

CHAPTER-1 Introduction on Social Sector

1.1 Introduction

This Report of the Comptroller and Auditor General of India (CAG) relates to matters arising from Performance Audit, Thematic Audit, Chief Controlling Officer (CCO) based Audit of selected programmes, schemes, departments etc. and Compliance Audit of the transactions of Government departments and autonomous bodies in the Social Sector of the Government of NCT of Delhi.

Compliance Audit refers to examination of transactions relating to expenditure, receipts, assets and liabilities of the auditee units to ascertain whether the provisions of Constitution of India, applicable laws, rules, regulations and various orders and instructions issued by the competent authorities are being complied with.

Performance Audit is an independent assessment or examination of the extent to which an organisation, programme or scheme operates economically, efficiently and effectively.

CCO based Audit approach is to encompass financial audit, compliance audit and review of operational performance of the Government departments, its autonomous bodies and their units in a top down manner.

The primary purpose of the Report is to bring to the notice of the Legislature, important results of audit. Auditing Standards require that the materiality level for reporting should be commensurate with the nature, volume and magnitude of transactions. The findings of audit are expected to enable the Executive to take corrective actions as also to frame policies and directives that will lead to improved performance of the organizations, thus, contributing to better governance.

This chapter, in addition to explaining the planning and extent of audit, provides a synopsis of the significant audit observations followed by a brief analysis of the follow-up on audit reports. **Chapter 2** of this report contains findings/observations arising out of the performance audit of Sewage Management in Delhi and Jawaharlal Nehru National Urban Renewal Mission (JNNURM). **Chapter 3** contains observations on thematic audit of 'Water Management in Delhi', 'Patient Care Facilities in Delhi Government Hospitals', 'Delhi Ladli Scheme', and 'Delhi Building and Other Construction Workers Welfare Board'. **Chapter 4** contains observations on audit of transactions in Government Departments and **Chapter 5** contains observations arising out of CCO based audit of the 'Directorate of Health Services'.

1.2 Profile of audited entities

The Government Departments have been grouped in Social Sector, General Sector, Revenue Sector and Economic Sector (Non-PSUs) and Public Sector Undertakings of all Sectors for the purpose of audit. This Report covers audit observations on Social Sector, (Non-PSUs).

There are 23 departments under the Social Sector in the State, each headed by a Principal Secretary/Secretary, who are assisted by Directors/Commissioners and subordinate officers. There are 1433 units under the Social Sector, which are under the audit jurisdiction of the Principal Accountant General (Audit), Delhi. During 2011-12, a total of **84 units** were covered in Audit.

1.3 Expenditure profile of the State Government

The total expenditure of the Government of NCT of Delhi including Capital Expenditure and Grant in Aid during the year 2011-12 was ₹ 21969.13 crore. Out of this the expenditure incurred on Social Services was ₹ 10717.12 crore, which was 49 *per cent* of the total expenditure of the GNCT of Delhi. A comparative statement of expenditure incurred on Social Services, General Services and Economic Services for the last five years i.e., 2007-08 to 2011-12 is given in chapter I of the Audit Report on State Finances (GNCT of Delhi).

1.4 Authority for audit

The authority for audit by the CAG is derived from Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. Audit of expenditure of Departments of the Government of NCT of Delhi is carried out under Section 13 of the CAG's (DPC) Act. The CAG is the sole auditor in respect of five autonomous bodies¹ under the Departments of Government of NCT of Delhi, which are audited under sections 19(3) and 20(1) of the CAG's (DPC) Act. In addition, the CAG also conducts supplementary audit of 50 other autonomous bodies under Section 14 of CAG's (DPC) Act, which are substantially funded by the Government of NCT of Delhi. Principles and methodologies for audit are prescribed in the Auditing Standards and the Regulations on Audit and Accounts, 2007 issued by the CAG.

1.5 Organisational structure of the office of the PAG (Audit), Delhi

Under the directions of the CAG, the Principal Accountant General (Audit), Delhi conducts audit of the State Government departments, Autonomous

¹ Netaji Subhash Institute of Technology, Guru Govind Singh Indraprastha University, Delhi Building and Other Construction Workers Welfare Board, Delhi Kalyan Samitee and Delhi Jal Board

Bodies and Government companies. The Principal Accountant General (Audit) is assisted by Senior Deputy Accountants General/Deputy Accountants General, Audit Officers, Assistant Audit Officers and supporting staff in the discharge of his/her official duties.

1.6 Planning and conduct of audit

Audit process commences with the risk assessment of various Government departments/organizations/autonomous bodies and schemes/projects, etc., based on expenditure, criticality/complexity of activities, level of delegated financial powers, assessment of internal controls and the concerns of stakeholders. The previous audit findings are also considered as an input to this exercise.

After completion of audit of each unit, Audit Inspection Report containing audit findings are issued to the Head of the unit/ Department. The units are requested to furnish replies to the audit findings within one month of receipt of the Audit Inspection Report. Whenever replies are received, audit findings are either settled or further action for compliance is advised. The important audit observations arising out of these Audit Inspection Reports are processed for inclusion in the CAG's Audit Report.

During 2011-12, 1570 party-days were utilised to carry out compliance audit of 84 units out of 1433 units of various departments/organisations.

1.7 Audit observations

The present Report contains two Performance Audits, four Theme based Audits, five paragraphs on Compliance Audit and one CCO based Audit. The highlights of these audits are given in the following paragraphs (Paragraph 1.7.1 to paragraph 1.7.6):

1.7.1 Performance audit of Sewage Management in Delhi

There are two agencies in Delhi for sewage management. The Delhi Jal Board is responsible for treatment of domestic sewage and the Delhi State Industrial Infrastructure Development Corporation for treatment of industrial sewage.

The DJB added only one MGD capacity of STP and laid only 900 kms of sewer line during 2007-12 after incurring an expenditure of ₹ 1634.18 crore and could not utilize grants-in-aid received under JNNURM scheme during 2010-11 (100 per cent) and 2011-12 (51 per cent).

The DJB had not prepared any perspective plan for sewage management for Xth five year plan. Test check of records at 15 out of 32 Sewage Treatment Plants (STPs) revealed that all these STPs were working below their capacities. The DJB was able to collect and treat only 367 MGD (54 per cent) out of 680 MGD of sewage generated in Delhi and the remaining sewage was

discharged untreated into Yamuna River through storm water drains even after having a sewage treatment capacity of 543.40 MGD.

The construction of STPs and Sewage Pumping Stations (SPSs) revealed cost escalation due to delay in award of work (₹ 92.74 crore), non-imposition of penalty for delay in completion of projects (₹ 37.14 crore) and loss due to release of interest free mobilization advance to contractors (₹ 6.25 crore). Maintenance of STPs and SPSs revealed irregular payment of taxes (₹ 19.24 crore), infructuous expenditure (₹ 10.20 crore).

As regards treatment of industrial sewage, it was observed that four out of 15 Common Effluent Treatment Plants (CETPs) which were to be completed by 1998, were not completed as of December 2012 resulting in industrial sewage flowing into Yamuna untreated. There were instances of drains carrying industrial sewage, not connected to CETPs, leading to direct flow into Yamuna. The installed capacity of CETPs was much more than actually required and as such they were utilizing only 5 to 62.50 per cent of installed capacity.

1.7.2 Jawaharlal Nehru National Urban Renewal Mission

The Jawaharlal Nehru National Urban Renewal Mission (JNNURM) was launched in December 2005 with the objective of reforms driven and fast track development of cities across the country. State Level Nodal Agency (SLNA) was not fully equipped in terms of manpower to monitor implementation of projects under the mission. No revolving fund was set up for future maintenance of the assets created under this mission. Programme Management Unit and Programme Implementation Unit were not set up to keep a watch on the progress of projects. The Government of NCT of Delhi could not utilize ₹ 196.88 crore out of ₹ 2823.18 crore allocated for UIG. State Level Steering Committee and SLNA released ₹ 200 crore without any demand to Delhi Urban Shelter Improvement Board (DUSIB). Construction of 44720 Dwelling Units (DUs) had to be dropped due to non-availability of hindrance free sites. Only 85 out of completed 10684 DUs could be allotted to the beneficiaries as the policy of allotment of DUs could be finalised only in January 2011. The delay in taking decisions by the Government escalated the cost of a bridge on river Yamuna by ₹ 672 crore. The DJB awarded the consultancy work for the project 'Laying of interceptor sewerage system' on nomination basis to M/s Engineers India Limited and the agreement was also deficient on many counts. The MCD incurred an expenditure of ₹ 4.33 crore on improvement of roads, which were not approved by its Working Committee.

1.7.3 Water Management in Delhi

The raw water available in Delhi at present is not sufficient to provide potable water to the whole population of Delhi as per prescribed norms. Two dams

were proposed on river Yamuna in 1994 to augment raw water in Delhi, which could not be constructed even after a lapse of 18 years and after incurring an expenditure of ₹ 214 crore. The production of potable water at WTPs and waste water recycling plants was also found to be below designed capacity. The 8-MGD recycling plant at Chandrawal was commissioned after a delay of more than four years.

The drinking water was not being distributed equitably amongst the population due to lack of reliable data on population and water supplied to different areas. Further, 24.8 *per cent* of the households in Delhi were being supplied water through tankers in the absence of pipe lines where the average per capita supply was 3.82 litres per day against a prescribed norm of 172 litres. Metering of water at consumer end was not comprehensive due to which, less than 40 *per cent* of water produced was billed during last three years.

1.7.4 Patient Care Facilities in Delhi Government Hospitals

The thematic audit revealed that budgetary and expenditure control in the hospitals were inadequate leading to persistent savings under the head 'Machinery & Equipment', 'Supplies & Material' and 'Salaries' which indicates insufficient procurement of equipment, medicines and shortage of staff. OPD services were affected due to shortage of medical equipment, medicines, injections, infrastructure and medical support items. The Emergency Departments were not providing required services due to lack of essential equipment, medicines and adequate staff. Numbers of beds, necessary equipment, patient trolleys were not commensurate with the number of patients that the hospitals have to attend daily. Laboratories and Diagnostic Services were found wanting on many counts. Some tests were not being conducted in the hospitals as test equipment were out of order. All five minor hospitals did not have blood banks, whereas the license for blood bank was not renewed in GTB hospital. The GTB and LN hospitals have been using ambulances, mainly for miscellaneous purposes instead of for the patients, and the ambulances were not equipped with essential equipment for basic life support system. In GTB hospital, a CT Scanner costing ₹ 7.17 crore, was procured on emergency basis but installed after a delay of 20 months from the stipulated date of installation.

1.7.5 Delhi Ladli Scheme

The scheme aims at enhancing the social status of girl child in the family as well as in the society by ensuring economic security and proper education to make her self-reliant and protecting from discrimination and deprivation. The scheme was launched without having essential data of target beneficiaries, to be covered under the scheme as guidelines for the hospitals and schools for registering and renewing the cases of beneficiaries at the birth level and school level respectively, were not formulated.

The SBIL, the fund managing agency, gave interest rate of only 6.5 and 7 *per cent* during 2008-09 and 2009-10 respectively, which was approximately two third of the projected rate of 10.5*per cent*. Out of 125808 cases due for renewal during 2010-12, only 73108 cases (58.11 *per cent*) could be renewed.

1.7.6 Delhi Building and Other Construction Workers Welfare Board

The Board has not mapped all the construction workers in Delhi, as only 87273 construction workers have been registered up to 31 March 2012, against census figure of 2001 at 352830, the strength of workers. Out of fifteen welfare schemes prescribed under the Act, benefits of only seven schemes were availed by members, indicating lack of spread of awareness.

The Board incurred administrative expenditure in excess of prescribed limit of five *per cent* of total expenditure, in six financial years. ₹ 13.20 crore and ₹ 4.24 crore were released in lump sum to the Directorate of Education and the Directorate of Health Services respectively, out of which ₹ 6.99 crore is lying unutilised. The decision of the Government to set up 25 *Chalta - Firta* Schools at construction sites for the children of construction workers, was not implemented even after release of ₹ 7.50 crore by the Board to the Universal Elementary Education Mission. Imprudent financial decisions resulted in further loss of interest amounting to ₹ 4.24 crore.

The functioning of the Board was suffering due to lack of adequate man power and provisions of the Act governing budget, annual report, registration of workers, meetings of the Board, submission of Accounts to the C&AG of India etc. were not being adhered to or complied with.

1.7.7 Compliance audit

Audit has also reported on several significant deficiencies in critical areas which impact the effective functioning of the Government departments/ organizations. These are broadly grouped as:

- (a) Non-compliance with rules and regulations;
- (b) Audit against propriety and cases of expenditure without adequate justification; and
- (c) Failure of oversight/governance.

A. Audit against propriety/expenditure without justification

- ◆ Purchase of 1100 pallets of higher specifications than actual requirement, at higher rate of ₹ 8500 resulted in avoidable expenditure of ₹ 65.84 lakh and undue favour to the supplier firm.

(Paragraph 4.1.1)

- ◆ The Directorate of Prevention of Food Adulteration procured equipment without having a proper plan in place for ensuring the availability of required technical staff for its operation. As a result, equipment worth ₹ 45.10 lakh was rendered idle for 48 months.

(Paragraph 4.1.2)

- ◆ Injudicious procurement by Hospital of consumables / non-consumables without assessing its actual requirements resulted in blockade of funds to the extent of ₹ 42.87 lakh for more than three years.

(Paragraph 4.1.3)

B. Failure of oversight/governance

- ◆ The Urban Development Department had been releasing funds for works of street lights and high mast lights under the MLALAD Scheme to private electricity distribution companies. However, it did not have a monitoring mechanism in place to monitor the implementation of projects by these companies. As a result, an amount of ₹ 6.28 crore was blocked with these companies, resulting in loss of interest.

(Paragraph 4.2.1)

- ◆ The investment of ₹1.29 crore on acquisition of land remained blocked for a period of over 96 months (upto August 2012) apart from non-achieving of objective of up gradation of the Hospital, which continues to operate at 250 per cent of its actual capacity.

(Paragraph 4.2.2)

1.7.8 Directorate of Health Services

No construction work had started at any of the land sites (August 2012), allotted at the cost of ₹13.13 crore between 1997 and 2008 for construction of 10 hospitals with proposed bed capacity ranging from 60 to 700.

The Directorate had not documented procedures and practices for procurement of materials and supplies. As the rates quoted by the suppliers were directly linked with the estimated quantities to be supplied, Central Procurement Agency (CPA) could not take advantage of competitive rates for bulk quantities of drugs and surgical items to achieve economies of scale as envisaged in drug policy. Purchases of medicines/drugs were made much in advance of the actual requirements, resulting in significant unused balances at the end of the year.

There was no mechanism in place to analyse the market rates of drugs during the extended period of rate contracts. This resulted in financial benefit to suppliers as the rates of drugs reduced in this period, resulting in an avoidable loss of ₹ 1.46 crore in purchase of drugs made by the Central Store alone.

No Management Information System, either manual or computerized, was devised at the Directorate, CPA and Central Store level for planning and managing procurements and supplies.

Testing of CPA drugs and surgical items were carried out in a routine manner and there was no tracking of supplies at CPA and the Central Store level to ensure that testing of all batches was carried out. Further, in case of non-CPA procurement, the indenting units were relying only on the in-house test reports of the drugs submitted by the supplier which is anomaly.

Public Health Standards approved by the Delhi Cabinet in 2010 to address the confusion caused by existence of heterogeneous primary healthcare facilities provided by multiple agencies have not yet been implemented.

No post for pathologist/lab technician was ever sanctioned by the Department for any of the 39 mother labs. Moreover, the *percentage* of referral cases in all the mother labs was as low as 8.43 *per cent* of the total cases.

To run the mobile clinics, 18 to 24 *per cent* of staff was arranged from the Government hospitals and dispensaries, besides using the services of NGOs to the extent of 34 to 48 *per cent*. Further, it did not have any alternative arrangement in place to make up for the absence of departmental doctors. Insufficient monitoring and diversion of mobile clinics were also noticed.

1.8 Recoveries at the instance of Audit

The audit findings involving recoveries that came to notice during the course of test audit of accounts of the Departments of the State Government were referred to the Departments/State Government through Audit Inspection Reports (IRs) for further investigation and in case of overpayments/excess payment, recovery of the same under intimation to audit.

The details of recoveries pointed out by the Audit during the year 2011-12, those accepted by the departments and recoveries effected are given in **Table 1.1**.

Table 1.1: Recoveries at the instance of Audit

(₹ in crore)

Wing	Recoveries pointed out in 2011-12	Recoveries Accepted during 2011-12	Recoveries effected during 2011-12
Social Sector Departments	15.04	15.04	2.57

1.9 Lack of response to Audit

No Audit Committee meeting was held during the year 2011-12 in respect of paragraphs contained in IRs pertaining to departments, thus no audit paragraph was settled.

At the end of 31 March 2012, 668 Inspection Reports involving 2534 paragraphs were outstanding as detailed in **Table 1.2**.

Table 1.2: Status of IRs and Paragraphs

Opening Balance 1.4.2011		Additions during the year		Settled during the year		Closing Balance (31 March 2012)	
No of Inspection Reports	No of Paragraphs	No of Inspection Reports	No of Paragraphs	No of Inspection Reports	No of Paragraphs	No of Inspection Reports	No of Paragraphs
668	2427	76	670	76	563	668	2534

Pendency of large number of paragraphs of serious financial irregularities and loss to Government even after being pointed out in audit, indicated lack of response of the Government departments to Audit.

The Government may look into this matter and revamp the system to ensure proper response to the audit observations from the departments in a time-bound manner.

1.10 Response of departments to Audit Report material

The draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India were forwarded by the Principal Accountant General (Audit) to the Principal Secretaries/Secretaries of the Department concerned, drawing their attention to audit findings and requesting them to send their response within six weeks. The fact of non-receipt of replies from the Government/departments is indicated at the end of each paragraph included in the Audit Report.

Five (5) draft paragraphs including two performance audit, one Chief Controlling Officer (CCO) based audit and four thematic audit reports, proposed to be included in the Report (Social Sector) of the Comptroller and Auditor General of India for the year ended 31 March 2012 were sent to the Principal Secretaries/Secretaries of the respective departments between March 2012 and February 2013. The Principal Secretaries/Secretaries of the departments did not send replies in respect of five paragraphs, two performance reviews and four thematic audit paragraph. These paragraphs have been included in Chapter-2, 3,4 and 5 of the Report without the response of the Principal Secretaries/ Secretaries of the department concerned. However, replies of the Head of the unit audited, wherever received, have been incorporated in the Report with suitable audit comments.

1.11 Follow-up on Audit Reports

A review of outstanding Action Taken Notes on paragraphs included in the Reports of the Comptroller and Auditor General of India pertaining to Social Sector, Departments of Government of NCT of Delhi as of December 2012 (details in **Annexure-1.1**) revealed that 35 ATNs were pending as of December 2012.