

Chapter-1

Overview

1.1 About this Report

This Report of the CAG relates to matters arising from performance audit of selected programmes and departments of Government of Andhra Pradesh, compliance audit of transactions of its various departments, Central and State plan schemes and audit of autonomous bodies of the State pertaining to General and Social Sector.

Primary purpose of this Report is to bring to notice of State Legislature, significant results of audit. Auditing Standards require that materiality level for reporting should be commensurate with the nature, volume and magnitude of transactions. Findings of audit are expected to enable Executive to take corrective action, to frame appropriate policies as well as to issue directives that will lead to improved financial management of organisations and contribute to better governance.

Compliance audit refers to examination of transactions of audited entities to ascertain whether provisions of the Constitution of India, applicable laws, rules, regulations and various orders and instructions issued by competent authorities are being complied with. On the other hand, performance audit, besides including compliance audit, also examines whether objectives of programme/activity/department are achieved economically, efficiently and effectively.

This chapter, in addition to explaining planning and coverage of audit, provides a synopsis of important achievements and deficiencies in implementation of selected schemes, significant audit observations made during audit of transactions and follow-up action on previous Audit Reports.

1.2 Profile of General and Social Sector

A summary of the expenditure incurred during last five years by Departments of Government of Andhra Pradesh falling within General and Social Sector is given below.

Table 1.1

(₹ in crore)

Sl. No.	Name of the Department	2008-09	2009-10	2010-11	2011-12	2012-13
A	General Sector					
1	Finance and Planning	19769.25	23079.94	28572.35	30529.86	33817.12
2	General Administration	594.14	717.03	444.09	705.90	584.68
3	Home	2536.26	3068.72	3916.43	4412.53	5084.74
4	Law	326.71	415.47	612.53	603.63	684.29
5	Revenue	1098.14	2132.93	1964.19	2412.21	2058.01
6	State Legislature	54.09	53.56	51.08	84.69	95.27
	Total (A)	24378.59	29467.65	35560.67	38748.82	42324.11

Sl. No.	Name of the Department	2008-09	2009-10	2010-11	2011-12	2012-13
B	Social Sector					
1	Backward Classes Welfare	1088.91	1181.74	1996.34	2758.53	3774.72
2	Consumer Affairs, Food and Civil Supplies	2771.67	2546.13	2415.79	2450.69	2792.38
3	Health, Medical and Family Welfare	3006.66	3323.02	4140.35	4980.25	5312.34
4	Higher Education	1334.60	1731.51	2551.16	2669.73	3238.25
5	Housing	4083.13	1398.34	1626.77	1743.33	1829.15
6	Labour, Employment, Training and Factories	325.36	287.43	347.29	465.67	474.33
7	Minorities Welfare	195.72	197.88	324.62	370.33	350.88
8	Municipal Administration and Urban Development	3527.45	3139.85	4054.53	4108.89	4268.07
9	Panchayat Raj ^s	3768.10	2758.32	3533.15	2987.51	3393.22
10	Rural Development ^s	2563.08	3159.24	3921.78	4855.68	5175.01
11	School Education	5827.19	6690.92	9906.66	12250.18	13263.24
12	Social Welfare	1448.93	1245.12	1776.64	1941.74	2224.99
13	Tribal Welfare	705.10	765.45	961.50	1143.23	1336.44
14	Women, Child, Disabled and Senior Citizens	1146.37	995.99	981.29	1513.03	2029.56
15	Youth Advancement, Tourism and Culture	139.27	101.29	188.18	214.38	258.89
	Total (B)	31931.54	29522.23	38726.05	44453.17	49721.47
	Grand Total (A+B)	56310.13	58989.88	74286.72	83201.99	92045.58

Source: Appropriation Accounts of Government of Andhra Pradesh for relevant years

^sUnder one Secretariat department 'Panchayat Raj and Rural Development'

1.3 Office of Principal Accountant General (G&SSA), Andhra Pradesh

Under directions of the CAG, Office of the Principal Accountant General (General & Social Sector Audit), Andhra Pradesh conducts audit of 20 departments and local bodies/PSUs/autonomous bodies thereunder in the State.



Offices of the Accountants General, Andhra Pradesh

1.4 Authority for audit

Authority for audit by the CAG is derived from Articles 149 and 151 of Constitution of India and Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 (DPC Act). CAG conducts audit of expenditure of General and

Social sector departments of Government of Andhra Pradesh under Section 13¹ of the DPC Act. CAG is the sole auditor in respect of autonomous bodies/local bodies which are audited under Sections 19(2)² and 20(1)³ of the DPC Act. In addition, CAG also conducts audit, under Section 14⁴ of the DPC Act, of other autonomous bodies which are substantially funded by the Government. Principles and methodologies for various audits are prescribed in Auditing Standards and Regulations on Audit and Accounts, 2007 issued by the CAG.

1.5 Planning and conduct of audit

Audit process commences with assessment of risk of department/organisation/autonomous body/scheme, etc. based on expenditure incurred, criticality/complexity of activities, priority accorded for the activity by Government, level of delegated financial powers, assessment of internal controls and concerns of stakeholders. Previous audit findings are also considered in this exercise. Based on this risk assessment, frequency and extent of audit are decided and an annual audit plan is formulated to conduct audit.

After completion of audit of each unit, Inspection Report (IR) containing audit findings is issued to head of unit with a request to furnish replies within one month of receipt of IR. Whenever replies are received, audit findings are either settled or further action for compliance is advised. Significant audit observations pointed out in these IRs, which require attention at highest level in Government, are processed for inclusion in Audit Reports which are submitted to Governor of Andhra Pradesh under Article 151 of Constitution of India for causing them to be laid on the Table of State Legislature.

1.6 Response of departments to Audit findings

Heads of offices and next higher authorities are required to respond to observations contained in IRs and take appropriate corrective action. Audit observations communicated in IRs are also discussed in meetings at district level by officers of the AG's office with officers of the departments.

As of 30 September 2013, 6632 IRs containing 43,579 paragraphs pertaining to years up to 2012-13 were pending settlement as detailed below. Of these, first replies have not been received in respect of 501 IRs (6,125 paragraphs). Department-wise details are given in *Appendix-1.1*.

¹ Audit of (i) all transactions from Consolidated Fund of State, (ii) all transactions relating to Contingency Fund and Public Account and (iii) all trading, manufacturing, profit & loss accounts, balance sheets & other subsidiary accounts kept in any department of a State

² Audit of accounts of Corporations (not being Companies) established by or under law made by State Legislature in accordance with provisions of the respective legislations

³ Audit of accounts of any body or authority on request of Governor, on such terms and conditions as may be agreed upon between CAG and Government

⁴ Audit of all (i) receipts and expenditure of a body/authority substantially financed by grants or loans from Consolidated Fund of State and (ii) all receipts and expenditure of any body or authority where grants or loans to such body or authority from Consolidated Fund of State in a financial year is not less than ₹one crore

Table 1.2

Year	Number of IRs/Paragraphs as of 30 September 2013		IRs/Paragraphs where even first replies have not been received	
	IRs	Paragraphs	IRs	Paragraphs
2009-10 and earlier years	5006	28388	206	3187
2010-11	996	7141	101	661
2011-12	484	4868	170	1352
2012-13	146	3182	24	925
Total	6632	43579	501	6125

Lack of action on audit IRs and paragraphs is fraught with risk of perpetuating serious financial irregularities pointed out in these reports, dilution of internal controls in process of governance, inefficient and ineffective delivery of public goods/services, fraud, corruption and loss to public exchequer.

As per instructions issued by Finance and Planning Department in November 1993, administrative departments are required to submit Explanatory Notes on paragraphs and reviews included in Audit Reports within three months of their presentation to Legislature, without waiting for any notice or call from Public Accounts Committee, duly indicating action taken or proposed to be taken. However, as of January 2014, 10 departments have not submitted Explanatory Notes in respect of 21 paragraphs/reviews that featured in Audit Reports for the years 2005-06 to 2011-12. Details are given in *Appendix-1.2*.

As per Finance Department's Handbook of Instructions and their U.O. dated 3 November 1993, all departments are required to send their response to draft audit paragraphs proposed for inclusion in Report of Comptroller and Auditor General of India, within six weeks of their receipt. During 2013-14, 13 draft compliance audit paragraphs and three draft performance audit reviews were forwarded to Special Chief Secretaries/Principal Secretaries/Secretaries of departments concerned, drawing their attention to audit findings and requesting them to send their response within six weeks. It was brought to their personal attention that in view of likely inclusion of these paragraphs in Report of Comptroller and Auditor General of India, which would be placed before State Legislature, it would be desirable to include their comments/responses to the audit findings. Despite this, three departments⁵ did not furnish reply to five draft compliance audit paragraphs as on the date of finalisation of this Report. Responses of departments, where received, have been appropriately incorporated in the Report.

1.7 Significant Audit observations

This Report contains findings of Audit from a test-check of accounts and transactions of eight departments of Government of Andhra Pradesh during 2012-13. Audit focus during the year has been primarily on evaluating implementation of specific

⁵ Home (1), Revenue (2) and School Education (2)

Government programmes and initiatives in Social and General sectors so as to aid Government in taking necessary corrective action to improve service delivery levels to citizens. Towards this end, three Performance Audit reviews of schemes/department and 13 draft compliance audit paragraphs have been issued to Government.

The three Performance Audits included in this Report are ‘Implementation of Social Security Pension Schemes’, ‘Implementation of INDIRAMMA Housing Scheme’ and ‘Functioning of Civil Supplies Department’. Common thread among these topics is the criteria adopted for selection of beneficiaries. Beneficiary selection was linked with below poverty line (BPL) status and for this purpose ration card issued by Civil Supplies Department, which is conclusive proof of status of family is made mandatory. In Andhra Pradesh, various types of ration cards viz., White card, Annapurna card, Antyodaya Anna Yojana card etc., represent BPL status.

Government, in 2005, adopted ‘Iris Biometric Technology’ for issue of ration cards. However, due to presence of bogus cards even after issue of iris based ration cards, Government decided (November 2008) to de-duplicate iris ration cards and weed out bogus cards to identify ineligible/bogus cards by integrating data at State level (including data in Civil Supplies, Pension and Housing databases) to provide ration and access to social security benefits like housing and pensions only to eligible citizens. Audit attempted to assess whether Civil Supplies database was cleansed as envisaged and whether selection and identification of beneficiaries under Social Security Pensions and Housing Schemes relying on Civil Supplies database was foolproof and legitimate. Audit findings relating to database analysis are included in respective Performance Audit reviews⁶.

Significant results of audit that featured in this Report are summarised below.

1.7.1 Implementation of Social Security Pension Schemes

Social Security Pension (SSP) scheme is one of the primary components under National Social Assistance Programme (NSAP), a flagship programme introduced by GoI with an aim to provide social security to vulnerable sections of society, and was transferred to State Plan from 2002-03. In April 2006, State Government brought various pension schemes being implemented in State under single umbrella of Panchayat Raj and Rural Development (PR&RD) Department to bring about uniformity in sanction and disbursement of pension, and entrusted responsibility for release of funds and monitoring of SSP schemes to SERP⁷, an agency of PR&RD Department. Simultaneously, State Government started implementation of SSP schemes on saturation basis under INDIRAMMA⁸ programme. About 72.36 lakh persons in State were covered under various pension schemes of GoI and State as of March 2013.

⁶ Paragraphs 2.5.1, 3.5.1, 3.5.2, 3.6.1, 3.6.2, 4.6.1.3 and 4.6.1.4 of this Report

⁷ Society for Elimination of Rural Poverty

⁸ Integrated Novel Development in Rural Areas and Model Municipal Areas

Performance audit of implementation of SSP schemes in the State was taken up to assess whether system in place for identification, sanction and timely disbursement of pensions to all eligible beneficiaries was foolproof. Significant findings of this Performance Audit are summarised below.

Financial and Physical Performance

- *There was a spurt in number of pensioners during 2008-09 (23 lakh overall with 84 per cent increase in old age and widow pensioners) compared to 2007-08. There was also an increase of 342 per cent in disabled pensioners during 2009-10 compared to 2008-09 due to introduction of INDIRAMMA programme.*
- *Government has not prescribed any mechanism for operation of State Nodal Account (SNA), electronic transfer of funds to banks and retention of undisbursed funds by SERP. Also, no mechanism was prescribed by Commissioner, Rural Development for reconciliation of balances available with SERP.*
- *SERP had not maintained any record of its transactions, including Cash Book and had relied only on Bank Scrolls as a means of proof of its transactions/activities. Test-check of sampled units further revealed control failures viz., non-recording of receipts in Cash Book, non-reconciliation of Cash Book balances with bank balances, etc.*

(Paragraph 2.4)

- *Financial management was marked by operation of multiple bank accounts, non-receipt of utilisation certificates (for ₹751 crore) by District Rural Development Agencies (DRDAs) from implementing agencies, retaining/non-remitting unspent balances by Mandal Parishad Development Officers/Municipal Commissioners (₹2.18 crore) and DRDAs (₹14.53 crore), utilisation of GoI funds on State scheme, etc.*

(Paragraphs 2.6.1 to 2.6.3)

Identification of beneficiaries and sanction of pension

- *There was no clarity with regard to actual number of applications received, processed and number of people sanctioned pension, applications rejected and reasons for rejection/delays in sanctioning pension due to non-maintenance of relevant registers by majority of Unit Offices.*
- *Validation process of applications was outsourced to a private agency on nomination basis, without establishing any mechanism for verification and authorisation of pensions at Government level.*

(Paragraph 2.5.1)

- *Analysis of pensioners' database (December 2012) revealed that 10.62 lakh ration card numbers in database did not match with any of the data of BPL cards of Civil Supplies Department. Further, in respect of 5.54 lakh pensioners, ration card number was not even mentioned in database.*

(Paragraphs 2.5.1 and 2.5.1.1)

Disbursement of pensions

State Government decided (in 2007) to migrate to smart card based payment to bring in transparency in the system, plug lacunae in manual system, track transactions to ensure accountability and timely payment of pension to all genuine pensioners. In June 2011, PR&RD Department entered into an MoU with Department of Posts (DoP) to disburse pension through Point of Transaction Devices (PoTD) in Nalgonda and Nizamabad districts.

- *Objective of bringing transparency in payment of pension through smart card based payment could not be achieved to full extent even after lapse of five years as only 66 per cent of total pensioners were issued (February 2013) smart cards.*

(Paragraphs 2.5.3.1 and 2.5.3.3)

- *In Nalgonda district where disbursement was entrusted to DoP, Audit scrutiny revealed deficiencies like not recording details of finger print mismatch, death/temporary migration, non-release of arrears amount, non-appointment of additional Customer Service Providers, etc.*

(Paragraph 2.5.3.3)

- *Pension to persons with disability continued to be disbursed at ₹500 per month and decision of Government to disburse pension depending on degree/percentage of disability has not been implemented. This deprived pensioners with higher level of disability, of enhanced rate of pension.*

(Paragraph 2.5.3.4)

- *Test-check of paid acquittances revealed deficiencies like delay in disbursement, non-preparation of category-wise payment abstract, non-indication of date of death/permanent migration, manual mode payments to smart card holders on reasons of non-functioning of Smart Card, finger prints not accepted by machines, disbursement to persons other than actual pensioners, etc.*

(Paragraph 2.5.3.5)

Internal Controls and Monitoring

- *Internal controls relating to identification of beneficiaries, scrutiny of applications, sanction and disbursement of pension were inadequate leaving the system open for manipulation and denial of pension to vulnerable sections of society.*

(Paragraph 2.7)

- *Monitoring of sanction and disbursement of pensions was not effective and there was no internal audit wing in SERP to appraise schemes and flag areas of non-compliance with prescribed procedures.*

(Paragraph 2.8)

1.7.2 Implementation of INDIRAMMA Housing Scheme

In 2005, Government merged all State sponsored housing schemes (except Rajiv Gruha Kalpa and Rajiv Swagruha, which have no funding from State) and formulated an 'Integrated Novel Development in Rural Areas and Model Municipal Areas (INDIRAMMA)' housing scheme. INDIRAMMA housing is a flagship scheme of State Government and was launched in 2006 with objective of providing pucca houses to all Below Poverty Line (BPL) households in a phased manner within three years on saturation mode.

Performance Audit of implementation of INDIRAMMA was taken up to assess if all sanctioned beneficiaries are being provided with pucca houses as envisaged. Significant findings that emerged from this audit are summarised below.

Financial performance

- *Government had not released budgetary allocation in full in any of years during 2008-13 (total amount of short release during five year period: ₹2,754 crore). Shortfall in this regard ranged from 15 per cent (2012-13) to 36 per cent (2009-10).*

(Paragraph 3.3.2)

- *Though an amount of ₹3,322.35 crore was released to beneficiaries through Village Organisations (VOs)/Self Help Groups (SHGs) towards payment for construction, acquittances were obtained to extent of ₹3,061.14 crore as of February 2013 despite stoppage of offline payment system in December 2009.*

(Paragraph 3.8.1)

Planning

- *Due to not planning the data migration activities from offline mode to online mode adequately, comprehensiveness, correctness and completeness of existing data were not ensured. Consequently, data in current database lacks integrity and has several lacunae that resulted in excess payments.*

(Paragraph 3.4)

- *Unit cost fixed by Government was not sufficient to complete construction and poorest of poor were unable to cope with extra expenditure and mobilise additional amount. This was reflected in non-commencement of 12.87 lakh (20 per cent) houses (out of 64.32 lakh sanctioned) even after lapse of six years (as of 2012-13) from launch of scheme.*

(Paragraph 3.4.1)

Scheme Implementation

- *Although ration card issued by Civil Supplies Department is key for identifying beneficiaries for all social security schemes, this criterion was not considered in identifying beneficiaries for INDIRAMMA housing scheme up to Phase-I and*

only with effect from 2007-08 (Phase-II) was BPL ration card (white card) made mandatory for sanctioning houses. Audit observed irregular sanctions and resultant irregular payments in all the phases upto March 2013.

(Paragraph 3.5.1)

- *Irregularities in sanction of houses to beneficiaries such as houses sanctioned in the name of male beneficiaries, houses sanctioned to pink ration card holders (₹12.85 crore), post-facto sanction for already commenced houses (₹1,344.56 crore) were observed.*

(Paragraphs 3.6.1 to 3.6.3)

Disbursement and release of construction material

- *Out of 88 Nirmithi Kendras (NKs) which were established with objective of producing cost effective building material so as to reduce the burden of construction cost of weaker section houses, only 49 were functioning in the State as of March 2013. Audit also found cases of issue of cement over and above prescribed quantity/without following stage-wise procedure as prescribed in guidelines, and non-issue of cement even in cases where cement release orders were issued.*

(Paragraph 3.7.3 and Paragraphs 3.7.2.1 to 3.7.2.3)

Physical Performance

- *Houses under INDIRAMMA are to be completed within sanctioned year. Progress of construction within the same year in various phases was poor and progress in respect of Phase-III was negligible (less than one per cent). Government could not achieve the objective of ‘saturation concept’ even six years after launching scheme as construction of 33 per cent of houses was yet to be completed as of March 2013.*

(Paragraph 3.3.3)

Monitoring

- *Despite detecting ineligible beneficiaries through Integrated Survey (5,22,707 beneficiaries/amount involved: ₹485.19 crore) and Voluntary Disclosure Scheme (1,02,447 beneficiaries/amount involved: ₹36.86 crore), no follow-up action was taken by AP State Housing Corporation Limited/ Government to cancel sanctions and effect recovery of amounts released to such ineligible beneficiaries.*

(Paragraph 3.9)

1.7.3 Functioning of Civil Supplies Department

Activities of Civil Supplies Department include inter alia procurement of paddy at Minimum Support Price (MSP) through State agencies and Food Corporation of India (FCI); procurement of rice under mill levy for central pool; Public Distribution of essential commodities through Fair Price Shops (FPS); monitoring

of prices of essential commodities and market intervention operations for controlling open market prices, if need arises and administering affairs of AP State Civil Supplies Corporation (APSCSC), which acts as an agency of the Department in support of its activities.

Performance Audit of Civil Supplies Department was carried out to assess whether planning process was robust and effective with regard to MSP Operations and Public Distribution System to fulfil foodgrain requirements in the State, system for identification of beneficiaries for schemes under PDS was foolproof and ensured that the benefits reached the targeted population; institutional mechanism for lifting, transportation, storage, handling and distribution of essential commodities was economic, efficient and effective. Significant findings of this Performance Audit are summarised below.

Financial Management

- *During five year period of 2008-13, Department incurred a total expenditure of ₹12,862 crore, of which, ₹11,739 crore was spent for Subsidy on Rice, etc. and the balance ₹1,123 crore was expended on other activities of Department including establishment expenses.*

(Paragraph 4.3)

- *Funds kept in PD accounts meant for procurement of rice for Welfare Hostels (₹7.94 crore), Natural Calamity Relief (₹61.07 crore) and Consumer Welfare Fund (₹0.53 crore) lapsed due to non-utilisation.*

(Paragraph 4.6.5)

Planning

- *Number of BPL families identified by State (2.17 crore) was at variance with that adopted by GoI (25.05 lakh) and State has been issuing rice to BPL card holders at 20 kg per month per family against 35 kg per month per family allotted by GoI, and no rice was issued to APL families.*

(Paragraph 4.4)

Procurement of Food grains

- *Direct procurement of paddy by State during period 2008-13 was only 2 to 11 per cent (3 to 21 lakh MT). Consequently, public procurement remained low in the State compared to procurement by millers, leaving farmers at the mercy of latter.*

(Paragraph 4.5.1.1)

- *APSCSC could not ensure conversion of paddy into rice by millers within stipulated period resulting in avoidable payment of interest of ₹171 crore on cash credit during 2008-13.*

(Paragraph 4.5.2.2)

- *Delays in submission of Levy Sugar Price Equalisation Fund claims resulted in loss of ₹29.30 crore. Deficiencies in agreements concluded with MMTC for importing palmolein oil resulted in excess payment of ₹35.90 crore.*

(Paragraphs 4.5.3.2 and 4.5.3.3)

Public Distribution System

- *There was no system for logging receipt of applications from people for sanctioning ration cards, verification and issue of cards, and/or reviewing the status at periodical intervals and deletion of cards where household crosses the BPL threshold. This led to existence of bogus cards with consequential avoidable burden of ₹1,136 crore on State exchequer (to end of March 2013) towards subsidy on food grains and other commodities released on bogus/ineligible cards.*
- *IT Audit of department's data (December 2012) inter alia revealed that (a) there were 13.63 lakh null iris BPL ration cards (b) declared annual family income was more than the prescribed ceiling and (c) 93,012 BPL cards (out of 191.65 lakh cards scrutinised) contain duplicate photographs (subsidy burden involved during 2008-13: ₹52.62 crore).*

(Paragraphs 4.6.1.3 and 4.6.1.4)

- *Uneconomic movement of food grains from farther depots to Mandal Level Stockist (MLS) Points due to non-availability of stock at designated godowns resulted in additional expenditure of ₹37.79 crore during 2008-12.*

(Paragraph 4.6.6.1)

- *Rationalisation of FPS was not done. There were 16,653 FPS having BPL cards more than prescribed maximum ceiling. Audit also noticed deficiencies in functioning of FPS such as non-issue of commodities in first week of month, non-display of information with regard to entitlement of commodities under each category, stocks of essential commodities allotted and their availability and non-maintenance of Complaint Registers, etc.*

(Paragraphs 4.6.8.2 and 4.6.8.3)

Monitoring

- *Monitoring mechanism relating to Public Distribution System was inadequate, with the Food Advisory Committees and Price Monitoring Committees failing to meet at prescribed intervals and monitor the availability and prices of essential commodities.*

(Paragraph 4.7.1)

- *Cent per cent physical verification of stocks was not conducted in all MLS points at regular intervals.*

(Paragraph 4.7.3)

1.7.4 Compliance Audit Observations

1.7.4.1 Infrastructure facilities in schools

Right of Children to Free and Compulsory Education (RTE) Act, 2009 imposes upon State Government, the duty of providing infrastructure including school building with basic amenities to every child. Government of Andhra Pradesh enacted (April 2010) 'The Andhra Pradesh Right of Children to Free and Compulsory Education Rules, 2010' to achieve this objective.

Although 96 per cent of schools in the State are housed in their own buildings, test-check of 154 schools in six districts revealed that proper infrastructure in terms of adequate number of classrooms, barrier free access, separate toilets for girls and common toilets, safe drinking water, etc. were not provided in many of the schools as per norms stipulated by Government of India and as enshrined in RTE Act 2009.

(Paragraph 5.1)

1.7.4.2 Implementation of Indira Awaas Yojana

GoI launched (1996) Indira Awaas Yojana (IAY) with objective of helping in construction/upgradation of dwelling units of rural BPL households belonging to SC/ST communities, freed bonded labourers, minorities and other non-SC/ST rural households, widows and next-of-kin of defence personnel/paramilitary forces killed in action residing in rural areas (irrespective of their income), ex-servicemen and retired members of paramilitary forces.

Audit of implementation of IAY revealed that beneficiaries in the two test checked districts (Khammam and Karimnagar) are not aware of IAY and IAY logo is not displayed in any of the houses constructed with IAY funds since the scheme is merged with State sponsored INDIRAMMA scheme. There were gaps in information with regard to usage of funds or number of houses constructed with funds provided by GoI with regard to IAY. Permanent waitlist for selection of beneficiaries as per guidelines was not prepared. There were lacunae relating to process for validation of beneficiaries, with differences between Civil Supplies database and Housing database.

(Paragraph 5.2)

1.7.4.3 Delay in completion of houses under Flood Housing

To mitigate hardship of people whose houses have collapsed or been damaged during floods in September - October 2009 in Guntur, Krishna, Kurnool, Nalgonda and Mahbubnagar districts, Government accorded sanction for construction of 1,00,000 houses (finally sanctioned and taken up: 31,991 houses) as a special package. Houses sanctioned as a mitigation measure for flood affected families, were not fully completed and where completed, could not be occupied due to non-provision of infrastructure facilities, depriving beneficiaries of benefits of permanent shelters, even after lapse of more than four years since floods had rendered them homeless.

(Paragraph 5.3)

1.7.4.4 Accountal of examination fee

Government (School Education Department) conducts various recruitment tests/ Common Entrance Tests (CET) for admission to various courses. Commissioner and Director of School Education (Commissioner) is responsible for conducting these examinations through Conveners appointed for each such examination. Audit scrutiny revealed that unspent balances of ₹53.62 crore were lying with the Commissioner outside the Government account and contrary to codal provisions, exam fees collected was appropriated to an extent of ₹2.45 crore towards departmental expenditure. (Paragraph 5.4)

1.7.4.5 Irregularities in alienation of land

Government alienated (March 2010) 640.17 acres of land situated in Chittoor and Gudipala mandals of Chittoor district in favour of a Medical College for purpose of starting its second campus to host a super speciality hospital, medical college, pharmacy college, nursing college, dental college and institute of public health and bio-medical engineering college, besides a full-fledged residential campus, hostels and related social infrastructure. While allottee was yet to pay land cost of ₹2.82 crore to Government, District administration refunded ₹1.67 crore to the College (for payment of compensation to encroachers) in violation of Government directions thereby extending undue benefit to the College. (Paragraph 5.5)

1.7.4.6 Alienation of Government land to unauthorised occupant

Failure of District Administration, Chittoor to protect Government lands from encroachment resulted in loss of ₹57.56 lakh to Government. (Paragraph 5.6)

1.7.4.7 Irregular payments towards hiring of vehicles

Government imposed ban (January 1994) on purchase of vehicles by Government departments and Government affiliated organisations and allowed hiring of vehicles in cases of extreme necessity subject to compliance with certain conditions. Failure of Heads of Offices in ensuring compliance with Government orders and non-exercise of adequate checks by Drawing Officers and Treasury Officers before sanction and admission of claims resulted in irregular payments towards hiring of vehicles. (Paragraph 5.7)

1.7.4.8 Delay in construction of prisoners ward at Institute of Mental Health, Hyderabad

Government of India, Ministry of Health and Family Welfare provided (September 2005) a one-time grant-in-aid for upgradation of Institute of Mental Health, Hyderabad under National Mental Health Programme so as to have criminal ward on par with facilities in jails i.e., high rising walls with solar fencing and inbuilt closed circuit cameras, etc. Due to delays at every stage of construction and non-availability of adequate funds, construction of prisoners ward was not completed even after lapse of seven years, rendering expenditure of ₹1.05 crore unfruitful.

(Paragraph 5.8)

1.7.4.9 Undue benefit to service providers of Fire Outposts

State Government decided (January 2004) to establish 21 Fire Outposts in 12 districts on outsourcing basis and entrusted maintenance of 19 Outposts in 11 districts to service providers selected through open tender process for each outpost. Payment of enhanced maintenance cost of Fire Outposts retrospectively to service providers without addressing deficiencies identified earlier amounted to undue benefit of ₹1.37 crore to them without any improvement in fire and disaster preparedness of the State. (Paragraph 5.9)