

OVERVIEW

The Report includes three chapters containing five reviews and 21 paragraphs dealing with the results of performance audit of selected programmes and schemes as well as audit of the financial transactions of the Government.

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

A summary of the important findings is given below:

1. *Madhya Pradesh Assembly Constituency Area Development Scheme*

The Madhya Pradesh Assembly Constituency Area Development Scheme was launched in July 1994 with the objective of taking up developmental works of capital nature on the recommendations of Members of the Legislative Assembly (MLAs). The performance audit of implementation of the Madhya Pradesh Assembly Constituency Area Development Scheme revealed that the planning for implementation of the scheme was not effective. Funds amounting to ₹ 151.49 crore remained unspent with the executing agencies. Unspent balances of ₹ 96.29 lakh in respect of 668 completed works could not be taken back from the executing agencies. In 11 out of 12 test-checked districts, 717 works costing ₹ 10.62 crore remained incomplete. In six out of 12 test-checked districts, 111 works could not be started due to selection of disputed sites. In seven out of 12 test-checked districts, completion certificates in respect of 2,828 works were awaited from the executing agencies. Quarterly meetings with MLAs and executing officers were not held regularly to monitor the progress of works undertaken under the scheme. Due to non-maintenance of a data base and asset registers, the public was largely unaware of the work done under the scheme in their districts.

(Paragraph 1.1)

2. *Construction of Bansagar Project Unit-II Canals*

The construction of the Bansagar Project Unit-II canals was aimed at providing irrigation in 2.49 lakh ha in the State through a 1463.70 km long canal network. The project was taken up (1979) at a cost of ₹ 10.06 crore for completion by 1987.

A performance audit of the construction of Bansagar Project-Unit II-Canals revealed improper planning, avoidable expenditure (₹ 6.67 crore), undue benefit (₹ 7.23 crore), to a cement manufacturing company, awarding of supply order (₹ 57.89 crore) without inviting open tenders and blockage of Government money (₹ 4.02 crore). Mild steel pipes were procured at higher rates, resulting in extra cost of

₹ 16.21 crore. Instead of constructing reinforced concrete cement footbridges, 1,648 mild steel footbridges were purchased at a higher rate, resulting in extra cost of ₹ 2.47 crore. Improper contract management led to excess payment of ₹ 6.11 crore to contractors. Performance security of ₹ 2.10 crore and security deposit of ₹ 1.10 crore was released to contractors before completion of works. Even after spending ₹ 960.01 crore upto March 2010, only 911.51 km (against the envisaged 1463.70 km) canal network was completed. Against the revised target of 1,23,634 ha, irrigation potential of only 81,701 ha was developed. However, the actual irrigation from 2005 to 2010 remained as low as 4.19 to 15.67 *per cent* of the target.

(Paragraph 1.2)

3. Madhya Pradesh Water Sector Restructuring Project

The Madhya Pradesh Water Sector Restructuring Project (MPWSRP) was taken up (May 2004) by the Water Resources Department (WRD), Government of Madhya Pradesh. The project aimed at modernising the existing 654 irrigation schemes in five selected river basins covering about 6.20 lakh ha spread area. WRD received a loan of ₹ 1,919 crore from the World Bank for MPWSRP.

Performance Audit of MPWSRP revealed that the progress of implementation, both physical and financial, was very slow. Out of the project cost of ₹ 1,919 crore, only ₹ 688.25 crore (38 *per cent*) was utilised in five years (2005-10), out of the project period of six years. Non-utilisation of funds led to avoidable liability of commitment charges of ₹ 8.26 crore. Out of the 654 schemes earmarked in the project, only 100 schemes were taken up. Out of these, only nine schemes were completed in five years. As against the targeted irrigation potential of 6.20 lakh ha, potential of 69,286 ha (i.e. 11.17 *per cent*) only was created. Delayed engagement of consultants, poor financial management, deficient implementation of the IT system etc were responsible for the slow implementation of the project. Irregular payment of ₹ 26.65 crore to contractors due to non-conducting of mandatory tests of concrete; undue favour to contractors by not obtaining additional security deposit of ₹ 57.51 crore; extra cost of ₹ one crore due to irregular award of work without invitation of tenders and non-recovery of the liquidated damages of ₹ 20.93 crore from contractors etc were also noticed in audit.

(Paragraph 1.3)

4. Integrated Audit of Farmers Welfare and Agriculture Development Department

The Farmers Welfare and Agriculture Development Department implements 14 State Plan and 19 Central sector/Centrally sponsored schemes aimed at increasing the production and productivity of all types of crops. Integrated audit of the department revealed inadequate financial controls, poor operational and quality controls, deficient inventory control and lack of an internal control mechanism.

There were persistent savings ranging between 19 and 40 *per cent* during 2005-10. Original budget provisions of ₹ 40.78 crore were not utilised and supplementary budget provisions of ₹ 42.35 crore proved unnecessary. Funds amounting to ₹ 133.09 crore, pertaining to different schemes were lying in the bank accounts at various levels, indicating deficiencies in cash management.

Targets set in the Tenth and Eleventh Five Year Plans for production of foodgrains and oilseeds were not achieved. Seeds of older varieties were distributed to the farmers on which subsidy was also paid. Field officers did not ensure the distribution of foundation/certified seeds and seed mini-kits before the cut-off dates. Adequate attention was not paid to field demonstrations. Performance of Government Agriculture Farms was poor and the available cultivable area was not fully utilised. Expenditure of ₹ 5.06 crore remained unfruitful on construction of Khet Taals and Balram Taals as the farmers left the works incomplete and did not follow the prescribed standards of construction.

Sub-standard seeds, fertilizers and pesticides were sold to cultivators having adverse effect on production. Consumption of nitrogen, phosphate and potassium in the ratio of 4:2:1 was not maintained in the fertilizers provided to cultivators. The performance of quality testing laboratories, soil testing laboratories, soil surveys and training was far below the set targets. There was no scientific assessment of manpower requirement and deployment. Internal audit was inadequate and ineffective. Monitoring was unsatisfactory as prescribed departmental inspections were not conducted and district level committees were not functional.

(Paragraph 3.1)

5. Chief Controlling Officer based Audit of Animal Husbandry Department

The Animal Husbandry Department is responsible for all-round development of livestock wealth in the State. A Chief Controlling Officer based audit of the department revealed that Plans were prepared on ad hoc basis without appropriate database surveys, assessment of available resources and the actual requirements. The ratio of the revenue and the capital expenditure during 2007-10 ranged between 26:1 and 725:1. Financial management lacked foresight leading to unnecessary supplementary provisions, surrenders, parking of funds, diversion of funds and rush of expenditure at the fag end of the financial year etc. The achievement of artificial insemination fell short by 13 to 18 *per cent* and calving through artificial insemination by eight to 23 *per cent*. The targets were reduced and heavy amounts were surrendered or were lying unutilised in banks. Livestock distribution fell short of targets. Veterinary farms were incurring losses as the production of eggs and wool declined heavily. As against the requirement of 5,813 veterinary centres, only 2,346 centres were functioning. The hospitals were functioning without doctors. The feed testing laboratory did not have alfa toxin, urea and mineral mixture estimation and automatic analyzer facilities. The milk quality control laboratory and the bio-

security laboratory level II were not established. Shortfall in artificial insemination training to Veterinary Officers and Assistant Veterinary Field Officers ranged between 45 and 72 *per cent*. Unserviceable goods worth ₹ 1.30 crore were lying undisposed of for periods upto 20 years. The Institute of Animal Husbandry and Veterinary Biologicals was operating without a licence since 2002. Human resource management was not satisfactory and there was a shortage of 17 to 41 *per cent*. The Internal Audit Wing was not effective in the department and periodical inspections were not being conducted by the departmental officers regularly.

(Paragraph 3.2)

6. Audit of Transactions

Audit of financial transactions in various departments of the Government and their field functionaries revealed instances of losses, wasteful/excess expenditure, avoidable expenditure and other irregularities involving ₹ 34.34 crore.

Some of the important audit findings are given below:-

Failure to observe the codal provisions and Government orders facilitated embezzlement/ misappropriation of ₹ 1.35 crore in the office of the Commissioner, Scheduled Caste Development, Bhopal.

(Paragraph 2.1.1)

Interpolations in the records coupled with lack of supervision led to suspected embezzlement of ₹ 12.32 lakh in the radio diagnosis department of Shyam Shah Medical College, Rewa.

(Paragraph 2.1.2)

In the Pench Diversion Project, Water Resources Department, Chourai, a contractor submitted a fake Fixed Deposit Receipt (FDR) of ₹ 47 lakh toward earnest money deposit for getting a contract valuing ₹ 107 crore. Similarly, in the Pradhan Mantri Gram Sadak Yojana works, release of security deposit against fake FDRs submitted by a contractor in Ashoknagar district and failure to recover other dues of the contractor resulted in a loss of ₹ 1.08 crore.

(Paragraph 2.1.8)

Due to execution of an agreement for higher contract demand in anticipation of Government sanction for air-conditioning and delay in reduction in contract demand apart from non-maintaining of the average monthly power factor, the State Museum at Bhopal incurred avoidable expenditure of ₹ 54.59 lakh on electricity charges.

(Paragraph 2.3.1)

In violation of a Government sanction and an agreement providing for the pumping of dead storage water into canals, 228 million cubic feet water of live storage, capable of normal gravity flow, was pumped into canals, leading to unwarranted payment of ₹ 1.31 crore to a contractor in the Water Resources Department.

(Paragraph 2.3.4)

Irregular refund to a defaulting contractor of a forfeitable amount of ₹ 2.83 crore in the Water Resources Department resulted in a loss to Government.

(Paragraph 2.3.7)

Incorrect selection of a site to establish a diagnostic centre and non-providing of requisite staff in the Public Health and Family Welfare Department resulted in idle expenditure of ₹ 1.98 crore on building and equipment.

(Paragraph 2.4.1)