put to use. Even after lapse of three years two modules were implemented in nine departments. Steps for optimum utilization of all modules available in the application were not ensured. The data available in the system was incomplete; details of tenders awarded, rejected or cancelled were not captured due to which the actual status of a particular tender could not be ascertained. The MIS reports prescribed in the RFP were not available through the system, to ensure transparency. There were inadequate security management due to weak or poor logical controls in the system. The system was not validating the bids received from authorized representatives of the vendor to ensure legal validity of the bids. The history of log files were not maintained as prescribed in the RFP. Though the data backup was being taken at regular intervals but simultaneous backup at remote location were not kept. Thus, despite of having significant features in the

application system, the Government could not implement the application in to due to non-deployment of adequate trained staff and non-availability of basic infrastructure

### **1.3.23 Recommendations**

CHiPS immediately needs to undertake a mid-term review of the project to analyse the reasons for non-implementation of modules even after a lapse of three years, to decide upon the feasibility of implementing all the modules, and set target dates for implementation covering other departments. Complete information regarding tender activity viz. award of work, cancellation, rejection and re-invitation of tenders with appropriate reason should be captured in the application. Such information should be available on the e-procurement website of the Government for public access and also for transparency. Payment gateway of the Government should be operationalised and all feature required in application for reconciliation should be incorporated.

- The central supplier registration module should be revamped to ensure direct linkage between the Supplier/Companies and its authorised signatories/users.
- CHiPS should take immediate steps for review of DSC to avoid use of expired DSC and use of single DSC by multiple users.
- The secure bid process should be reviewed, and the data security mechanism should be certified by an independent agency.
- Clear instructions need to be issued to the various user departments of e-Procurement about the action to be taken in all such cases on Hash mismatch at bid level.
- MIS module should be strengthened and more reports provided for users at all levels.
- Audit log should be reviewed periodically by a responsible official other than the service provider so as to initiate action to improve or to plug the irregularities noticed in the system.
- A backup and recovery policy needs to be framed and suitably implemented to ensure security and availability of data.