

OVERVIEW

This Report comprises three Chapters. Chapter I includes three performance audit reviews and two information system reviews; Chapter II includes 18 paragraphs on audit of financial transactions of various Government departments and Chapter III includes a report on an integrated audit of a Government department.

The audit has been conducted in accordance with the Auditing Standards prescribed for the Indian Audit and Accounts Department. Audit samples have been drawn based on statistical sampling methods as well as on judgemental basis. The specific audit methodology adopted for programmes and schemes has been mentioned in the reviews. The audit conclusions have been drawn and the recommendations made, taking into consideration the views of the Government, wherever received. The audit findings are given below:

1. Mental Health Care Facilities in Kerala

A review of mental health care facilities in the State revealed that the State Government had not formulated a mental health plan to implement the objectives envisaged in the Mental Health Policy, 2000. Out of ` 9.98 crore received during 2005-06 to 2008-09 from Government of India for implementation of schemes under the National Mental Health Programme, ` 4.07 crore remained unspent as of March 2010 in treasury savings bank accounts and with the Nirmithi Kendra/Public Works Department. The State Government did not conduct any epidemiological survey to identify mentally ill persons in the State as recommended by the National Human Rights Commission. The psychiatric institutions/nursing homes were functioning without the minimum facilities required under the Act. Shortage of manpower such as psychiatrists, clinical psychologists and paramedical staff in three mental health centres ranged between 64 and 94 *per cent*. No inspection of the psychiatric hospitals/nursing homes was carried out by the inspectors appointed by the Government, to discharge the functions and duties contemplated under the Act. No Boards of Visitors were appointed for private psychiatric hospitals/nursing homes.

(Paragraph 1.1)

2. Functioning of the University of Kerala

The University had no comprehensive Annual Action Plans or any plan for a definite period to implement its various programmes except in the case of conduct of examinations. No pension fund was constituted by the University to meet its increasing pensionary liabilities. Deductions made towards provident fund from the salaries of the employees during 1990-95 were not remitted into the separate account maintained for the purpose but were used for meeting establishment expenditure, which resulted in a deficit of ` 30.03 crore in the provident fund accumulations of employees as at the end of 2007-08. Out of ` 15.95 crore allocated by the University Grants Commission towards the General Development Grant for the Eleventh Plan Period (2007-12), the University could utilise only ` 3.40 crore (22 *per cent*) up to August

2010. Three courses introduced during 2001-03 by the Institute of Distance Education and two innovative courses introduced by the departments/centres of the University had to be discontinued due to poor response from candidates. The Department of Aquatic Biology and Fisheries did not have an aquarium attached to it for conducting practical studies. Palm leaf manuscripts were not preserved as per the guidelines of the Indian National Trust for Art and Cultural Heritage. Students who had not qualified in the entrance examinations were admitted in six affiliated engineering colleges during 2008 and 2009. Scrutiny Boards constituted for checking question papers were not functioning effectively. Changes in final marks on revaluation ranged between 56 and 59 *per cent* in test-checked cases. The delays in completion of revaluation of answer scripts ranged between 95 and 328 days against the stipulated period of 45 days. The shortage of regular teaching staff in six departments ranged between 50 and 80 *per cent*. The shortage of personnel in the posts of Assistants was 48 *per cent* as of March 2010. Internal audit of 27 out of 40 academic departments had not been conducted after the year 2005-06.

(Paragraph 1.2)

3. Kerala Water Supply Project

The Kerala Water Supply Project assisted by the Japan International Cooperation Agency is aimed at augmenting and rehabilitating the existing water supply systems in two urban regions and providing comprehensive water supply to three rural regions of the State. The project, proposed to be started in 1997, could be started only in 2003 due to delays in appointment of consultants.

A performance audit of the project revealed that the topographical and geo-technical surveys conducted were defective and led to preparation of unrealistic estimates. Annual expenditure was less than the budget estimates of the Kerala Water Authority due to gaps between forecast and performance. Delays in execution of the project resulted in revision of the scope of the project, leading to a cost over-run of ` 1199.95 crore. The storage capacity of the source of the Thiruvananthapuram scheme could not be increased due to the non-receipt of clearance from the Ministry of Environment and Forests. Rehabilitation work of the Thiruvananthapuram water supply scheme established in 1933 had not been commenced so far because of delays in completion of the augmentation work of the above scheme. Central excise duty exemption of ` 6.32 crore was not recovered from contractors by the Kerala Water Authority. Liquidated damages for delays in completion of scheme packages, amounting to ` 22.58 crore, had not been levied and recovered in the Thiruvananthapuram, Cherthala and Pattuvam schemes.

(Paragraph 1.3)

4. Computerisation in Civil Supplies Department

The computerisation process started in the Kerala State Civil Supplies Department in 1995-96 has succeeded in issuing of computerised ration cards to nearly 69 lakh households in the State. Lack of proper IT planning and absence of IT Steering Committee led to casual and delayed implementation

of the IT system in the organisation. In the absence of User Requirement Specifications (URS), the extent to which the intended benefits of the computerisation were achieved, could not be assessed. Improper designing of database led to development of a system which was deficient for online processing and real-time generation of reports. The system was devoid of proper login information and vulnerable to miscreant user activities. Imperfect planning at design stage led to sparse user response, causing waste of resources and annual financial loss of ` 17.2 lakh.

(Paragraph 1.4)

5. Computerisation in Regional Cancer Centre

The computerisation of the vital activities of the Regional Cancer Centre, Thiruvananthapuram, which began in a small way in 1991, has evolved to a Hospital Information System with the capability of providing telemedicine services. Lack of proper IT Planning and absence of IT Steering Committees led to isolated system development, lacking focus in achieving optimum results and under-utilisation of software modules. In the absence of User Requirement Specifications (URS), the extent to which the intended benefits of the computerisation were achieved could not be assessed. The integrity of the system was at stake on account of data loss caused by deficiencies in system design. Accounts of the institution over the years were not drawn up properly on account of system design deficiency. Lack of controls resulted in incorrect data capture, ineligible credit and availing of leave, etc. The institution, having annual cash transactions of above ` 40 crore, was vulnerable to fraud on account of non-tallying of daily collection reports. Improper implementation of computerisation in the nursing department resulted in ineligible payment of salary of ` 34.59 lakh. Costs of avoidable manpower were ` 16.78 lakh in medical records and ` 9.58 lakh in stores departments.

(Paragraph 1.5)

6. Integrated Audit on Medical Education Department

The Department of Medical Education has a pivotal role in providing medical and paramedical personnel under the allopathic system to cater to the health care needs of the State. An integrated audit of the department showed that it did not have a Strategic Plan keeping in view of the long term needs of the State. Inaccurate preparation of budget proposals resulted in persistent savings in excess of 50 *per cent* of the budget provisions in 15 sub-heads. Deficient expenditure control resulted in persistent excesses and belated surrender of funds under certain sub-heads. Facilities as per norms of the Regulatory Councils were not available in the test-checked institutions, thus affecting the standards of medical education. Deficiency of 21 *per cent* in academic posts and 18 *per cent* in non-academic posts was noticed in the test-checked institutions. Inadequate storage space resulted in exposure of medicines to daylight and atmospheric heat in Medical College Chest Hospital, Thrissur, which would affect the potency of the medicines. The guidelines of the Atomic Energy Regulatory Board, regarding radiation safety measures were not followed by the department in the medical colleges and

Hospitals test-checked. Regular internal audit was not conducted in the department due to lack of adequate staff.

(Paragraph 3.1)

7. Audit of Transactions

Audit of financial transactions in various departments of the Government and their field functionaries subjected to test check revealed instances of misappropriations, fraudulent drawal, avoidable/extra/unfruitful expenditure, idle establishment, blockage of funds and other irregularities involving ` 43.37 crore as mentioned below:

In the Health and Family Welfare Department, ` 1.80 lakh was misappropriated by fraudulent drawal of money by presenting bogus bills in the names of employees of the Medical College Chest Hospital, Thrissur (` 1.12 lakh) and by manipulating the accounts of Hospital Development Committee funds of the Taluk Headquarters Hospital, North Paravoor and the Primary Health Centre, Kollengode. Audit also found financial irregularities like double drawal, manipulation of bills, short accounting of receipts, etc. amounting to ` 12.86 lakh committed by the Medical Officer of the Community Health Centre, Elappully.

Avoidable/Extra expenditure totalling ` 5.80 crore was noticed in the Finance (` 1.72 crore), General Education (` 2.83 crore) and Public Works (` 1.25 crore) departments.

Idle establishment/blockage of funds amounting to ` 10.13 crore was noticed in Fisheries and Ports (` 2.53 crore), Forest and Wildlife (` 1.32 crore) and Higher Education (` 6.28 crore) departments.

Cases of unfruitful/wasteful expenditure were noticed in Transport (` 3.80 crore) and Water Resources (` 0.82 crore) departments.

Apart from these, there were other irregularities involving ` 22.67 crore in Agriculture (` 15.93 crore), Higher Education (` 3.91 crore) and Public Works (` 3.55 crore) departments.

(Paragraphs 2.1 to 2.5)