

OVERVIEW

This Report comprises four Chapters which include four performance audits, an integrated audit of the Commerce and Industries Department and 19 paragraphs on audit of financial transactions of various Government departments, Government Companies and Statutory Corporations.

The audit has been conducted in accordance with the Auditing Standards prescribed for the Indian Audit and Accounts Department. Audit samples have been drawn based on statistical sampling as well as risk-based judgmental sampling. The audit conclusions have been drawn and recommendations have been made, taking into consideration the views of the Government. A summary of the key audit findings are presented in this overview.

1. Integrated Child Development Services

Integrated Child Development Services (ICDS), 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. A review of the implementation of the ICDS scheme in the State revealed several deficiencies such as short coverage of all eligible beneficiaries under the scheme due to inadequate survey and lack of monitoring; interruption in distribution of supplementary nutrition; supply of supplementary nutrition containing less calories and protein to the beneficiaries; expenditure on ineligible beneficiaries and accumulation of rice with the agencies due to issue of rice without verification of available stock. Serious deficiencies were also noticed in implementation of other components of the scheme i.e non-procurement of medicine kits and pre-school kits. The percentage of malnourished children and the infant mortality rate in the State remained higher than the national levels. Poor infrastructural facilities such as non-availability of buildings, drinking water and toilets were also some of the failures which affected the successful implementation of the scheme.

(Paragraph 1.1)

2. Promotion of Education for Scheduled Caste and Scheduled Tribe Children

The State Government implemented various Central as well as State schemes for promoting the educational interests of children belonging to Scheduled Castes (SC) and Scheduled Tribes (ST) through the Tribal Development Department. It was observed that the department had not prepared any Perspective or Annual Plan for implementation of these schemes and also for identifying eligible SC and ST children. A review of the implementation of some of these schemes, revealed several deficiencies like delayed release of funds for payment of scholarships, non-reconciliation of scholarship amounts, non-establishment of book banks, short distribution of cycles to SC and ST girl

students, purchase and distribution of text books in excess of requirements, non-completion of residential and non-residential buildings and acute shortage of teaching staff.

(Paragraph 1.2)

3. IT Audit on 'e-procurement project'

The Government introduced an 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). A review of the project revealed that though the State Government made significant achievements in addressing some of the problems 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 was conducted by the department to assess the efficacy of the system and also to identify the bottlenecks.

(Paragraph 1.3)

4. Integrated Audit of Commerce and Industries Department

Integrated audit of the Department of Commerce and Industries revealed absence of adequate planning, poor programme management and lack of internal control. The quality of budgetary and financial management was deficient as there were persistent savings each year. There was no institutional mechanism for assessing the effectiveness of various subsidy/exemption schemes implemented by the department. Deficiencies were noticed in the implementation of various Central and State Government schemes as benefits were extended even to ineligible industries/projects. Funds earmarked for various infrastructural development works remained blocked with different agencies. There was shortage of staff and the internal control wing was non-functional.

(Paragraph 3)

5. Audit of Transactions

Audit of financial transactions in various departments of the Government revealed instances of embezzlement, avoidable expenditure, excess payment, unauthorized expenditure, idle expenditure and irregular expenditure amounting to ₹ 37.18 crore in the Agriculture Department (₹ 2.52 crore), the

Panchayat and Rural Development Department (₹ 35.62 lakh), the Public Health and Family Welfare Department (₹ 33.42 crore), and the Public Works Department (₹ 88.19 lakh).

(Paragraphs 2.1 to 2.5)

6. Government Commercial and Trading Activities

There were 15 Government Companies and two Statutory Corporations under the control of the State Government, as on 31 March 2010. The total investment in these PSUs was ₹ 4,329.85 crore. As per their latest finalised accounts as on 30 September 2010, eight PSUs had shown profit of ₹ 480.01 crore and four PSUs incurred loss of ₹ 4.44 crore. Fifteen PSUs had not finalised their 37 accounts as on 30 September 2010.

(Paragraphs 4.1.2, 4.1.7, 4.1.16 and 4.1.22)

7. Power Generation Activities of Chhattisgarh State Power Generation Company Limited

In Chhattisgarh, the generation of power upto 31 December 2008 was carried out by the erstwhile Chhattisgarh State Electricity Board. Consequent to unbundling of the Board, from 1 January 2009, the generation of power is carried out by the Chhattisgarh State Power Generation Company Limited. The performance audit was conducted to assess economy, efficiency and effectiveness of activities relating to planning, project management, financial management, operational performance, environment issues and monitoring by the top Management. There were deficiencies in project planning and formulation. The Board had taken up the Bhaiyathan Thermal Power Project without obtaining forest clearance from MoEF due to which the implementation of the project became uncertain resulting in blocking up of ₹ 66.50 crore. Further, the Board established a cogeneration plant at Kawardha without assessing the availability of requisite fuel. This resulted in operational loss of ₹ 12.61 crore. One hydro-electric and one thermal power project planned by the Company could not be commenced due to non-fulfillment of stipulated conditions of initial clearances, lack of vigorous persuasion and selection of disputed land for the project. None of the four power projects implemented was completed in time and there were delays ranging from eight to 36 months. This resulted in cost overrun of ₹ 187.72 crore besides generation loss of 4239.14 Million Units (MU) valued at ₹ 1245.19 crore. The Company extended undue financial benefits to various contractors by allowing interest free mobilisation advances amounting to ₹ 188.87 crore. Consumption of coal and fuel oil in excess of the prescribed norms resulted in avoidable expenditure of ₹ 361.03 crore. Further, due to deployment of excess manpower as compared to the CEA norms, the Company had to bear extra expenditure of ₹ 267.47 crore. The Company failed to avail of interest subsidy of ₹ 243.60 crore under the Accelerated Generation and Supply Programme due to delay in commissioning of the Dr. Shyama Prasad Mukherjee Thermal Power Station. Delayed submission of tariff petitions resulted in depriving the consumers of the benefit of lower tariff during 2006-08 amounting to ₹ 248.15 crore.

Further, the Chhattisgarh State Electricity Regulatory Commission disallowed expenditure of ₹ 101.43 crore in 2009-10 on account of underperformance by the Company for reasons deemed to be controllable. The Company did not adhere to the provisions of various environmental Acts, Regulations and norms which may adversely impact the environment.

(Paragraph 4.2)

8. Audit of Transactions in Government Companies and Statutory Corporations

Chhattisgarh State Civil Supplies Corporation Limited incurred avoidable expenditure of ₹ 12.11 crore due to non-payment of Advance Income Tax and non-submission of IT Return in time.

(Paragraph 4.3.1)

Fixation of selling price of soyabean oil by Chhattisgarh State Civil Supplies Corporation Limited without reckoning the element of Central Sales Tax led to loss of ₹ 80.98 lakh.

(Paragraph 4.3.2)

Chhattisgarh State Civil Supplies Corporation Limited failed to include all incidental costs in fixation of selling price, resulting in loss of ₹ 62.33 lakh.

(Paragraph 4.3.3)

Chhattisgarh State Beverages Corporation Limited incurred extra expenditure of ₹ 27.89 lakh due to delay in payment of cost of land.

(Paragraph 4.3.6)

Inadequate efforts of Chhattisgarh *Rajya Beej Evam Krishi Vikas* Nigam Limited in clearance of accounts arrears resulted in shortfall in remittance of advance tax and consequent payment of interest of ₹ 52.68 lakh on income tax.

(Paragraph 4.3.8)