Chapter 3

Compliance Audit

Chapter 3: Compliance Audit

FINANCE DEPARTMENT

3.1 Delayed credit of government receipt and undue lenience shown to bank

Delayed credit of revenue in government account by a bank resulted in ₹ 44.19 crore remaining outside government account for one to six years. Further, non-raising of interest claim on the delayed credit resulted in extension of undue benefit to the bank.

As per Memorandum of Instructions on Accounting and Reconciliation contained in Appendix 21 of West Bengal Treasury Rules (WBTR), banks were allowed 10 days for crediting government receipts though they were required to make all efforts to credit the tax collections to government account on a day-to-day basis. In case of default, the banks were liable to pay interest at the rate of two percentage points above the bank rate notified by RBI prevailing as on 01 May and 01 November, on delayed credit of receipts of ₹ 10 lakh and above from the date of receipt at bank branch to the date of its credit to government account. WBTR further provided that Treasury Officer, on the basis of scrolls and challans received from the bank, was to monitor timely credit of receipts and raise claim for interest on the concerned bank against such delayed credits.

Scrutiny of challans sent by State Bank of India, Alipore branch (SBI) to Alipore-II Treasury relating to government receipts credited under the Major Head –'0030-Stamps and Registration Fees' during three sampled months revealed that out of total ₹ 184.62 crore credited in government account during these three months, ₹ 44.19 crore (24 *per cent*) received through 5815 Demand Drafts (DDs) were credited to Government accounts after inordinate delays ranging between 353 and 2181 days from the scheduled date of credit to Government Account as detailed below:

Table 3.1: details of time-barred drafts and interest realisable thereagainst *(₹ in crore)*

Month of credit test-checked	Total challans	Amount	Number of time barred DDs	Amount of the time barred DDs	Period of delay (in days)	Interest realizable from bank
December 2013	1959	51.08	1616	11.76	433 to 1823	2.48
February 2014	1757	51.15	930	10.95	452 to 2015	3.05
March 2014	4438	82.39	3269	21.49	353 to 2181	4.92
	8154	**184.62**	**5815**	**44.19**	**353 to 2181**	**10.45**

Source: Copies of Treasury challans available with O/o Pr. AG (A&E), WB, Kolkata

The concerned Treasury officer neither monitored the timely credit nor raised any interest claim for the delayed credit. On enquiry the delay was attributed (March 2014) to misplacement of the DDs/ challans and subsequent retrieval of the same. This resulted in government receipts remaining outside government accounts for considerable periods and the unclaimed interest on the delayed credit worked out to approximately ₹ 10.45 crore[1].

[1] *For calculating interest the lowest bank rate for each financial year plus two percent was considered for the period from scheduled date of credit to actual date of credit into the State exchequer after allowing the maximum period (10 days) for clearing drafts from the date of their receipt.*

As the above observation arose out of test-check of only one Treasury for merely three months, it calls for a thorough investigation to ascertain whether the practice was of pervasive nature.

The matter was referred to Government in August 2014; reply had not been received (January 2015).

HEALTH AND FAMILY WELFARE DEPARTMENT

3.2 Functioning of Government blood banks in West Bengal

3.2.1 Introduction

Blood transfusion is a life-saving intervention that has an essential role in patient management within health care systems. The Government of India (GoI) formulated (April 2002) National Blood Policy (NBP) for elimination of transfusion transmitted infection and for provision of safe and adequate blood transfusion services to the people through voluntary and non-remunerated blood donors. Human blood being covered under the definition of 'drugs' under the Drugs & Cosmetics (D&C) Act 1940[2], 'blood banks'[3] are regulated under the said Act and Rules framed thereunder, through issue of license by the Drug Controllers after conducting inspection along with the Central License Approving Authority.

As of September 2013, 109 blood banks were functioning in the State of which 58 were managed by the State Government, 16 by the Central Government and 35 by private organisations. Collection of blood units in the State Government blood banks accounted for 61 to 66 *per cent*[4] total collection in the State.

3.2.1.1 Administrative set up

State Blood Transfusion Council (SBTC), with the Secretary, Health & Family Welfare (H&FW) Department as its President, is entrusted with the entire range of services[5] related to operation and requirements of blood banks. The Drugs Controller, (DC) West Bengal is the regulatory body[6] responsible for issue of license, inspections[7], renewal of licenses of blood banks after being satisfied with availability of required infrastructure and manpower.

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[2] *being a substance intended to be used in the diagnosis, treatment, mitigation or prevention of any disease or disorder in human beings,*

[3] *Blood Bank means a place or organisation or unit or institution or other arrangements made by such organisation, unit or institution for carrying out all or any of the operations for collections, aphaeresis, storage, processing and distribution of blood drawn from donors and/ or preparation, storage and distribution of blood components.*

[4]

Year	Blood unit collection		
	State Govt. Blood banks	Central Govt. Blood banks	Private Blood banks
2009-10	522003(66)	10355(1)	263281(33)
2010-11	514103(64)	8040(1)	283281(35)
2011-12	505740(61)	12304(1)	305441(38)
2012-13	575311(64)	9514(1)	318484(35)

Source: "Health on the March" published by the H&FW Department

[5] *Which inter alia included organising donor recruitment, motivation and education programme; training to technicians, drug inspectors, donor motivators; development of State level and District level Nodal Centres equipped for collection/ storage/ component separation/ distribution; linking of nodal blood centres with District/ Sub Divisional Hospitals/ First referral units; maintaining database of donor profile and data base on donors with rare blood group etc.*

[6] *under the provisions of Drugs and Cosmetics Act 1940*

[7] *To be conducted jointly with the Central Drugs Standard Control Organisation, East Zone, Kolkata*

West Bengal State AIDS Prevention & Control Society (WBSAP&CS), a registered society responsible for implementation of National AIDS Control Programme in the State, extends basic support like recruitment of contractual staff for smooth functioning of the blood banks as per guideline of National Aids Control Organisation (NACO), arranging for training of the blood bank staff, providing logistic supports like equipment, kits, reagents, blood bags and blood bank consumables as per guideline of NACO etc.

3.2.1.2 Audit objective, coverage and methodology

Working of the blood banks in the State was audited to assess sufficiency of existing BBs/ blood storage facilities in health care units, adequacy of infrastructure for hygienic extraction/ testing/ storage of blood to ensure availability of quality blood, safety of donors and optimal utilisation of extracted blood and blood components, interventions like post donation counselling for the Sero-reactive donors etc. Besides, governance issues like licensing, renewal, inspection and monitoring of blood banks, manpower management were also covered under audit.

Records of H&FW Department, SBTC, WBSAP&CS and Drugs Controller, West Bengal and of 19[8] of the 58 State Government-managed blood banks (including Institute of Blood Transfusion Medicine and Immuno-haematology (IBTM&IH) better known as Central Blood Bank; seven Medical College and Hospital (MCHs)) selected randomly were examined to assess the efficiency and effectiveness of existing blood storage facilities in the State.

Audit observations have been drawn with reference to NBP, Drugs & Cosmetics Act 1940 and rules framed thereunder, Standards of Blood Bank & Blood Transfusion Services prescribed by the GoI, directives of NACO and other relevant instructions issued by the State and the Central Government from time to time.

Examination in audit disclosed various instances of inadequacy and deficiency in availability of blood banks and blood storage facilities, quality control of blood and blood components, availability of infrastructure, inventory management, post donation counselling of Sero-reactive donors and inspection and monitoring which are discussed in succeeding paragraphs.

Responses of the Project Director, WBSAP&CS (August 2014), issued with the approval of the Pr. Secretary, H&FW Department, on audit observations have also been incorporated at appropriate places.

3.2.2 Adequacy of number of blood banks and blood storage facilities

There are 58 State run blood banks in the State, nine are situated in Kolkata. Five[9] other districts had only one Government blood bank each, while the remaining 13 districts had two to five Government blood banks either at district or sub-division level. Blood bank facilities were not available at block level.

[8] *IBTM&IH (Central Blood Bank);* ***Seven Medical College & Hospitals (MCH):*** *Calcutta MCH, SSKM Hospital, RG Kar MCH, NRS MCH, Burdwan MCH, North Bengal MCH, Medinipur MCH;* ***Two District Hospital (DH):*** *Nadia DH, Berhampur DH,* ***Nine Sub Divisional Hospitals (SDH):*** *Durgapur SDH, Kalna SDH, Haldia SDH, Kharagpur General Hospital, Kandi SDH, Lalbagh SDH, Ranaghat SDH, Siliguri SDH and Tamluk SDH*

[9] *South 24 Parganas (population: 81.53 lakh), Malda (39.98 lakh), Purulia (29.28 lakh), Coochbehar (28.23 lakh) and Dakshin Dinajpur (16.71 lakh)*

Department stated (August 2014) that for covering rural areas order for setting up of 14 new blood banks throughout West Bengal have been issued in October 2011, while some more blood banks would be set up in multi speciality/ super speciality hospitals. However, none of the 14 new blood banks has started functioning as yet (August 2014).

3.2.3 Quality control of blood and blood components

The National Blood Policy (NBP) reiterates commitment of the GoI to provide safe and adequate quantity of blood, blood components and blood products to encourage appropriate clinical use of blood and blood products. Audit examined compliance to the conditions prescribed in the Drugs and Cosmetics Rules and Standard for Blood Banks and Blood Transfusion Services issued by NACO with regard to donor safety and collection of quality blood and noticed various cases of deviations as discussed in succeeding paragraphs.

3.2.3.1 Absence of Quality Assurance Manager

To ensure quality of blood, NBP prescribed appointment of a Quality Assurance Manager (QAM) for each blood bank collecting more than 15000 units of blood per year. The QAM should be exclusively responsible for quality assurance. It was noticed that nine out of 58 Government blood banks were collecting more than 15000 units of blood per year. Of them, eight blood banks[10] did not engage any QAM except IBTM&IH. The SBTC stated (December 2013) that the post of QAM has not yet been approved by NACO.

In reply, the department stated (August 2014) that the matter would be sorted out soon according to the nature of activities of individual blood banks and availability of technical personnel.

3.2.3.2 Non-conduct of Sero-reactive tests by Eliza method

As per NACO guideline, all stipulated serological tests (HIV, HBsAg and HCV[11]) were to be done by Elisa method for better accuracy instead of the conventional Rapid method[12]. However, 22 out of 58 blood banks conducted such tests by Rapid method due to non-supply of Elisa Reader at the concerned blood banks. The blood banks did not also perform the mandatory test for malarial parasites due to non-supply of kits, thus compromising the quality of blood being supplied.

As regards shortage of Elisa test kits, Department intimated (August 2014) that process has been started for procurement of kits so that all the blood banks are able to conduct serological tests by Elisa method.

3.2.3.3 Ineffective calibration of equipment by the blood banks

The D&C Rules, 1945 *inter alia* provided that equipment used in collection, processing, testing, storage and sale/ distribution of blood and its components are to be checked, standardised and calibrated regularly. The frequency of calibration of various equipments was also prescribed in the said rule. Though there was no

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[10] *Bankura Sammilani MCH, Calcutta MCH, Burdwan MCH, Jalpaiguri Dist. Hosp., Chittaranjan National MCH, NRS MCH, RG Kar MCH and SSKM Hosp.*

[11] *HIV: Human Immunodeficiency Virus; HBsAg: Surface antigen of Hepatitis B virus and HCV: Hepatitis C Virus*

[12] *Rapid method refers to determination of HIV infection to a person on spot test basis using test kit where results may be obtained within five to 30 minutes. With accuracy level being around 75 per cent, this method does not differentiate between types of HIV infections.*

record to show if any such calibration was done in test-checked blood banks since 2011, in Lalbagh and Kandi SD hospitals it was observed that calibration has not been done since 2009 and 2010 respectively.

Equipments installed in five[13] blood banks were not covered under Annual Maintenance Contracts. Given the fact that a number of equipment/ machinery were found unworkable in the test-checked blood banks (pointed out in paragraph 3.2.4.1 and ***Appendix 3.1***), this is a matter of concern. In the absence of AMC and equipment calibration at regular intervals, the accuracy and reliability of the results/ readings could be compromised.

The department attributed (August 2014) such non-calibration and lack of AMC to non-availability of appropriate vendor in respect of some machinery supplied some time ago by NACO but added that the matter would be sorted soon.

3.2.3.4 Cross matching of blood not done by Medical Officer

As per guidelines of Central Drugs Standard Control Organisation (CDSCO), cross matching of blood in case of issue was to be done by trained Medical Officers only. It was, however, noticed that cross-matching of blood was performed by Medical Technologists (Lab) of Haldia and Ranaghat Blood Banks, even though regular Medical Officers were attached to them.

Taking note of the matter, the department intimated that relevant blood banks have been asked to clarify the matter and follow the guidelines of CDSCO.

3.2.3.5 Inefficiency in record maintenance of donor selection

Drugs and Cosmetics Rules 1945 required maintenance of blood donor record in each blood bank indicating *inter alia* serial number, date of collection, name, address and signature of the donor with other particulars of age, weight, haemoglobin level, blood group, blood pressure etc. with the signature of the Medical Officers to ensure that blood was not collected from ineligible donors. The blood banks maintain such records through Donor's Screening Card.

Test-check of donor's screening cards revealed the following

- Medical Officers-in-charge of Burdwan MCH blood bank and Haldia SD Hospital blood bank did not authenticate the screening cards indicating the criteria based on which donors were actually selected.
- Siliguri Sub Divisional Hospital blood bank could produce screening cards against only 44 *per cent* of total blood units collected between January 2009 and July 2013.

In the absence of proper authentication in screening cards, the veracity of details of donors incorporated in those cards could not be vouchsafed. The concerned blood bank authorities stated that the donor screening cards could not be properly filled-up and maintained due to shortage of staff (including Medical Officer). Accordingly, the quality of blood collected could not be completely assured in these cases.

Taking note of the audit observations, PD, WBSAP&CS intimated (August 2014) that observance to norms would be ensured through issuance of suitable instructions to the blood banks.

[13] *Central Blood Bank, Regional Blood Transfusion Centre, Kolkata MCH, RG Kar MCH, Lalbagh SDH and Kandi SDH*

3.2.4 Infrastructure of blood banks

For quality, safety and efficacy of blood and blood products, NBP envisaged availability of well-equipped blood centres with adequate infrastructure and trained manpower.

3.2.4.1 Shortage of preservation and testing equipment

D&C Rules 1945 prescribe availability of equipment for collection, processing, testing, storage and sale or distribution of blood and its components in blood banks. However, test-check showed that some vital equipment were lying out of order at different blood banks since long as shown in ***Appendix 3.1***.

The position was indicative of insufficient attention of the department towards repair and maintenance of vital machinery and equipment in the blood banks, which has potentially affected the performance level as well as blood storing capacity of the blood banks.

3.2.4.2 Inadequate blood components separation units

NBP provided for availability of blood components through a network of blood banks by establishing adequate number of Blood Component Separation Units (BCSUs). Such facilities were required for separation of whole blood into its constituent components *i.e.* red cells, platelets and plasma for specific uses and longer preservation. Out of 58 Government blood banks, only nine[14] blood banks had BCSU facility. Even in these nine blood banks it was observed that

- Malda District Hospital blood bank having BCSU facility installed in April 2009 failed to commence component separation system for reasons not on record.
- Against the stipulation of separation of 80 *per cent* of whole blood units *per annum*, the test-checked blood banks could separate only nine to 47 *per cent*[15] annually during the period under audit.

The Project Director, WBSAP&CS intimated (August 2014) that initiative had been taken to gear up the matter. It has also been pointed out that in case of IBTM&IH percentage of Average Component Separation has increased to almost 60 *per cent*. The reply was, however, found to be at variance from reality as subsequent cross-check (September 2014) of records of the IBTM&IH revealed that during June, July and August 2014, percentages of separation were 41, 41 and 36 *per cent*.

In addition, following observations were made in establishment of one BCSU and capacity enhancement of the other:

Medinipur MCH blood Bank: As a part of modernisation of blood banks, NACO selected Medinipur MCH (September 2008) for upgradation to BCSU and requested the hospital authorities to arrange for proper space, manpower and renovation of building as pre-instalment requirements for establishment of BCSU. Accordingly, Medinipur MCH authority decided to establish the BCSU in the

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[14] *IBTM&IH, Calcutta MCH BB, SSKM Hosp. BB, RG Kar MCH BB, NRS MCH BB, Bankura Sammilani MCH BB, Burdwan MCH BB, North Bengal MCH BB and Malda District Hospital BB.*

[15] *Average Component Separation of IBTM&IH – 26.2 per cent, Calcutta MCH BB – 47 per cent, SSKM Hosp. BB – 11 per cent, RG Kar MCH BB – 19.2 per cent, NRS MCH BB – 27.4 per cent, Burdwan MCH BB – 22.6 per cent and North Bengal MCH BB – nine per cent*

blood bank in the integrated Clinical Building. In this connection, civil[16] and electrical works worth ₹ 31.06 lakh were completed in December 2010. Although NACO supplied (between August 2011 and April 2012) some equipments[17], some other related equipments[18] were not supplied as of November 2013. Further, trained manpower (Medical Officer and Technical Supervisor) was not provided and Standard Operating Procedure for component separation was also not framed. As a result, the license for running the BCSU could not be obtained by the hospital. Correspondence with WBSAP&CS for supply of the aforesaid equipments could not yield any fruitful result. This not only resulted in frustration of objectives but also rendered the expenditure on infrastructure and equipment unfruitful.

Project Director, WBSAP&CS, in its reply (August 2014) intimated that necessary equipment and manpower have since been supplied to the blood bank, though license from Drug Control authorities were awaited.

IBTM&IH: The IBTM&IH received (June 2010) two imported Blood Component Separation Units (Refrigerated Centrifuges) with servo stabilisers from NACO. The equipment, however, could not be put to use, which was attributed by the Director, IBTM&H to improper installation. The equipments were also not calibrated and given practical run by the supplier. The blood bank authority, however, issued installation report and job completion certificate without ensuring its functional status. Warranty document too could not be made available to Audit. Hence, the benefit of two Blood Component Separation Units could not be derived even after the lapse of more than three years from their receipt. This may be viewed with the fact that the blood bank could separate only 21 *per cent* to 29 *per cent* of whole blood into components as against the norm of 80 *per cent*.

PD, WBSAP&CS, in its reply, intimated (August 2014) that the matter would be taken care of shortly. Audit scrutiny (September 2014) revealed that percentage of component separation was between 37 and 41 *per cent* during June to August 2014 though the department intimated that the same has increased to 60 *per cent*.

3.2.4.3 Cleanliness of blood bank premises

As per D&C Rules 1945, blood banks should be located away from open sewage, drain, public lavatory or similar unhygienic surroundings and the entry of insects, rodents and flies should be avoided. Drug Inspectors should *inter alia* examine cleanliness of the premises before issue and renewal of licenses.

Nadia District Hospital Blood Bank

Audit noticed the following:

- There was no separate store room at NRS MCH blood bank and Durgapur Sub-Divisional Hospital (SDH) blood

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[16] *Construction of internal partition wall and other allied works*

[17] *Centrifuge Refrigerator with Stabiliser (2 nos.), Digital Weigh Machine (2 nos.), Blood Bank Refrigerator (Haier) with stabiliser (2 nos.), Deep Freezer (-40^{0}C), Deep Freezer (-80^{0}C), Platelet Agitator & Incubator one each*

[18] *Laminar Air Flow Bench, Cell Counter, Plasma Expressor, Coaugulometer*

bank. During audit inspection, unused blood bags, test-tubes, different forms were found lying in open space in those blood banks.

- In response to audit question, limited/ inadequate space was mentioned as one of the major constraints in operation of blood banks by SSKM Hospital, Durgapur SDH, Kandi SDH, Siliguri SDH and Nadia District Hospital.

3.2.5 Inventory Management

NACO supplied kits for blood collection, preservation, testing and equipments for safe transfusion of blood. The blood banks, however, did not maintain any stock accounts of such items. There were deficiencies in the stock of whole blood also. Ineffective maintenance of stock accounts resulted in shortage/ wastage of whole blood, blood bags and test kits.

3.2.5.1 Shortage of whole blood

Government blood banks collect whole blood by attending blood donation camps organised by NGOs. The blood banks were required to submit month-wise report to WBSAP&CS on collection *vis-à-vis* supply of whole blood as well as components thereof. It was, however, noticed that the test-checked blood banks submitted only year-wise status report on collection and issue of whole blood for the years 2009 to 2013.

Test-check revealed the following

- **Stock account not maintained properly:** The blood bank authorities did not maintain the stock account of whole blood properly either in manual or in computerised formats (as discussed in subsequent paragraphs).

- **Physical verification not conducted:** Physical verification of whole blood stock was not conducted by any blood bank authority. There were discrepancies in numbers of whole blood units shown as per stock account and numbers indicated in the stock reports submitted to SBTC, giving rise to an apparent shortage of 14453 units[19] of whole blood stock valued at ₹ 72.27 lakh[20] noticed between November 2009 and December 2013 in 10 test-checked blood banks, which was indicative of possibility of pilferage. The concerned blood bank authorities, failed to specify the reasons for such shortage, but attributed such deficiencies to factors like inadequate manpower and software limitations. It was also stated that many blood units were issued bypassing the computerised system.

  The matter was, however, not communicated to the higher authorities by the blood banks and as such possibility of various malpractices in maintenance of blood stock could not be ruled out.

PD, WBSAP&CS in its reply (August 2014) stated that the entire matter would be looked into with a serious view and the deficiencies would not recur once full automation is achieved.

[19] *Central Blood Bank – 450, Calcutta Medical College & Hospital Blood Bank – 4164, RG Kar MCH Blood Bank – 4028, NRS MCH – 528, Burdwan MCH – 339, Durgapur SD Hospital - 115, Kandi SD Hospital – 81, North Bengal MCH–3708, Nadia District Hospital – 659 and Ranaghat SD Hospital – 381.*

[20] *Calculated at Government rate of ₹500 per unit*

3.2.5.2 Wastage of different blood collection as well as testing kits

WBSAP&CS received blood safety testing (Elisa/ Rapid) kits (HIV, HBV & HCV) as well as blood bags (single, double and quadruple) from NACO for onward distribution among Regional Blood Transfusion Centres (RBTCs) and blood banks through IBTM&IH. The central stock account of kits, reagents and blood bags was to be maintained under the control of Director, IBTM &IH at the State level.
Records of the test-checked blood banks revealed the following deficiencies in maintenance of stock account:

- **Test-kits were not subjected to physical verification:** IBTM&IH did not conduct periodic physical verification of test kits and reagents during the period covered under audit. It was noticed in audit that there was a difference (shortage of 34086 Rapid Test Kits) in the stock as per the stock register and balance as reported by WBSC after physical verification as of August 2012. Neither was this shortage investigated into nor was any responsibility fixed for the same. The Director IBTM&IH stated (November 2013) that the store was being used for the whole State without proper infrastructure and manpower which contributed to such shortage.

- **Inaction on reported shortages in stock:** A total of 36768 HIV (Elisa) Test kits were issued to Serology Laboratory of Calcutta MCH blood bank in the year 2010. The department intimated usage of only 31680 (including wastage of 192 kits) and a closing balance of 384 kits. Thus, it was observed that there was a shortage of 5952 kits (during 2010) at the Serology Lab. No action was taken on the same.

- **Wastage due to expiry of test-kits:** It was observed that WBSAP&CS issued short expiry test kits to the blood banks in excess of their requirement. Some blood bank authorities[21] declined to accept such kits and informed the WBSAC&PS about their accumulation several times. Consequently, validity of 160398 kits expired in 11 MCHs and other hospitals during various period covered under audit as detailed in ***Appendix 3.2***. WBSAP&CS failed to take any corrective measure to avoid such wastage. It also points to lack of control in inventory management.

- **Improper/ non- maintenance of Blood Issue Register:** Blood Issue Register was not maintained by Siliguri SDH blood bank till January 2010. Hence, correctness of issue of 3062 blood units issued between April 2009 and January 2010 could not be ensured. Further, Siliguri SDH blood bank and Ranaghat SDH blood bank did not incorporate exchange particulars (cash, card or free) against issue of blood units in the Master Register of Testing & Issue.

- **Lack of storage facilities for blood bags:** There was no store room at NRS MCH, blood bank and Durgapur SDH blood bank. On the day of audit inspection, unused blood bags, test tubes and different forms were found lying in open space.

- **Shortages in blood bags:** Utilisation of blood bags also was not commensurate with collection of whole blood units. Test-check revealed that

[21] *IBTM&IH, NRS MCH blood bank*

there was a shortage of 2922 blood bags at NRS MCH blood bank during 2009-10. Similarly, 97 blood bags were found short at Durgapur SDH blood bank, during 2011. In view of shortage in the stock of blood bags, siphoning of collected blood units through improper ways cannot be ruled out.

- **Stock account of Credit Cards not maintained:** Each blood donor should get a Donor Credit Card, which had certain money value, for subsequent use within one year. The blood bank authorities receive such Credit Cards from SBTC. It was noticed that stock of such Credit Cards was not maintained by three[22] out of 19 test-checked blood banks.

In reply, the department stated that it would view these matters seriously and expected that such irregularities would not recur once full automation is achieved. It has further intimated that while issues of space problems have been sorted, bulk issue of donor credit cards would be stopped.

3.2.6 Non-availability of networking facilities in Government blood banks

For information sharing among blood banks through automation application software, the State Government approved (November 2002) introduction of an Inter-connected Blood Bank Management (IBBM) System for the Central Blood Bank and nine other blood banks[23]. WBSAP&CS was to implement the project with the financial assistance of NACO. The networking portion of the project (approved in September 2003) was an integral part of the IBBM system.

Accordingly, the WBSAP&CS incurred (April 2003 to July 2006) an expenditure of ₹ 115.05 lakh towards the cost of hardware, software and networking components for execution of the IBBM programme. The blood bank automation software was developed (June 2006) by C-DAC and a private company and installed (between July 2006 and October 2006) in the abovementioned 10 blood banks. Subsequently, the said automation software was upgraded (December 2009) into another software (named '*Raktim*') at an expenditure of ₹ 11 lakh covering four more blood banks (blood banks in Bankura, Bardhaman, Medinipur and North Bengal Medical Colleges & Hospitals). The SBTC also spent a sum of ₹ 41.32 lakh during July 2011 to September 2013 towards maintenance and handhold support[24] for the 14 blood banks.

Wastage of blood units due to lack of interconnectivity: However, inspite of installation/ upgradation of such automation software, the networking as well as interconnectivity among blood banks could not be established for reasons not on record. The concerned blood bank authorities also pointed out various deficiencies[25] in the '*Raktim*' software. Scrutiny revealed that though store account was being maintained by 14 test-checked blood banks using this software, in the absence of WAN (wide area network) connectivity, the objective of information sharing among the blood banks could not be achieved. This may be viewed with

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[22] *North Bengal MCH, Haldia SD Hosp. &Siliguri SD Hosp.*

[23] *RG Kar MCH, NRS MCH, Calcutta National MCH, SSKM Hospital, Calcutta MCH, MR Bangur Hospital, Howrah DH, Diamond Harbour SDH and Tamluk DH*

[24] *Maintenance of software for a period of one year without any further payment*

[25] *One major deficiency being absence of any check in the system to stop supply of blood without covering all the prescribed checks/ steps. Blood units could be supplied without using the 'issue' button.*

the fact that in those 14 blood banks, 15630 units[26] of whole blood[27] were discarded during 2009-13 due to expiry of validity. Had the interconnectivity system been established among blood banks, such wastage could have been minimised.

Thus, objective behind expenditure of ₹ 1.26 crore incurred towards information sharing (IBBM) system among blood banks remained unachieved.

Department stated (August 2014) that in view of limitations of *Raktim* software, a new software was being developed as a special project through WEBEL[28], on completion and installation of which the above deficiencies would not recur.

3.2.7 Post donation counselling of the Sero-reactive donors

To bring infected (HIV, Hepatitis B and Hepatitis C) but unaware blood donors under the ambit of treatment, NBP[29] envisaged appointment of a Counsellor in each blood bank for pre and post donation counselling. In case of non-availability of Counsellors, the sero-reactive donors should be informed by the Medical Officer-in-charge as per Standard Operating Procedure. WBSAP&CS could post (November 2010) only 23 Counsellors at the blood banks for total 58 State Government run blood banks.

Shortfall in contacting and counselling sero-reactive donors: Audit observed that most of blood bank authorities did not maintain records on the particulars[30] of sero-reactive donors. There was no indication of cases being referred for onward treatment. Necessary training to the counsellors was not imparted by SBTC. Counsellors of Burdwan and North Bengal MCH, blood banks, however, claimed that they contacted almost all the sero-reactive donors, but it was not supported by any record. In 14 other test-checked blood banks, out of 9727 sero-reactive cases detected during 2009-13, only 527 donors (five *per cent*) were contacted. Hence, a large number of infected blood donors with such deadly viruses remained unattended. The blood bank authorities stated that they had informed the sero-reactive donors either through camp organisers or over telephone, but no record was maintained in support. The blood bank authorities attributed the same to constraints like insufficient manpower coupled with huge work-load and lack of dedicated telephone connection at the blood banks.

In reply, the department, while reiterating the protocol on sero-reactive donors, intimated that recruitment of more counsellors was under consideration of the Government.

3.2.8 Human resources

As per Standards of Blood Banks and the Blood Transfusion Services, trained manpower is one of the essential requirements for quality, safety and efficacy of blood and blood products and blood banks should be provided with full time competent medical and paramedical personnel. Medical Officer (MO), Medical

[26] *IBTM&IH – 8451, SSKM Hosp. – 3613, Burdwan MCH – 1524, RG Kar – 622, Cal. MCH – 142, NRS MCH – 164, Durgapur SD Hosp. – 44, Kalna SD Hosp. – 481, Haldia SD Hosp. – 100, Medinipur MCH – 91, Kharagpur SD Hosp. – 60, Kandi SD Hosp. – 155, Lalbagh SD Hosp. – 15, Ranaghat SD Hosp. – 168*

[27] *Whole Blood refers to collected blood which have not been subjected to compound separation.*

[28] *West Bengal Electronics Industry Development Corporation, a Government of West Bengal Undertaking*

[29] *As per objective 4.2.3 of NBP*

[30] *communication as well as response details with such donors and follow-up action by the authorities*

Technologists (Lab), Nursing staff, Store keeper, Laboratory Attendant etc. are some of the vital staff posted in the blood banks. Over and above Government appointed MO and MT (Lab), SBTC and WBSAP&CS also contractually appointed MOs (only by SBTC) and MT (Lab) (by both SBTC and WBSAP&CS).

DHS intimated the following position of Medical Officer/ Laboratory Technicians posted in blood banks

Table 3.2: Blood banks Medical Officer/ Laboratory Technicians in the State

Post	Government appointed	Otherwise appointed
Medical Officer	160	34 (appointed by SBTC)
Laboratory Technicians / MT (Lab)	139	129 (appointed by WBSAP&CS) 79 (appointed by SBTC)

Source: Records of DHS

However, DHS did not intimate the number of posts sanctioned in those blood banks.

Among the test-check blood banks, position of sanctioned posts and men in position (MIP) was available for the following blood banks as of November 2013

Table 3.3: Medical Officer/ Laboratory Technicians in blood banks test-checked

Blood bank	Medical Officer		Staff Nurse		MT (Lab)	
	Sanctioned	MIP	Sanctioned	MIP	Sanctioned	MIP (contractual staff)
IBTM&IH	16	15	6	4	42	43 (31)
RBDC	5	6	nil	2	8	15 (12)
SSKM	8	9 (3)	nil	nil	14	15 (8)
NRS	5	7 (3)	2	2	8	13 (9)
Burdwan MCH	10	6	1	1	18	13
Kalna SDH	2	1	1	1	6	3
Haldia SDH	2	1	1	nil	2	1
Kharagpur SDH	3	2	nil	nil	1	5 (3)
Kandi SDH	2	2	1	1	1	2 (1)
Ranaghat SDH	1	1	nil	nil	1	2 (1)
Total	**54**	**50**	**12**	**11**	**101**	**112**

Figures in the brackets represent contractual MO/ MT included in total
Source: Records of test-checked blood banks

Thus, in Burdwan MCH blood bank, there were significant shortages of MOs and MT (Lab). In other test-checked blood banks, shortages of Government appointed MO/ MT (Lab) were seen to have been made good by contractually appointed ones.

The department, in reply stated (August 2014) that the issue of filling up of vacant posts of Medical Officers and paramedical personnel in the State Government Blood Banks is under active consideration of the Government.

3.2.8.1 Capacity building

'Standards for Blood Banks and Transfusion Services' prescribed that all staff of blood banks should be encouraged to participate in continuing medical education programmes and were to be provided training and facilities for implementing universal precautions for hospital acquired infections and bio-safety guidelines. It also required that proficiency test of all technical staff be conducted annually to ensure reliability and enhanced efficiency of their performances. Besides, in all

medical colleges, a Department of Transfusion Medicine[31] was to be established. NBP also provided for creation of a separate cadre of doctors for Blood Transfusion Service[32]. In this regard, following was observed in Audit:

- Even though SBTC conducted training programmes from 2010 to 2012, 32 *per cent* Medical Officers and 20 *per cent* Medical Technologists attached to 17 test-checked blood banks did not have training in blood transfusion. No training programme was conducted by SBTC in 2013 for reasons not on record.
  Department stated in reply (August 2014) that transfer of trained personnel to facilities other than blood banks, which was one of the factors behind shortage of trained personnel in blood banks, would be stopped.
- Though provided in NBP, a separate Department of Transfusion Medicine has not been established in nine Government run MCHs of the State as of September 2013, except Kolkata MCH.
- A separate cadre of doctors for blood transfusion services in all blood banks has not been created in the State as of September 2013 though required under NBP.
- Corpus Fund was not made available to SBTC to facilitate research in transfusion medicine and technology related to blood bank as required under NBP[33].
- Multi-centric research initiatives on issues related to blood transfusion were to be encouraged as required under NBP[34], but the initiative was not undertaken by the SBTC as of September 2013.

3.2.9 Regularity issues: Inspection and monitoring

3.2.9.1 Issue of license/ renewal of license of blood banks

Blood being identified as 'drug', blood banks are regulated under the Drugs and Cosmetics Act and Rules made thereunder. The Drugs Controller, West Bengal is the regulatory body, responsible for issue of licenses to blood banks with the approval of Drugs Controller General (India), New Delhi. Before issue and renewal of licenses, joint inspection along with the Drugs Inspectors (DI) of Central Drugs Standard Control Organisation (CDSCO), East Zone, Kolkata and WBSAC&PS are to be conducted. The licenses were valid for five years after which same were to be renewed after conducting fresh joint inspection and after being satisfied with the availability of required manpower and infrastructure.

Most of the blood banks running with expired licenses: Out of 58 Government blood banks in the State, license of 56 blood banks were last issued between February 1994 and April 2006. The validity of such licenses expired between February 1999 and April 2011. Although the blood banks authorities applied for renewal of licenses with requisite fees, joint inspections for renewal of license could not be conducted, which was attributed by the Drug Controller to shortage of inspecting staff as well as non-compliance to observations on shortcomings by the blood banks. It was seen that licenses of only three[35] blood banks were renewed

[31] *objective 6.1.1 of NBP*
[32] *objective 6.7 of NBP*
[33] *objective 7.1 of the NBP*
[34] *objective 7.3 of the NBP*
[35] *Calcutta National Medical College & Hospital, RG Kar Medical College & Hospital and ESI Hospital, Manicktala*

upto December 2016. Hence, 53 government blood banks were functioning without valid license as of April 2014. Of these 53, licenses of 40 blood banks were not renewed after expiry of the initial ones. In response to audit question, the blood bank authorities also reported that the quality of service was being hampered due to inadequate space and manpower.

Accepting the fact that blood banks did not have their licences renewed owing to constraints of space, manpower and equipment, Department stated (August 2014) that the issue would be solved very soon.

3.2.9.2 Non formation of Committee for grant/ renewal of license

Objective 8.1 of NBP envisaged constitution of a committee, comprising members from State/ UT Blood Transfusion Councils including Transfusion Medicine expert, Central & State/ UT FDAs for grant/ renewal of blood bank licenses including plan of a blood bank. The Committee was to scrutinise all applications for grant/ renewal of license as per the guidelines provided by Drugs Controller General (India). No initiative was forthcoming from SBTC for formation of any such Committee.

The department, however, stated (August 2014) that formation of the committee is under process.

3.2.9.3 Ineffective inspection by Drug Inspectors

Besides, Drug Inspectors have to inspect all blood banks[36] at least once a year to be satisfied that all provisions of D&C Act and Rules framed thereunder are duly complied with. Scrutiny in audit, however, revealed that the Drug Controller did not maintain records regarding inspections conducted during the years covered under audit.

Department stated that the matter would be taken up with the Drug Control, West Bengal for compliance.

3.2.9.4 Other monitoring mechanism

- As per National Blood Policy, a vigilance cell was to be created under State Licensing Authorities to enforce compliance with the provisions of D&C Rules. No such vigilance cell was, however, set up.
- A separate blood bank cell with trained officers and inspectors was not created in the State under the H&FW Department for proper inspection of blood banks and enforcement of conditions mentioned in the license, even though it is required under objective 8.4 of NBP.
- There was no system of monitoring and supervision over functioning of State blood banks. H&FW Department decided (January 2013) to introduce monitoring of the regionally co-ordinated blood bank system with structured blood transfusion services and an inbuilt mandatory Quality Assurance Programme by appointing a State Nodal Officer for blood bank services. However, no development has been noticed towards this end. As such, the State blood banks are being operated in an isolated manner.

The department noted the observations for future guidance.

[36] *As per Rule 52 of Drugs and Cosmetics Rules, Drug Inspectors are to inspect all premises licensed for manufacture of drugs at least once a year inter alia to satisfy that all provisions of D&C Act and Rules framed there under are duly complied with.*

3.2.9.5 Non-enactment of rules for registration of private nursing homes

As per objective 8.6 of the NBP, the State was to enact rules and incorporate provisions for registration of nursing homes for affiliation with a licensed blood bank for procurement of blood for their patients. The State Government, however, did not formulate any such rules as of September 2013. As such, no system for monitoring distribution of blood units to private hospitals/ nursing homes existed in the health care system.

Audit scrutiny revealed that 30 to 60 *per cent* of whole blood units were being issued to private hospitals/ nursing homes by the respective blood banks[37]. In the absence of relevant rules, none of the blood banks except IBTM&IH maintained any record of nursing homes receiving blood as regards registration as well as validity of licenses. The Director, IBTM&IH stated that only 205 out of 2086 private hospitals and nursing homes had communicated their registration numbers. In the absence of enactment of relevant rules, control on distribution of blood to nursing homes remains weak.

3.2.10 Conclusion

The functioning of blood banks in the State has scope for improvement in many aspects.

There is an emergent need for setting up more blood banks in the State and for enhancing the capacity of the existing ones to bridge the gap between requirement and actual supply. Moreover, the blood bank network was not distributed evenly among the districts with blood bank/ BSUs not being available in rural areas.

It was also a matter of serious concern that 53 out of 58 blood banks managed by the State Government do not have valid licenses. The basic tenet of providing safe blood, blood components and blood products was also compromised due to the absence of quality assurance mechanism in most blood banks. Quality aspect was further undermined by irregular supply of Elisa Reader, cross matching of blood by staff other than Medical Officers, ineffective calibration of equipment, absence of AMCs, etc. Performance of the blood banks as regards component separation was sub-optimal.

There were instances of losses/ wastages of whole blood units, blood bags, test kits and reagents due to deficient inventory management. There were significant deficiencies in the blood bank automation software leading to possibility of pilferage of bloods/ kits. In the absence of interconnectivity among blood banks, available blood stocks in one blood bank could not be utilised by others in need, leading to wastage of stock.

Deficient maintenance of records on the particulars of sero-reactive donors leaves possibilities of carriers of such deadly viruses remaining unaware and untreated. Non-compliance of the rules and inadequate monitoring by Drug Inspectors resulted in several deficiencies.

Human resources management also calls for attention as 32 *per cent* Medical Officers and 20 *per cent* Medical Technologists attached to 17 test-checked blood banks did not have training on blood transfusion.

[37] *on the basis of requisition signed by a registered Medical Practitioner*

Department of Transfusion Medicine was not established in nine Government MCHs of the State, neither was the separate cadre for Blood Transfusion Service created.

HEALTH AND FAMILY WELFARE DEPARTMENT

3.3 Public Private Partnership projects in Health sector

With increase in demand and expectations for improved health care services, coupled with resource constraints in the public sector, the Health & Family Welfare Department coordinated with the private sector in Public Private Partnership (PPP) mode of operation for delivery of quality health care services in West Bengal from 2001-02. In January 2006, the department published the 'Policy for Public Private Partnership in the Health Sector' outlining various ways in which the diverse segments of the private sector can be engaged with the government for expeditious achievement of desired health outcomes. A Strategic Planning and Sector Reform Cell (SPSRC) was also formed in April 2008 for framing policy options and strategic approaches in this direction. Apart from the SPSRC, the department has a PPP cell under it.

The department started PPP projects in various aspects of health services like establishing of medical colleges and hospitals (MCH), setting up investigation/ diagnostic centres at various levels of hospitals, installation of pipe lines and supply of medical gases in bigger hospitals and MCHs, starting ambulance services for patients in need, starting fair price outlets of medicines, etc. Operations in the following five major PPP initiatives, selected on the basis of their significance in improvement in patient care and operational maturity, were subject to audit assessments *vis-à-vis* the critical success factors[38] as prescribed in the PPP Policy.

1	Diagnostic Services	1) CT-Scan and Magnetic Resonance Imaging (MRI) facilities 2) Diagnostic units in Rural Hospitals/ BPHCs
2	Supply of Oxygen I.P. through Pipe Line System	
3	Establishment and Operation of KPC (Kali Pradip Chaudhuri) Medical College and Hospital	
4	Emergency Transportation (Ambulance) Services	
5	Establishment of three Mechanised Laundry Units under PPP mode	

Records of five Medical Colleges and Hospitals[39] (MCHs), Chief Medical Officers of Health[40] (CMOHs) of five districts and seven hospitals[41] in Kolkata and five districts in the State covering a period from 2009-10[42] to 2013-14 were covered for this study. These units were involved in running the above PPP projects and were

[38] *Clear definition of output, good monitoring, good contracting experience with legal knowhow, inbuilt strategies for financial sustainability, objective or performance criteria are defined and standard operating procedures put in place.*

[39] *MSVPs Kolkata MCH, NRS MCH, RG Kar MCH, SSKM Hospital and Bankura Sammilani MCH*

[40] *CMOHs Bankura, Purba Medinipur, Nadia, Hooghly, Birbhum*

[41] *Director B.C.Roy PGIPS; Superintendents, State General Hospital, Baghajatin; Sadar Hospital, Bankura; District Hospital, Purba Medinipur; JNM Hospital, Kalyani, Nadia; District Hospital Nadia and District Hospital, Hooghly*

[42] *Except where project started after 2009-2010*

selected on the basis of random sampling. Besides, 28 Diagnostic units set-up at rural hospital/ BPHC level in four selected districts[43] were also test-checked. The audit observations are discussed in the subsequent paragraphs.

3.3.1 Diagnostic services

With the objective of providing better patient care facilities and ensuring greater access to quality diagnostic services at affordable cost, the department set up CT-Scan facilities, Magnetic Resonance Imaging (MRI) Scan Units in MCHs and District Hospitals and Diagnostic Units in Rural Hospitals (RH) and Block Primary Health Centres (BPHC) in PPP mode.

3.3.1.1 Nature of PPP arrangement in installation and operation of CT scan and MRI scans

CT scans and MRI are high investment and expensive diagnostic tests and the department has been engaging public private partnership to install these services in selected hospitals. Under the joint-venture, the private partner is provided rent-free accommodation for installation of equipment along with power, water supply and sewerage connection.

The benefit expected from these joint ventures were

1. Private Partner would install the equipments and incur all recurring and maintenance cost.
2. Provide these services to the public at the rates prescribed by the Government.
3. These facilities would cater to a fixed number/ proportion of free patients referred from the government hospitals besides being allowed to offer services to private patients.
4. Would pay 25 *per cent* of revenue earned from each of the private patient to the government account.

CT-scan units were installed in seven M&CHs during 2001-02, while an MRI scan unit was installed in the premises of Kolkata MCHs in PPP mode in April 2002. Subsequently agreements for installation of CT scan units at 12 District Hospitals (DH) and MRI scan units in five more MCHs[44] were entered into with private parties between June 2008 and June 2010.

Test-check of records of the department/ directorate alongwith the records relating to diagnostic units running at four[45] MCHs and five[46] other hospitals revealed the following:

Status of agreements

Scrutiny of the status of agreement in respect of four test-checked MCHs showed that there was laxity on the part of the department in renewing the agreements with the agencies after expiry of the initial agreement periods. It was seen that the CT scan units were allowed to run without any agreement for three to four years after expiry of the initial tenure, as shown in **Table 3.4**.

[43] *Bankura (eight), Purba Medinipur (six), Nadia (nine) and Hooghly (five)*

[44] *BSMCH, Medinipur MCH, Burdwan MCH, RG Kar MCH and NRS MCH*

[45] *NRS MCH, RG Kar MCH, Kolkata MCH and BS MCH*

[46] *BC Roy PGIPS; JNM Hospital, Kalyani; Nadia DH; Tamluk DH and Hooghly DH*

Table 3.4: Periods without any agreement coverage

Name of MCH	Initial agreement period	Period with no agreement coverage	Present status
NRS MCH	August 2001 to August 2003	• August 2003 to July 2007 (48 months)	Renewed up to July 2015
RG Kar MCH	December 2002 to December 2004	• December 2004 to July 2007 (30 months) • five months from July 2012 to December 2012	Renewed up to December 2017.
KMCH	August 2001 to August 2003	• August 2003 to July 2007 (48 months) • July 2012 onwards	Presently the unit is operating without any agreement coverage
SSKM Hospital	July 2002 to July 2004	• April 2004 to July 2007(40 months)	Renewed up to March 2016

Source: Records of DHS and test-checked MCHs

Besides above, in Dr. BC Roy PGIPS, a private partner operated a CT-Scan unit from October 2012 without having any valid agreement. In the absence of agreement there existed no guiding terms and conditions and defined responsibility.

Installation and operationalisation of the CT scan and MRI units

The Status of installation of the CT scan and MRI units in the various M&CHs as per the agreements entered into from August 2001 to June 2010 was as under:

CT scan Units

- In respect of the CT scan units set up in 2001-02 at seven M&CHs, the department failed to furnish the files regarding installation and functioning of the units containing the Scheme document/ Standard Operating Procedures (SOP), executed agreements etc. though sought for.
- The status of the installation of the CT scan units as per PPP agreement entered into between June 2008 and June 2010 in the 12 district hospitals, as available from departmental records, has been shown in ***Appendix 3.3 (A)***. It was observed that the department was not only unaware of the status of running of eight of the CT scan units but dates/ status of renewal of agreements pertaining to three of them were not on record.

MRI Units

- The department had no information on renewal of agreement in respect of the MRI unit in Kolkata MCH since April 2010. In respect of the remaining five MCHs, where PPP agreement to install MRI units was entered into in January/ February 2009, MRI units were installed in three MCHs[47], during January 2010 to January 2011 while no information was available in respect of the two other MCHs[48] as indicated in ***Appendix 3.3 (B)***.
- The department, however, failed to provide the scheme document and SOP of any of the five projects.

Free services to poor patients

One of the purposes of setting up of CT scan units/ MRI units in government hospitals was to provide free services to the BPL patients. As per the agreement, at least 10 *per cent* of the cases attended by the units would be towards providing free services to the BPL cases referred by the Hospitals. It was the responsibility of the respective hospital authorities to check and ensure that free services were

[47] *BSMCH, RG Kar MCH and NRS MCH*
[48] *Burdwan MCH and Medinipur MCH*

actually provided to the eligible patients referred by it. Audit observations in this respect are summarised below:

CT scan Units

- In test-checked hospitals, independent records were either not maintained or incomplete records were maintained indicating absence of monitoring and control. The hospitals had no means of ensuring whether the requisite free services were being provided by the CT scan Units.
- As per information collected from the private partners through the hospital authorities, it was noticed that there was a shortfall ranging from 35 *per cent* to 95 *per cent* (***Appendix 3.4***) in rendering of free services to the BPL patients during the period test-checked.

MRI Scan Units

- There was a shortfall ranging from 39 *per cent* to 74 *per cent* during the period test-checked in NRS MCH (39 *per cent*), RG Kar MCH (74 *per cent*) and BS MCH (51 *per cent*) in providing the requisite free services to BPL patients (***Appendix 3.5***).

Thus, the intended benefit of providing free service to the requisite number of needy people were neither provided by the PPP nor monitored by the department/ Hospitals.

Revenue sharing

The private partners were free to conduct cases not referred from the Government hospitals (private cases) at pre-fixed rates. Commission charge at the rate of 25 *per cent* of such revenue earned by the private party was to be deposited with the hospital. A separate register and separate set of accounts records were to be maintained by the private partners in respect of private cases conducted, which was to be subject to scrutiny and inspection by the Accounts Officer (AO) of the hospital. The commission charges so received from the private partner were to be deposited immediately in the Government Account.

Scrutiny in audit revealed the following:

Maintenance of records and collection of commission charges: None of the private partners, both in case of CT scan and MRI (except in KMCH), maintained separate register or separate set of accounts for the private cases carried out by them. Neither was the matter pursued by the hospital authorities, nor was any inspection conducted by the AOs. Being unaware of the number of such private cases, hospital authorities were not in a position to verify the commission charges receivable against the private cases. Hence, numbers of private cases reported and amounts deposited by the private partners were being accepted without any further scrutiny.

Non-realisation/ delayed realisation of Commission Charges: The Government share of commission charges were to be deposited to the hospital authority immediately after expiry of each month. However, no Demand Register or any other register was maintained by any of the hospitals test-checked to watch regular collection of commission charges from the private parties against CT scan. Instances were noticed in Tamluk Sadar Hospital and KMCH (*vide* ***Appendix 3.6***) where commission charges of CT scan were either deposited with the hospital

authorities after considerable delay or were not deposited at all. No pursuance by the hospital authorities was noticed.

- In Dr. BC Roy PGIPS and Tamluk DH, no mechanism existed to ensure identification of private cases and veracity of data submitted by the private partners. In Dr. BC Roy PGIPS, commission charges were not paid by the private partner on the plea that no private cases were conducted. Similarly, private partner attached to Tamluk DH did not deposit commission charges for the CT scan for two spells from December 2011 to March 2012 and from May 2013 to March 2014.
- A test-check of records of NRS MCH revealed that no commission charge was deposited (neither for CT scan nor for MRI scan) against private cases since October 2013. In the absence of any record maintained by the partner, no initiative on part of the hospital authority was noticed for identifying private cases.

Thus, while on one hand there was shortage in delivery of services to the needy, on the other hand the revenue earned by the PPP through private patients was also not being shared with the department as desired in the agreement.

Non-remittance of commission charges into Government account: Test-check of MCHs and hospitals showed instances of commission charges collected being retained unauthorisedly in the accounts of the respective *Rogi Kalyan Samitis (RKS)*[49] instead of depositing them into Government Account:

- Authorities of NRS MCH, RG Kar MCH, Tamluk Sadar Hospital and Krishnanagar Sadar Hospital unauthorisedly retained ₹ 17.16 lakh collected from CT scan units since their inception in RKS accounts as of April 2014.
- In respect of MRI scans, commission charges collected in NRS MCH and RG Kar MCH were irregularly retained in RKS account and had not been deposited into Government Account since inception of the respective MRI units. During the period test-checked in audit an amount of ₹ 15.22 lakh was so retained in RKS account of the said hospitals.

Undue benefit to private partner due to non-recovery of electricity charges:

The private partner was to install a separate meter for the CT scan units as well as the MRI units and bear all charges towards consumption of electricity for the unit. However, in none of the test-checked units were separate meters installed. Instead, sub-meters were installed which required the concerned PWD (Electrical) Divisions to raise demands on assessed consumption through the sub-meters. Thus, the onus of payment of electricity bills remained with the department, while subsequent realisation for proportionate consumption is to be made from the partner.

Scrutiny revealed that

- An amount of ₹ 10.66 lakh of electricity charges were not recovered from the CT scan units in NRS MCH, Dr. BC Roy PGIPS and BSMCH though the said amount was borne by Government for the period test-checked. Similarly, in respect of MRI units, electricity charges of ₹ 24.78 lakh borne by Government were not recovered from private partners in NRS MCH and BSMCH.

[49] *Fund being maintained outside Consolidated Fund of the State for development of the Hospitals.*

- In SSKM hospital, it was observed that even the sub-meter was not installed. The private party paid for consumptions as assessed by their own electrician. It resulted in short recovery of ₹ 34.81 lakh for the period from December 2002 to December 2013 compared to the consumption level assessed by PWD.
- In Tamluk Sadar Hospital and Krishnanagar Sadar Hospital, the sub-meters were not installed and demands were not raised with the private partners. The partners in Tamluk Sadar Hospital had not paid electricity charges since November 2011, while the private partner in Krishnanagar Sadar Hospital made payment on *ad-hoc* basis, appropriateness of which could not be ascertained in audit.

Control over deployment of personnel

Details of personnel employed in the CT scan-units and MRI units were to be obtained by the department from the private partner and it was also to be ensured that the Radiologists employed by the private partner possessed a recognised post graduate degree in Radiology. A clearance for such list of personnel was to be obtained from the department before deployment or future replacement or induction.

No such clearance of the department was ever obtained by any of the units test-checked. Though the private partners claimed that radiologists with desired qualification were posted in the units, records could not be produced by any of the private partners in support of the claim when the issue was pursued by audit through the hospital authorities.

Management and quality assurance issues

- As per agreement, the private partners were required to furnish prescribed monthly or quarterly reports for both the CT scan and the MRI units along with patient satisfaction report. However, scrutiny of the test-checked units revealed that though monthly or quarterly reports were submitted sporadically, Patient Satisfaction Reports were not submitted. No pursuance on part of either the department or the concerned hospital authorities for obtaining the reports was documented.
- The accounts records maintained by the private parties were to be verified by the concerned hospital authorities. However, no verification has been carried out in the test-checked hospitals to ensure the correctness of the figures claimed by the private parties.

3.3.1.2 Diagnostic units in Rural Hospitals (RHs) and Block Primary Health Centres (BPHCs)

Initiating the process by issuing an order in April 2004, department established Diagnostic facilities at Rural Hospitals (RHs)/ Block Primary Health Centres (BPHCs) covering standard diagnostic tests like pathological/ biochemical/ haematological/ microbiological/ serological/ radiological examinations. The department was to provide ready-to-use space within rural hospital premises whereas establishment and running costs were to be borne by the private partners.

In four selected districts, the department entered into agreements between August 2005 and April 2011 with private partners for setting up 36[50] such Diagnostic units. Out of these, scrutiny of available records of 28 RHs/ BPHCs as well as records furnished by the different Diagnostic Centres[51] disclosed the following irregularities in their operation.

Facilities of mandatory tests

The scheme document for establishing Diagnostic Services in Rural Hospitals through PPP envisaged a host of mandatory tests or investigations that must be conducted at the Diagnostic Centres for comprehensive coverage. The list included important radiological and cardiological investigations like X-Ray, USG and ECG, in case no provision was available in the concerned RH/ BPHC. It was, however, noticed that seven out of the nine diagnostic units in Nadia did not have any provision for the mandatory tests. Two of the units[52] did not have X-Ray, USG and ECG facilities; one unit[53] did not set up X-Ray and USG facilities and four units[54] made no provision for USG in its centres even though there were no arrangements in the Government set up in the respective RHs/ BPHCs.

Mechanism for performance monitoring

Monitoring mechanism as envisaged in the guidelines provided that the ACMOH in charge of the respective RH would monitor the diagnostic facility, while the Superintendent of the RH would monitor operational activity on day to day basis under the authority from District Health & Family Welfare Samiti (DHFWS) or Block Health & Family Welfare Samiti (BHFWS). DHFWS was to visit the facilities once in every three months. H&FW Department was to develop quality assurance system for ensuring quality of services.

The department neither developed any SOP, nor devised a management system and quality assurance system for the Diagnostic Centres. No mechanism was adopted locally by the hospital authorities too, whereby the figures submitted by the private parties in its monthly reports could be verified or cross-checked. No records regarding referral and free cases referred to the diagnostic units were maintained in the RHs/ BPHCs.

Except for 2013 in Hooghly district, either the numbers or details of visits by DHFWS or ACMOsH in the test-checked districts[55] were not on record, or there were shortfalls in number of visits.

Quota of free cases

The private partner was to conduct tests free of cost for patients belonging to the BPL category subject to a maximum of 20 *per cent* of the number of tests conducted in the diagnostic centre in the previous month. However, comparative study of total number of patient *vis-à-vis* number of free cases performed in respect of 23 RHs/ BPHCs of the selected districts showed that in case of 20 units there

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[50] *Bankura: eight, Purba Medinipur: six, Nadia: nine and Hooghly: 13*

[51] *Out of 36 Diagnostic Units established in selected four district, records relating to 28 units (viz. Bankura-eight, Purba Medinipur-six, Hooghly-five and Nadia-nine) had been checked.*

[52] *Bishnupur Krishnanagar-I BPHC and Maheshganj Nabadwip-2 BPHC*

[53] *Palasipara Tehatta-II BPHC*

[54] *Kaliagunj RH, Karimpur RH, Chapra RH and Krishnaganj RH*

[55] *No records: Bankura and Purba Medinipur, Nadia: two visits by ACMOH out of required nine*

were shortfalls. It was noticed that 20 to 50 *per cent* shortfall existed in one unit[56], 51 to 80 *per cent* in seven units[57], 81 to 90 *per cent* in eight units[58], 91 to 99 *per cent* in three units[59] while in one unit[60] no free case was conducted. No initiative on the part of the concerned ACMOHs/ Superintendent was noticed on the issue.

Non recovery of cost of electricity

The private partners were to apply for installation of separate electric meter in its name and the installation charges for such a connection (security deposit etc.) were to be borne by them. The private partners were to make payments for energy consumed for the diagnostic facilities directly to the energy supplier. However, it was noticed that 12 diagnostic centres[61] of the test-checked districts did not install separate meters for the units. The respective RHs/ BPHCs shouldered the cost of electricity consumed towards the diagnostic facilities. No efforts were made by the hospital authorities to assess the consumption of the units and raise claims for recovery of electricity charges.

3.3.2 Supply of oxygen through pipe line system

To ensure better patient care services, the department decided (February 2005) to arrange for supply of Oxygen I.P.[62] in eight MCHs including the Government–run Bangur Institute of Neurology, Kolkata through installation of pipeline systems (PLS) along with system of Medical Vacuum Service and Medical Compressed Air Service. This was to replace the supply of oxygen in individual cylinders of small capacity. As per the PLS, oxygen would be directly supplied at the patients' beds through pipelines which would be connected to cylinders of larger capacity from a manifold (centralised location)[63] at each hospital. The installations were to be done in Build-Operate-Transfer mode of PPP. The private partner(s) were to bear the cost of installation of the PLS and to charge department for supply of medical gases at agreed rates. The term of initial agreement was three years (from the date of full commissioning of PLS) which was extendable for another two years subject to satisfactory performance of the private agency(s). On completion of the term of agreement the pipeline system was to be a property of the Government. Accordingly the private partners were selected through tenders at rates approved by the department for a period of three years.

Two suppliers were selected for these eight hospitals[64] in February 2005 through the process of competitive bidding. Work orders were issued in May 2005 and PLS

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[56] *Barjora BPHC of Bankura*

[57] *Nadia (three centres); Purba Medinipur (two centres); Hooghly (one centre) and Bankura (one centre)*

[58] *Nadia (three centers);Purba Medinipur (two centres) and Hooghly (three centres)*

[59] *Nadia (one centre); Hooghly (one centre) and Bankura (one centre)*

[60] *Anantapur BPHC, Purba Medinipur*

[61] ***Nadia**: Kaliagunj RH, Bagula RH, BishnupurKrishnanagar-I BPHC, Chapra RH, Krishnaganj RH; **Purba Medinipur**: Reapara RH, Basulia RH, Khejurberia BPHC, Uttar Mechogram BPHC, Nandigram BM Pal BPHC; **Bankura**: Sonamukhi RH, Barjora BPHC*

[62] *Alongwith other medical gases like Nitrous Oxide I.P.*

[63] *Manifold is a high pressure structure specially fabricated for interconnecting two or more numbers of cylinders to a common gas supply line when consumption of gas is high. Manifold interconnects two or more number of cylinders for the purpose of availability of more gas at source.*

[64] *The first supplier was selected for six hospitals, namely CMCH-₹58.00/ Cu. Mt., NRS MCH-₹130.00/ Cu. Mt., CNMCH-₹60.00/ Cu. Mt., SSKM including BIN-₹53.00/ Cu. Mt., BSMCH-₹120.00/ Cu. Mt., NBMCH-₹131.00/ Cu. Mt. The second supplier was selected for RG Kar MCH-₹55.00/ Cu. Mt. and BMCH-₹135.00/ Cu. Mt.*

were installed in those eight hospitals between September 2006 and January 2008. Subsequently two more MCHs, *viz.* BC Roy PGIPS and Medinipur MCH (MMCH) were covered in the project, for which no tender formalities were observed and the contract was awarded to each existing supplier.

3.3.2.1 Areas of control weaknesses

After the supply of oxygen through PLS started, consumption of oxygen as well as the expenditure on supply of oxygen increased steeply[65] in the MCHs.
Apprehending the possibility of pilferage and excess-billing, the department decided (June 2008) to introduce steps like weighing of cylinders before and after use to ascertain the volume of consumption, maintaining log-books, exploring the feasibility of setting up of liquid reservoirs at hospitals and also initiating a study of supply and consumption of piped medical gases in the respective institutions.

Consequent upon a discussion (March 2009) of the department with the representatives of the gas agencies, they were asked to offer a better rate as the projected consumption of gases increased substantially, to conduct a joint monitoring mechanism for ensuring that there was no leakage and suggest any other mechanism to reduce the cost. However, there was no follow-up of these proposals on record to arrest the increase in expenditure.

Test-check threw light on instances of various control failures on the part of the MCH authorities as discussed below.

Non-insertion of the clause of Gas Meter: Tender document *inter alia* mentioned that the consumption of gas would be monitored through gas meter to be installed by the agency which would be in the custody of the hospital authorities. No such clause was, however, incorporated in the agreement for reasons not on record. As a result, outlet point-wise consumption of oxygen could not be measured and analysed by the hospital authorities.

Absence of monitoring of maintenance of PLS: A medical gas section under the charge of Sr. Demonstrator, Practical Pharmacology (SDPP) was responsible for managing receipt, consumption and requirement of the hospital. Day to day receipt and consumption of cylinders were to be recorded in Oxygen Store Ledger maintained by Oxygen Store Keeper and orders were placed to the gas agencies accordingly. However, private parties in charge of maintenance of PLS and supply of the oxygen fitted full cylinders at the manifold and removed the used ones without any monitoring by the hospital authorities. Moreover, system of weighing of the oxygen cylinders at the time of receiving and returning and maintaining of log-books was not followed in any of the test-checked MCHs. Such control failure

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Name of the hospital	*Average monthly consumption of Oxygen (cu. mt.)*		
	before PLS	*after PLS*	*Percentage increase*
RG KAR MCH	*2776*	*21929*	*690*
Kolkata MCH	*2539*	*13333*	*425*
NRS MCH	*1527*	*11319*	*641*
SSKM Hospital	*4554*	*30556*	*571*
BSMCH	*436*	*3537*	*711*

Source: Records of DHS and test-checked MCHs

was fraught with the possibility of reporting of inflated consumption as in the absence of gas meters, consumption of oxygen was arrived at from the number of cylinders used.

Excess expenditure due to non-revision of rates after initial terms of agreement: The PPP agreement was on build, operate and transfer (BOT) mode. The price of unit volume of oxygen (₹ 52.88 to ₹ 125 per cubic meter on expected consumption worked out for each MCH) was so fixed that capital cost of installation of PLS system was to be recovered in three years. Thus, the PLS assets should have been taken over by the Government after the initial agreement period of three years. This would have resulted in reduction in the cost of the gas after expiry of the initial term of the agreement. Downward revision of rate of oxygen after the initial three years would be further justified by the fact that consumption level of oxygen registered manifold increase in the test-checked MCHs after installation of PLS compared to the averages used for working out the cost-recovery period.

The department, however, extended the period of contracts (which expired between August 2009 and June 2011) for a further period of two years without any downward revision of rates. Comparison of these rates with CMS rates[66] (₹ 40.17 to ₹ 108 per cum) revealed excess expenditure of ₹ 10.38 crore during the extended period of agreements in the test-checked five MCHs and BC Roy PGIPS (*vide* ***Appendix 3.7***).

Excess expenditure due to unjustified continuance of higher rates:

In the following cases the MCH authorities continued to procure oxygen from private partners at higher rates even beyond the extended tenure of five years, though the department had directed them to procure the same at the prevailing CMS rates. This had resulted in an excess expenditure of ₹ 4.55 crore.

Table 3.5: Excess expenditure in three MCHs for non-adoption of CMS rates

Name of the MCH	Quantity of consumption and period	Rate per cum. at which procured from PPP partner	CMS rate per cum.	Excess expenditure
NRS MCH	345067 cum. of oxygen between January 2012 and April 2013	₹ 125	₹ 40.17	₹ 2.93 crore
KMCH	586228.8 cum. of oxygen between April 2012 and January 2014	₹ 55.77	₹ 40.17	₹ 0.91 crore
SSKM Hospital	659852.7 cum. of oxygen between June 2012 and November 2013	₹ 50.96	₹ 40.17	₹ 0.71 crore
				₹ 4.55 crore

Source: Records of DHS and test-checked MCHs

Thus, department as well as MCH authorities failed to ensure economy in the operation of PLS of oxygen by not negotiating down the rates of supply of oxygen after expiry of initial period of agreements. Further, oxygen was supplied simultaneously at cheaper CMS rate within the same MCH premises. Moreover, non-installation of gas meters coupled with lack of monitoring on supply and removal of cylinder by the agency also jeopardised the economy in operation.

[66] *Dy. Director (Equipment & Stores) under Director of Health Services had prepared a list of vendors for supply of medical oxygen at CMS rates for all the medical institutions including the MCHs having PLS*

3.3.3 Establishment and operation of KPC Medical College & Hospital

With the objective of setting up a medical college and modern hospital alongwith allied institutions[67], the department entered into a Memorandum of Understanding (MoU) in July 2003 with KPC Charitable Foundation to form a society called KPC Medical College and Hospital, Jadavpur (Society). Land[68] measuring 48.034 acres in Jadavpur was allotted to the Society on lease for 99 years in November 2003. On the consideration that the Government was a stakeholder of the project, the department extended some relaxations to the Society in supersession of the provisions of extant rules which were approved *post facto* by the Cabinet (January 2006). In return, Government was to receive certain benefits in public interest:

Relaxations extended by the Government to PPP

- Department provided the entire land measuring 48.03 acres to the Society free of cost on 99 years' lease. The market value of the land estimated at that time (2003) was ₹ 144.77 crore.
- Moreover, the Society was allowed to mortgage or hypothecate the leased land to financial institutions to raise fund for the purpose of the MCH, though there had been no provision in the MoU/ agreement.
- Society was also allowed to sub-lease land measuring 23.034 acres[69] to KPC Foundation for establishing the ancillary facilities including commercial usage up to five acres on terms fixed by Society.

Stipulations imposed on the society/ benefits to be availed by Government in public interest

- As per the MoU, Government was represented in the Society by the then Director of Medical Education (DME) and two other officials as ex-officio founder members in the Board of the Society.
- The value of the land waived *i.e.* ₹ 137.53 crore[70] was to be treated as capital investment of the Government for the project.
- Government would have admission quota in the MBBS course to be decided later.
- Ten *per cent* of the total bed strength of the attached Hospital was to be free of charge and another 10 *per cent* was to carry concessional rate on the recommendation of Government in each individual case.
- Considerations to be derived from the ancillary facilities of sub-leased land were to come only to the account of the society and used only for the purpose for which the society was created.

The KPC MCH started functioning from September 2006, while admission of students (number of seats being 150 per year with Government quota[71] of 50)

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[67] *Senior citizen homes, congregate care, pharmacy health club, rehab centre, yoga centre, business mall, convalescent care and Alzheimer's unit and other similar facilities like school for nurses, Para-medical, affiliated medical technician and professionals*

[68] *in the present location of KS Ray Tuberculosis Hospital, a State Government Hospital*

[69] *48.034 acres leased by Government minus 25.0 acres being minimum requirement of land to set up an MCH as per the Medical Council of India criteria = 23.034 acres*

[70] *As per Land & land Reforms manual, lessee has to pay 95 per cent of the market value of the land as Salami (onetime payment) for 99 years lease.*

[71] *To be filled up by candidates qualifying in the State level Joint Entrance Examination conducted by the West Bengal Joint Entrance Examination Board*

started from the academic year 2008-09. Adherence to the above-mentioned stipulation was scrutinised by audit which disclosed various instances of dilution of control and indifference of the department in protecting the interest of the Government as discussed in the succeeding paragraphs.

- **Government's contribution not reflected in the society's accounts:** While according its *post facto* approval of waiver of *Salami* of ₹ 137.53 crore, the Cabinet had directed that the value of the land of (₹ 137.53 crore) was to be treated as capital investment of the Government. However, no revised MoU or Deed of Lease was executed by the department incorporating any enabling clause. Consequently, the Government's contribution in the project was not reflected in the society's accounts. The value of lease-hold land, in the annual accounts of the KPC MCH, was shown as ₹ 2.01 crore only. The department neither took any initiative to ensure proper reflection of its contribution nor did it enquire into reasons for such low projection of land value.
- **Absence of departmental control:** The department did not evolve any control and monitoring mechanism whereby the actual number of free and concessional treatments rendered by KPCMCH could be monitored. Extent of concessions, rates etc. for such concessional treatments were not defined by the department and there was no monitoring in this regard either. The department remained unaware whether the intended benefits were actually extended to the public.
- **Facilities receivable from Nursing College remaining undecided:** One nursing college with capacity of 40 students, and one nursing school[72] with capacity of 40 students and a KPC School of Nutrition with student capacity of 500, were established (in 2003, 2006 and 2009 respectively) as allied medical institutions within the campus by KPC MCH. Though as per the MOU, it was agreed to decide upon the nature of concessions and facilities to be extended to the Government, no such process was initiated as yet.
- **Ancillary facilities remained non-starter due to encroachment:** Ancillary facilities including a commercially run Business Mall could not be established by KPC Foundation in the sub-leased land of 23.034 acres due to encroachment. Consequently, the objectives of ensuring long term viability of the project through generating incomes from such facilities did not materialise. This should be viewed with the fact that KPC MCH suffered a cumulative loss of ₹ 70.27 crore as of March 2012. The department as well as the society did not take any initiative to free the encroachment and set up ancillary facilities.

3.3.4 Emergency transportation (Ambulance) services

To meet the need for emergency health care, the department decided (November 2004) to set up emergency transportation services by involving reputed NGOs/CBOs[73]/Trusts etc. to take-up day to day operational management of ambulance services as partners under PPP mode across the State. Accordingly, Government procured 133 ambulances (January - March 2005) under Basic Health

[72] *Sova Rani Nursing College and Sova Rani Nursing School, both at Jadavpur, Kolkata*

[73] *Non-Government Organisation/ Community Based Organisations*

Project, while 201 more ambulances were procured under HSDI[74] during 2006-07 (***Appendix 3.8***). The NGOs/ CBOs/ Trusts were to collect and retain user charges from patient parties as per the rates fixed in the agreement to bear expenditure on operation, maintenance and management of the Ambulance. Government was committed to pay the road tax and insurance premium in respect of such ambulances for the first five years of agreement.

Agreements were to be executed by the District Health & Family Welfare Samiti (DHFWS) with the selected NGOs for an initial term of five years for plying of ambulances to carry emergency and referral patients from villages to the BPHC or PHC and from there to the Rural (RH)/ State General (SG)/ Sub-Divisional (SDH)/ District (DH)/ Tertiary Hospitals (TH) as well as nearest private hospitals as and when needed.

Under '*Nischay Yan'* Scheme all Government Ambulances run under PPP scheme alongwith intending ambulances from other sources were to form a pool of ambulances in the district. Such pool was to cater optimally to the requirement round the clock on all days through a call centre named District Control Unit (DCU). In case of transportation of pregnant mother and new born babies, ambulances were not supposed to collect user charges from the patient party. Instead, reimbursement at prescribed rates was to be made from the respective BMOH offices for distance covered for such services.

Status of implementation of the scheme in five test-checked districts[75] in respect of 93 ambulances revealed the following.

3.3.4.1 Status of agreements/ renewal agreements

- For the ambulances distributed in the first phase, the validity of executed agreements expired in 2010 and for ambulances distributed in second phase, it expired in 2012. It was noticed that, agreements with NGOs in respect of 70[76] ambulances (75 *per cent* of 93 ambulances in five test-checked districts) were not renewed. However, the district authorities allowed 22 ambulances from 2010 and 48 ambulances from 2012 to ply without valid agreements.
- Two ambulances in Hooghly[77] were handed over to NGOs without executing any valid agreement by the district authority. Of the two ambulances the whereabouts of one ambulance was not known to the district or block authorities, whereas, the other ambulance was lying off-road for indefinite period.

[74] *Health System Development Initiative*

[75] *Bankura- 23; Purba Medinipur- 25; Nadia- 17, Hooghly- 09 and Birbhum-19*

[76]

District	*First Phase*	*Second Phase*
Bankura	*2*	*--*
Purba Medinipur	*12*	*13*
Nadia	*--*	*17*
Hooghly	*--*	*9*
Birbhum	*8*	*9*
Total	***22***	***48***

Source: Records of DHS and CMOHs

[77] *Registration Nos. WB 15A/ 4589 and WB 15A/ 4700*

3.3.4.2 Whereabouts and present condition of the ambulances

- ***Whereabouts of ambulances:*** It was observed that whereabouts in respect of 39[78] test-checked ambulances (including seven enrolled as *Nischay Yan*) were not known to the respective district authorities. Neither was there any call record available in the DCU call register in respect of ambulances enrolled as *Nischay Yan* nor did the said ambulances obtain instructions from the concerned BMOHs/ MOs authorising their movements. The prescribed monthly reports which were to be submitted by the NGOs were also not received in the blocks from the concerned NGOs. The district authorities too failed to furnish the status of those ambulances to audit.
- ***Taking irregular and idle custody of ambulances:*** Two ambulances in the Purba Medinipur and one ambulance in Bankura were lying idle within the campus of the respective CMOH offices in damaged condition since long (period of their remaining off-road was not on record).

Off-road ambulances lying within the premises of CMOH office, Purba Medinipur

Off-road vehicle in CMOH, Bankura office

The scheme provided that in case of return of the ambulance by any NGO it should be in road-worthy condition and in case of any damage (apart from normal wear and tear) to the vehicle the cost of repairs was to be recovered from the NGO. No initiatives or correspondence either to assess or to recover the loss to the Government were found to have been taken by the district authorities. Moreover, the standard accessories and equipment supplied with the ambulances were also not recovered.

3.3.4.3 Enrolment of the ambulances as Nischay Yan

Though it was mandatory for the Government ambulances running in PPP mode to get enrolled as '*Nischay* Yan' for the district, it was observed that 54[79] (58 *per cent*) of the 93 ambulances were not enrolled as '*Nischay Yan'* in the test-checked districts. Agreements for enrolment between the NGOs and the Block authorities in respect of the 21 initially enrolled ambulances in Bankura District were not renewed after March 2013.

3.3.4.4 Control and monitoring

Monthly reports: As per the scheme, the NGOs were responsible for preparing and submitting the necessary ambulance utilisation reports in prescribed monthly report format and other relevant paper work to the Superintendent/ BMOH/ MOIC and to the Block Health Family Welfare Samiti

[78] *Bankura -seven; Purba Medinipur -10; Nadia -eight; Hooghly –five and Birbhum - nine*

[79] *Bankura-two; Purba Medinipur-13; Nadia-16; Hooghly-eight; Birbhum-15*

(BHFWS) within the stipulated time. Copies of the monthly reports were needed to be submitted to CMOH of the district and the department. It was, however, observed that no reports were available with CMOH or at department level.

Monitoring body: The Superintendent/BMOH/MOIC on behalf of the Block Health & Family Welfare Samiti (BHFWS) was to monitor day-to-day ambulance operation. A monitoring body comprising of BDO, *Sabhapati*, *Swastha Karmadakshya* and Project Officer, Integrated Child Development Services was to periodically review ambulance operations and utilisation during their visits in respective blocks. No evidence of any review on the ambulance operations by the monitoring body was noticed.

3.3.5 Mechanised Laundry Units

With the objective of improving the quality of washing and disinfection of hospital linen as per prescribed norms to minimise potential risk of infection transmission through reused linen washed by conventional manual methods, department accorded administrative approval (December 2004) for establishment of three mechanised laundry units under PPP mode as detailed below:

Table 3.6: Mechanised laundry units under PPP mode

Established at	Zone to cater	Area of space allotted
Baghajatin State General Hospital	Ten hospitals in the South zone	3600 sq. ft.
	Seven hospitals in the Central zone	
Kolkata Medical Colleges & Hospital	Twelve hospitals in the North zone	2500 sq. ft.
Two Hospitals	**Three laundry units covering 29 hospitals**	

Source: Records of DHS

The units were to cater to 29 specified hospitals situated in and around Kolkata. The private partners were to bear all expenses required for installation of mechanised laundry units including its fixtures and fittings. The units started functioning from September 2005. The agreement was for an initial term of five years renewable for further five years on satisfactory performance. Agreements with the private partners were renewed on November 2010. Scrutiny of records of the three Laundry units revealed the following:

3.3.5.1 Standards not defined and responsibility of disinfection not discharged

Disinfection of linen being the primary objective of the initiative, the Agreement required the private party to define their system of quality assurance and quality management including monitoring the indicators and processes according to acceptable standards with special reference to disinfection and cleanliness. The private party was to provide a report on monthly basis in this regard. However, standards of assurance, management and indicators of quality, neither for disinfection nor for washing and cleanliness, were defined by the private parties.

No monthly reports in this regard were submitted to enable the department to monitor and ensure that standards and processes were followed by the private party for disinfection and washing of the linen.

Such laxity in monitoring had led to numerous complaints from various hospitals regarding poor quality of washing, disinfection, ironing of linen etc. The department, except issuing some caution notices, did not set any standard of

washing and establish any mechanism for monitoring. No step was taken even at the time of renewal of contracts.

3.3.5.2 Non-performance of the washing unit

The private partners were responsible for collecting soiled linen on daily basis from the cluster of hospitals, tagged with each unit and delivery of the same duly washed, ironed and packed. However, records of Baghajatin SGH revealed that services were not rendered by the partner in respect of 11 tagged hospitals for intermittent periods (total 387 months) since 2006-07.

3.3.5.3 Non-adherence to changing norms of bed linen

Test-check of records of three MCHs (NRS MCH, RG Kar MCH and Kolkata MCH) relating to linen sent for washing from all the test-checked MCHs during a period of three months from October 2013 to December 2013 revealed that bed linen were not sent for disinfection and washing following the prescribed norms of thrice a week, with percentage of shortfall ranging between 51 and 56 *per cent*[80]. Thus, cleanliness and prevention of infection were compromised.

3.3.5.4 Extension of undue favour to the private partners

Cost of electricity

The agreement provided that private parties were to install electricity meter and bear the electricity consumption charges for the laundry units. However, they did not install separate electricity service connections. The private partners were allowed to consume electricity from bulk connections of the hospital through a sub-meter and monthly bills for such consumptions were assessed by the concerned PWD (Electrical) Divisions. Based on such assessments, charges were to be recovered from the private partners.

Scrutiny of records maintained by KMCH authority revealed that the hospital authority did not keep any records (except for the month of December 2013 and January 2014) of assessment made by PWD (Electrical) Division and continued paying the electricity bills without proportionate recovery from one agency as assessed by PWD (Electrical) Division. Audit itself verified the records of PWD (Electrical) Division and found ₹ 12.69 lakh recoverable during January 2011 to January 2014[81] from the private partner towards electricity consumption charges of which only ₹ 2.02 lakh was received which was indicative of extension of undue benefit worth ₹ 10.67 lakh to the private partner.

Proportionate electricity charges were recovered from the private partner for two units in Baghajatin SGH as per assessments of PWD (electrical) division. During January 2011 to December 2013, though CESC Ltd. had enhanced their charges (₹ 4.92 to ₹ 6.26), the hospital authorities continued to recover at the rate of ₹ 4.50 per unit (old rate of CESC Ltd.). This resulted in short recovery of ₹ 4.83 lakh towards electricity charges from the private partner.

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[80] *Analysis has been carried out conservatively by considering only the day-wise number of beds remaining occupied by patients. Linen, in respect of beds remaining occupied by patients, were at-least to be sent for washing thrice a week.*

[81] *Records of assessment for previous periods were not available.*

Cost of repair and maintenance

As per agreement, the private party was to bear the cost of repairs, renovation, maintenance including any cost of continuous repairs and renovations of the buildings. However, the department accorded sanction of ₹ 20.93 lakh (October 2012) to the PWD for intermediate repairing work within the operational area of the laundry unit and the work was executed by PWD. This was tantamount to undue favour to the private partner.

3.3.5.5 Operation without WBPCB clearance

As per Agreement the laundry units were responsible to obtain specific clearance from the West Bengal Pollution Control Board (WBPCB) and follow the rules as detailed therein. However, the units at Baghajatin State General Hospital, which were to cater to 17 hospitals of South and Central zones, obtained no such clearance of WBPCB. Evidence of any pursuance by the department on this issue was also not noticed. The other agency at KMCH, however, obtained necessary clearance.

3.3.6 Conclusion

It was observed that though the critical success factors for the PPP project were prescribed in its policy documents by the Government, the department fell short in many respects in adhering to these policies to safeguard the public interest and achieve the objectives of the PPP projects.

- In the case of the diagnostic and other medical investigative units set up at MCHs and hospitals of various levels, instances were noticed where agreements were not renewed even after expiry of tenure of initial agreements and private partners were allowed to continue operations. Department and its functionaries failed in exercising adequate monitoring to ensure extension of stipulated free services to BPL patients, engagement of personnel with sufficient qualifications, etc. Veracity of the data furnished by the partners in respect of private cases and appropriateness of amounts deposited as Government's share were not subjected to check.
- Department as well as MCH authorities failed to ensure economy in the operation of PLS of oxygen by not negotiating down the rates of supply of oxygen after expiry of initial period of agreements, though supply was available simultaneously at cheaper CMS rate. Interest of the Government was further compromised by non-installation of gas meters coupled with lack of monitoring on supply and removal of cylinders.
- Though substantial financial relaxation was extended to private partner in setting up the KPC Medical College & Hospitals in the PPP mode, the department failed to firm up suitable monitoring mechanism on its functioning and adequately protect the public interest.

The matter was referred to Government in July 2014; reply had not been received (January 2015).

INFORMATION & CULTURAL AFFAIRS DEPARTMENT

3.4 Unproductive expenditure on an art museum

Decision of the Government in releasing financial assistance to a private trust for construction of an art museum without ensuring availability of funds from other prospective sources lacked justification. As a result, even after almost three to six years from release of ₹ 80 crore, the construction work remained a non-starter rendering the assistance unproductive.

With an aim to restore, conserve and display art objectives through advanced method of restoration and preservation and developing knowledge bank for art and cultural studies, Information & Cultural Affairs (I&CA) Department entered (March 2003) into a Trust Deed with eight private individuals to form a trust called Kolkata Museum of Modern Art (KMoMA). The Government was represented in the Trust by Principal Secretaries of I&CA and Commerce & Industries Departments, Joint Secretary and ex-officio Director of Culture and a representative from Kolkata Municipal Corporation (KMC). The project cost of development of the museum was estimated at ₹ 410 crore. The proposed sources of funding were the Government of West Bengal (₹ 137 crore) and the Government of India (₹ 150 crore), besides corporate sector/ private funding sources (₹ 123 crore). Nothing was, however, available on record to show any financial commitment either from the GoI or from private/ corporate sector.

As per decision taken in a meeting (September 2006) convened by the Chief Secretary, KMC agreed to bear the State Government's contribution and as advised by I&CA Department, deposited (March 2008) ₹ 137.91 crore with the Folk & Tribal Cultural Centre (FTCC), a registered society under the administrative control of the department. Between March 2008 and June 2011, as per instructions of the I&CA Department, ₹ 80 crore[82] was released by FTCC to KMoMA on their requisitions.

Scrutiny (May 2013 and March 2014) of records of I&CA Department disclosed that KMoMA purchased (April 2008) land from West Bengal Housing Infrastructure Development Corporation Limited (WBHIDCO), a State Government Corporation, for ₹ 15.13 crore with a target of starting construction work in November 2010. On the ground that the Government was a partner in the project, WBHIDCO on the request from the Chief Secretary to the GoWB and Pr. Secretary, I&CA Department (May 2008) waived interest of ₹ 4.54 crore recoverable from KMoMA on account of delay in payment of land cost. Finance (Revenue) Department also waived ₹ 1.07 crore towards stamp duty (₹ 90.75 lakh) and registration charges (₹ 16.63 lakh).

As of March 2014, KMoMA could neither garner funds nor obtain any commitment for the same from GoI, while it managed to receive only ₹ 4 crore from auction sale of paintings donated by artists. Expenditure incurred by KMoMA stood at ₹ 52.50 crore[83], while the remaining amount was kept in fixed

[82] *₹21 crore in March 2008, ₹4 crore in May 2008, ₹10 crore in February 2009, ₹5 crore in July 2009, ₹5 crore in March 2010, ₹5 crore in July 2010 and ₹30 crore in June 2011*

[83] *Land - ₹15 crore, Architects consultancy fee - ₹30 crore, other establishment expenses - ₹7.50 crore.*

deposit accounts. Ignoring the failure of KMoMA in mobilising funds from other sources and despite non-initiation of construction work, the Government continued to release funds to KMoMA through FTCC's bank account on the recommendation of the Trust members.

Meanwhile, Finance Department expressed (December 2012) its dissatisfaction over functioning of KMoMA[84]. The I&CA department also expressed its concern over the entire financial burden coming upon the State Government. Ultimately, the State Government dissociated (January 2013) itself from the Trust on the ground of lack of progress in work and Trust's inability to tap other sources of funds.

The Trust submitted (May 2013 and January 2014) status reports on progress of work and moved (January 2014) the State Government for re-nomination of Government's representatives. The status reports did not reveal any further progress since Government's dissociation in January 2013, apart from raising of ₹ 1.75 crore[85] from sale of paintings and laying of the foundation stone in November 2013. As of January 2014, even the work of land filling of low lying portion has not started. I&CA Department, however, re-nominated (February 2014) four representatives[86] in the Trust.

Decision of the Government in releasing financial assistance to the KMoMA trust without ensuring financial commitments from other prospective sources lacked justification. As a result, after almost three to six years from the release of assistance, the construction work remained a non-starter with little possibility of successful completion of the project unless funds are mobilised from other sources. This has rendered the assistance of ₹ 80 crore and financial relaxation worth ₹ 5.60 crore[87] unproductive.

MINORITIES AFFAIRS & MADRASAH EDUCATION DEPARTMENT

3.5 *Non-functional hostels*

Thirteen hostels for minority students involving an expenditure of ₹ 11.34 crore could not be made functional even after four to thirteen years of their sanction leading to non-percolation of desired social benefits.

With a view to removing difficulties faced by Minority girls in pursuing higher studies, owing to dearth of residential accommodation in important towns and cities having such educational facilities, the Minority Affairs & Madrasah Education Department (MAMED) spelt out guidelines for construction of hostels

[84] *Finance Department observed that appointment of Principal Architect and Executive Architect were not done in a transparent manner flouting norms of financial propriety. One of the members of Architectural Committee of KMoMA recommended the name of foreign consultant as Principal Architect, which in turn recommended the name of the member as executive architect for the project. Finance Department further observed that even after regular funding by GoWB, KMoMA could not start construction work of the Art museum, which inter alia warranted cost escalation.*

[85] *₹4 crore upto January 2014 minus ₹2.25 crore upto December 2012*

[86] *Chairman & Managing Director of WBHIDCO, Pr. Secretary of I&CA Department, Commissioner, KMC and Director of Culture*

[87] *₹1.07 crore towards waiver of stamp duty and registration charge plus ₹4.53 crore waived by WBHIDCO, a Government company, towards interest*

for Minority girls. According to the guidelines, construction of hostels was to be completed within the financial year of release of funds, except for unforeseen circumstances.

Scrutiny of records of MAMED showed that in four districts five hostels taken up during December 2000 to March 2010 either remained incomplete (three hostels) or could not be made functional even after completion of construction (two hostels) leading to non-percolation of benefits to the targeted group as discussed below:

Table 3.7: Position of five hostels for Minority girls remaining incomplete/ non-starter

	Name of the block and district	Capacity and date of approval and sanction	Expenditure status	Present status as of August 2014 and audit findings
1	Block-Bhangore-I, South 24 Parganas	**Capacity: 58** **Administrative approval:** ₹ 39.09 lakh in December 2000 ₹ 235.23 lakh in March 2010 **Amount sanctioned:** ₹ 25 lakh in December 2010 and ₹ 1 crore in March 2010	**Amount spent:** ₹ 24.18 lakh	**Status: Incomplete** • MAMED accorded administrative approval and sanctioned funds without ensuring availability of encumbrances-free land. Resultantly, selection of land was finalised (February 2007) after a delay of more than six years. • The foundation work commenced in December 2007 and by October 2008 the building was partly completed after incurring an expenditure of ₹ 24.18 lakh. MAMED approved (March 2010) revised estimates for ₹ 2.35 crore and further sanctioned ₹ 1 crore. • The remaining work did not commence due to encroachment of a portion of the land The matter having been pointed out by audit, the department stated (August 2014) that the problem had been sorted out and construction work resumed.
2	Block-Basanti, South 24 Parganas	**Capacity: 156** **Administrative approval:** ₹ 128.83 lakh in March 2000 **Amount sanctioned:** ₹ 25 lakh in March 2010	**Amount spent:** ₹ 11.23 lakh	**Status: Incomplete** • On soil exploration, change of design of foundation was felt necessary and accordingly a revised estimate for ₹ 148.84 lakh was prepared. The revised estimate was, however, not approved by MAMED. • The work remained suspended since March 2012. The department stated (August 2014) that District Magistrate, South 24 Parganas had been requested to submit the requirement of funds as per revised plan.

Contd..

	Name of the block and district	Capacity and date of approval and sanction	Expenditure status	Present status as of August 2014 and audit findings
3	Block: Arambagh, Hooghly	**Capacity: 192** **Administrative approval and financial sanction:** ₹ 68.75 lakh in March 2005 and ₹ 19.23 lakh in March 2012	**Amount spent:** ₹ 76.81 lakh	**Status: Incomplete** • The work commenced in 2005. However, it could not be completed (March 2009) owing to delay on the part of the executing agency and thereafter work was stopped due to land dispute. • Though the land dispute was resolved (January 2013), the work did not resume as of January 2014. The department while accepting the facts stated (August 2014) that construction work finally resumed and ₹ 76.81 lakh has since been spent and the hostel would be made operational soon.
4	Cooch Behar Town, Cooch Behar	**Capacity: 156** **Administrative approval:** ₹ 173.47 lakh in March 2008 subsequently revised to ₹ 231.57 lakh **Amount released:** ₹ 231.57 lakh	**Amount spent:** ₹ 205.68 lakh	**Status: Construction completed in September 2013 but non-functional** • The hostel could not be made functional due to non-engagement of NGO for running the same. The department stated (August 2014) that engagement of NGO was being done by District Magistrate, Cooch Behar.
5	Block: Bishnupur, Bankura	**Capacity: 80** **Administrative approval:** ₹ 48.59 lakh[88] in March 2010 and ₹ 21.65 lakh in November 2013 for construction of boundary wall	**Amount spent:** ₹ 45.98 lakh on building and ₹ 16.24 lakh on boundary wall	**Status: completed and inaugurated (December 2012), but remained non-functional** • Non-functioning attributable to absence of boundary wall. • MAMED sanctioned (November 2013) ₹ 21.65 lakh for the boundary wall. The department intimated (August 2014) that the work of boundary wall had been completed recently. The department further stated that the district administration had taken steps to make the hostel operational.
	Total five hostels	**Total capacity: 642** **Total release: ₹ 539.79 lakh**	**₹ 380.12 lakh**	

Source: Records of MAMED

Thus, due to factors such as sanctioning project without ensuring availability of undisputed land, preparation of estimate without carrying out requisite soil tests, delay on part of the executing agency, non-engagement of NGO for running the hostel facility, etc., five hostels for minority girls could not be completed/ functionalised even after four to thirteen years from their approval and release of funds.

Delays in construction and handing over were also noticed in construction of nine hostels for minority students (five for boys and four for girls) in Uttar Dinajpur

[88] *Construction of hostel: ₹35.51 lakh and boundary wall of hostel: ₹13.08 lakh*

district for which GoI sanctioned (July 2010) ₹ 9 crore under MSDP. While only one of the hostels was fully functional, the remaining eight were yet to be made functional (August 2014) as indicated in ***Appendix 3.9.***

1. Three hostels were completed and handed over to school authorities but apart from security guards, these hostels did not have any other staff for their running. The school authorities contented that the population of minority students in these schools ranged only from 8 *per cent* to 21 *per cent* resulting in lack of demand for them and hence non-occupancy/ scarce occupancy.

2. Two hostels though completed had not been handed over for which reasons were not on record.

3. Two of the hostels could not be made functional due to non-procurement of furniture and non-engagement of required staff for running the same either by Government or by school authorities.

4. Though one hostel was to be completed and made functional during 2011-12, the same was not completed (January 2015).

The above reasons point out to deficiencies in proper assessment of requirement and planning resulting in the hostels remaining unutilised despite incurring an expenditure ₹ 7.54 crore.

Thus expenditure of ₹ 11.34 crore incurred on the construction of the hostels did not yield the desired benefit indicating failure of the department in proper assessment of requirement, planning the construction, ensuring unhindered completion of works, etc.

PANCHAYAT & RURAL DEVELOPMENT DEPARTMENT

3.6 Forfeiture of Finance Commission grants for Panchayati Raj Institutions

The State Government could not avail performance grants of ₹ 142.60 crore recommended by the 13th Finance Commission due to delay in adoption of accounting framework and codification pattern for its PRIs consistent with the Model Panchayat Accounting System inspite of several reminders from GoI.

Thirteenth Finance Commission (13thFC) recommended various Basic and Performance Grants[89] for Urban Local Bodies (ULBs) and Panchayati Raj Institutions (PRIs) starting from 2011-12. The guidelines for these grants stipulated certain pre-conditions[90] to be fulfilled before release of grants. These pre-conditions *inter-alia* included adoption of accounting framework and codification pattern consistent with the Model Accounting System (MAS) for Panchayats developed (January 2009) by the Ministry of Panchayati Raj, GoI.

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[89] *Four sub-categories viz. General Basic Grant (GBG), General Performance Grant (GPG), Special Area Basic Grant (SABG) and Special Area Performance Grant (SAPG)*

[90] *i) Preparation of supplement in the State Budget document for PRIs showing details of plan & non-plan wise classification ii) allotment of specific codes to each Zilla Parishad, Block Panchayat and Gram Panchayat consistent with eight digit format prescribed by the Comptroller and Auditor General of India (C&AG) iii) introduction of audit system for all local bodies under Technical Guidance and Supervision of C&AG iv) appointment of independent local body Ombudsman for addressing the complaints of corruption and taking measures thereof v) release of fund to PRIs electronically within stipulated time vi) formulation of qualifications for members of the State Finance Commissions (SFCs) through an Act and vii) enabling local bodies to levy property tax.*

These pre-conditions were to be met by the states before the end of a financial year for release of grants for the succeeding financial year, failing which the non-compliant States would be deprived of performance grants and the forfeited share would be distributed amongst performing and non-performing States in a manner[91] defined by the Commission. The State was entitled to General Performance Grant (GPG) of ₹ 166.61 crore for 2011-12 for its PRIs.

Under the MAS, the accounts are classified according to the functions devolved to the PRIs. The State Government, however, maintained the accounts of the PRIs in conformity with the West Bengal Panchayat (Zilla Parishad and Panchayat Samiti) Accounts & Financial Rules 2003 and the West Bengal Panchayat (Gram Panchayat Accounts, Audit & Budget) Rules 2007 from the financial year 2006-07, which did not capture the performance of PRIs in terms of functions devolved to the PRIs. GoI had repeatedly[92] reminded the State Government for initiation of preparatory steps for compliance to the conditions in good time.

In order to implement MAS, the P&RD Department prepared a coding structure after minor modifications and instructed (March 2012) all PRIs that the accounts should be maintained in the prescribed format from 2011-12 onwards. The department further intimated (June 2012) that to generate the reports required under MAS, the existing accounting software was being modified. Scrutiny (January 2014) of records of Commissioner, P&RD[93] West Bengal, however, revealed that the desired mapping of existing accounting frameworks with the National Account Code consistent with MAS did not materialise due to differences in the pattern of maintenance of accounts in Zilla Parishads and Panchayat Samitis. As a result, the State was deprived of General Performance Grant of ₹ 166.61 crore allocated for PRIs for the year 2011-12, except ₹ 24.01 crore received as its share in forfeited quantum[94] of grant, leading to loss of ₹ 142.60 crore[95]. However, consequent upon compliance to this condition by the State, GoI started releasing instalments of General Performance Grants for PRIs in 2012-13.

Government, while accepting the fact, attributed (February 2014) the delay to some technical problems, for which accounts of Zilla Parishads and Panchayat Samitis were being maintained through IFMS[96], while that of Gram Panchayats was being maintained through GPMS software. In its subsequent reply, the department intimated (October 2014) that the mapping of heads for Gram Panchayats has been completed, while that of Zilla Parishads is awaited approval in the next MAS meeting. The mapping of Panchayat Samiti accounting heads was, however, in process and was likely to be completed by December 2014. The reply only indicates failure of the State Government in initiating preparatory steps for timely compliance to the conditions, as it was the responsibility of the State Government to address the technical issues involved in mapping the PRI heads of

[91] *Fifty per cent of aggregate forfeited amount would be divided amongst of the states (both performing and non-performing) according to PRI shares applicable to West Bengal and the remaining fifty percent of the forfeited PRI performance Grant would be distributed only amongst the states that had complied with the stipulated conditions, in the ratio of their entitlement.*

[92] *May 2010, July 2010 and September 2010*

[93] *The Commissioner of Panchayat & Rural Development (P&RD), West Bengal, acts as DDO, to draw the entire grants and transfer them to various local bodies electronically*

[94] *Non-performing states were also entitled to the forfeited grants of non-performing states*

[95] *₹166.61 crore minus ₹24.01 crore*

[96] *IFMS: Integrated Financial Management System, GPMS: Gram Panchayat Management System*

accounts with National Accounting Code, for which GoI was issuing repeated reminders.

Thus, delay of the Government in adopting accounting framework and codification pattern for its PRIs consistent with the MAS resulted in loss of 13th FC grant of ₹ 142.60 crore meant for PRIs.

SCHOOL EDUCATION DEPARTMENT

3.7 Avoidable expenditure towards banking service charges

Delayed initiative of the SE Department in availing the benefits of the modern facilities of electronic transfer offered by the banks led to avoidable expenditure of ₹ 65.95 crore during 2010-13 towards banking service charges.

Non-deduction of TDS on banking service charges led to avoidable payment of ₹ 42.16 lakh as penal interest to Tax authorities.

School Education (SE) Department is responsible for administering the elementary and secondary level education in the State, its main functionaries being the Directorate of School Education at (DSE)[97] the state level and District Inspectors of school for Primary Education (DI,PE) and District Inspectors of School for Secondary Education(DI,SE) at the district level. Besides, there is a District Primary School Council (DPSC)[98] in each district, which is responsible for running all Government-aided primary schools. Expenditure towards salaries of the teaching and non-teaching staff of primary, secondary schools are borne by the State Government. The Chairperson, DPSC acts as the Drawing and Disbursing Officer (DDO) for payment of salaries to the teaching and non-teaching staff of primary schools. In case of Secondary Education, DI (SE) acts as the DDO in respect of secondary schools located in the district.

Salaries of teaching and non-teaching staff of the schools were disbursed through public sector banks for which each school maintained a special account. On being credited with the requisite amounts in that account, the school would pay each teaching and non-teaching employee by cheque or cash as desired by the employees. The banks, whose services were utilised for payment of salaries, were entitled to get a service charge for collection or clearing of cheques. As per decision (1997-98) of Finance Department, the service charge was fixed at the rate of one *per cent* and 1.25 *per cent* of the total disbursements under primary and secondary education respectively.

After introduction of faster modes of electronic transfer[99] in banks, State Government decided (August 2009) to pay salaries of its employees compulsorily through their individual bank accounts from October 2009. It was notified that the banks would render the service free of cost without charging any service charge for the purpose. Twenty eight (28) Public Sector banks agreed to extend services of such electronic transfer of funds.

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[97] *having separate wings for Primary Education (PE) and Secondary Education (SE)*

[98] *with DI (PE) as its ex-officio Chairperson*

[99] *such as Electronic Clearing System (ECS), Core Banking Solutions (CBS), Electronic Fund Transfer (EFT), National Electronic Fund Transfer (NEFT) and Real Time Gross Settlement (RTGS)*

3.7.1 Delayed initiative by SE Department and its directorate

Though the State Government introduced electronic payment of salary of its staff from October 2009, SE Department took more than one year and a half to instruct (May 2011) the DIs (SE) and Chairpersons of DPSCs to initiate action in this matter. DIs (SE) and DPSCs were to instruct all the school authorities to ensure opening of individual bank accounts by all teaching and non-teaching employees, so that salaries might be credited directly into these accounts with effect from the salary for the month of July 2011 (payable in August 2011).

However, the DSE, DIs (SE) and DPSCs failed to take timely action towards this end as discussed below:

- Test-check of records of DSE (SE) and five[100] DIs (SE) showed that in North and South 24 Parganas, electronic transfer of pay of the teaching and non-teaching staff started with effect from January 2012 and April 2013 respectively, while the remaining three districts were yet to fully shift to e-payment as of February 2014. Scrutiny of records of DIs (SE) of five districts by audit and information furnished by eight other DIs (SE) showed that all 13 districts continued to shoulder/ pay banking service charges. During 2010-13, ₹ 34.96 crore[101] was so paid to banks by these 13 districts as service charges.
- DPSCs were also late in taking initiatives towards this end and continued paying service charges to banks after August 2011 (*i.e.* the target stipulated by the SE department for direct credit of salary in the individual accounts of the teachers). Subsequently, orders to stop payment of service charge were issued by DSE (PE) (January 2012) and Finance Department (July 2012). Test-check of five DPSCs and information furnished by five others showed that DPSCs of 10 districts[102] paid banking service charges of ₹ 30.99 crore[103] during 2010-13 in respect of primary schools under their jurisdictions, which was avoidable.

These were indicative of failure in governance on the part of the School Education Department, which resulted in avoidable expenditure of ₹ 65.95 crore during 2010-13.

The SE Department in its reply (July 2014) stated that since it involved a large number of schools with large number of teachers at remote locations it was a difficult task to bring the same under electronic salary payment system. The reply is not acceptable as electronic salary payment system was to be implemented by the banks and the departmental functionaries were only required to furnish the details of employees and their bank accounts to the implementing banks. Thus, remoteness of the schools did not justify non-implementation of the scheme for almost four years leading to excess expenditure of bank service charges.

3.7.2 TDS and penal interest

As per Income Tax Act 1961, tax was to be deducted at source (TDS) on the turnover commission (which includes banking service charges). SE Department

[100] *North 24 Parganas, South 24 Parganas, Hooghly, Murshidabad and Purba Medinipur*

[101] *2010-11: ₹13.87 crore by 13 districts; 2011-12: ₹11.41 crore by 11 districts; 2012-13: ₹9.67 crore by 10 districts*

[102] *Information were furnished by five DPSCs, while audit scrutinised records of five other districts' DPSCs*

[103] *2010-11: ₹16.93 crore by 10 districts; 2011-12: ₹12.33 crore by nine districts and 2012-13: ₹1.73 crore by three districts*

issued (March 2010) instruction to all the DIs (SE) to deduct TDS at a rate of 10 *per cent* during payment of service charges to the banks. It was noticed in test-check that TDS had been deducted during the payment of service charges on disbursement of school salary only from 2010-11 onwards. Income tax authority, however, claimed (December 2010) penal interest for non-deduction of TDS for 2007-2010. DI (SE), Bardhaman paid ₹ 42.16 lakh as penal interest instead of deducting the same from the service charges payable to the banks.

The department (July 2014) stated that the matter would be taken up with the bank authority and the amount paid as penal interest would be adjusted from the future service charges of the bank.

SCHOOL EDUCATION DEPARTMENT

3.8 Undue favour extended to contractor in construction of Nivedita Bhawan

West Bengal Board of Secondary Education extended undue favour to the contractor by allowing irregular price adjustment of ₹ 96.44 lakh in construction of its office building (Nivedita Bhawan).

School Education Department accorded (June 2007) administrative approval to the West Bengal Board of Secondary Education (Board), a body corporate under its administrative control, for construction of an eight storied office building (Nivedita Bhawan) at its premises at Salt lake, Kolkata. The contract[104] for construction of eight storied super-structure was awarded to a contractor for ₹ 6.32 crore. Construction of main building commenced in November 2007 and the work[105] was completed in March 2011 at an expenditure of ₹ 7.29 crore which included cost of ₹ 96.58 lakh towards escalation.

Detailed scrutiny of the escalation cost reimbursed to the contractor revealed that payment amounting to ₹ 96.44 lakh was irregular due to reasons indicated below:

(i) An amount of ₹ 83.18 lakh was paid towards price adjustment for the first 50 *per cent* of the work value which was not payable as the contract specifically stipulated that no price adjustment would be applicable for the first 50 *per cent* value of the work.

(ii) Even for value of work subsequent to the first 50 *per cent* it was noticed that an excess amount of ₹ 13.26 lakh was paid as price adjustment due to incorrect adoption of the All India Whole Sale Price Index as detailed in ***Appendix 3.10***.

Thus, payment of ₹ 96.44 lakh to the contractor as price adjustment was irregular.

The matter was referred to Government in August 2014; reply is, however, awaited (January 2015).

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[104] *The ancillary works like sanitary & sewerage, electrification & power supply, lift installation, fire fighting system, etc. were got done through separate contracts*

[105] *except auditorium to be constructed at the eighth floor of the main building*

URBAN DEVELOPMENT DEPARTMENT
(KOLKATA METROPOLITAN DEVELOPMENT AUTHORITY)

3.9 Extra expenditure on procurement of TMT bars

Procurement of TMT bars by KMDA through limited tender instead of open tender enquiry in violation of extant Government rules and orders led to loss of opportunity to save expenditure of ₹ 9.57 crore.

West Bengal Financial Rules[106] read with subsequent orders[107] issued by Finance Department from time to time made it mandatory for different authorities subordinate to the Government to invite open tenders for supply of articles/ stores or for execution of works/ services worth ₹ 1,00,000 (prior to June 2012 the limit was ₹ 20000) or more. Besides, tender notice should always be given due publicity through daily newspapers. It was further stipulated (July 2012) that all Government departments and their subordinate offices[108] publish their tender related information on centralised e-Tender portal if the tender value was ₹ 50 lakh or more.

Kolkata Metropolitan Development Authority (KMDA), a statutory authority under administrative control of Urban Development Department executes many infrastructural projects in areas/ localities falling under its jurisdiction through its different sectors[109]. Material sector of KMDA, headed by the Chief Engineer, Material Sector (CEM) is responsible for procurement of construction materials centrally for onward supply to the concerned sectors for implementation of these projects.

KMDA procured 16612.64 tonnes of steel materials[110] (TMT[111] bars) of different sizes[112] for ₹ 69.08 crore from February 2010 to August 2012 at rates varying between ₹ 34700 and ₹ 52700 per tonne.

Scrutiny (April 2013) of records of the CEM, KMDA regarding the said procurement revealed that in contravention of the relevant financial rules and Government orders in place, KMDA procured the material through limited tender. For this five companies were enlisted with the approval of the Board of KMDA. As and when requirement for TMT bars arose, KMDA asked these five parties to offer their rates and placed orders on the party quoting the lowest. However, KMDA had no mechanism to ensure that rates offered by these companies were competitive as compared to rates obtained through open tender by other Government organisation. It was seen that through this process 81 *per cent* of total procurement was made from a single company.

It was noted by audit that procurement of the TMT bars was also being done by Public Health Engineering department which followed the process of open

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[106] *Rule 47 (8) of West Bengal Financial Rules*

[107] *November 2004, May 2012 and June 2012*

[108] *including autonomous bodies/ local bodies/ Corporations/ PSUs under their control*

[109] *Water Supply sector, Traffic & Transportation sector, Ganga Action Plan sector, Area Development sector, Electrical and Mechanical sector, etc.*

[110] *For use in construction of underpass, fly over, bridges, water treatment plant, multi-storeyed buildings etc. executed by KMDA throughout the year*

[111] *Thermo Mechanically Treated*

[112] *8 mm, 10 mm, 12 mm, 16 mm and 25 mm*

tendering. It was observed that rates of TMT bar of same specifications obtained by PHE (₹ 34460 to ₹ 48450 per tonne) through open tendering was less than the rates obtained by KMDA through the limited tendering during 2010-13. Applying these lower rates, price of 16612.64 tonnes of TMT bar works out to ₹ 59.51 crore, indicating loss of opportunity by KMDA to save expenditure of ₹ 9.57 crore in procurement of TMT bars. Urban Development Department, which was responsible for enforcing financial orders and economy for its subordinate offices like KMDA, did not issue any directive on this matter.

The CEM stated (April 2014) that KMDA had not opted for procurement of material from open market to ensure quality aspects. In its subsequent reply the CEM stated (August 2014) that the empanelment of supplier was done and procurement process was followed as per approval of the authority of KMDA. The reply was not acceptable as West Bengal Financial Rules apply to all Government Departments and their subordinate offices unless specifically exempted by the Government. No such exemption was, however, found to be granted to KMDA.

While forwarding the response of KMDA to audit, the Urban Development Department also expressed its disagreement to the reply and accepted violation of WBFR in the process and asked for further explanation from KMDA, which was yet to be received (January 2015).

URBAN DEVELOPMENT DEPARTMENT (HALDIA DEVELOPMENT AUTHORITY)

3.10 Undue benefit to a private company on lease premium

Erroneous calculation of weighted average land rate by HDA resulted in under-fixation of lease premium by ₹ 89.55 lakh extending undue benefit to a private company.

A private company approached (September 2009) Haldia Development Authority (HDA) for allotment of 60 acres of land for setting up a Polycarbonate Plant and expansion of its existing Pet Resin Plant situated on a 35 acres of lease held land in *mouza* Basudevpur, Haldia. Accordingly, HDA offered 60 acres of land (20 acres in Basudevpur *mouza* and 40 acres in Paranchack *mouza*) to the company on a lease of 90 years. The Land Allotment Sub Committee[113] of HDA estimated (November 2009) the land rate at ₹ 4.56 lakh per acre for Basudevpur *mouza* and ₹ 22 lakh per acre for Paranchak *mouza* as per basic land rates of 2009 for the areas concerned and recommended (November 2009) a uniform land rate of ₹ 22 lakh per acre for the proposed 60 acres of land. The annual lease rent was fixed at 0.25 *per cent* of total land premium subject to annual enhancement by five *per cent*.

The company requested (November 2009) HDA for reduction in the land premium from ₹ 22 lakh per acre to ₹ 15 lakh per acre, which was accepted (December 2009) by HDA on consideration of weighted average land rate (₹ 14.92 lakh per acre)[114] of lands situated in these two *mouzas*. Meanwhile, the private company

[113] *CEO being the Chairman of the Sub Committee, other members were Assistant Executive Officer (S&L), Assistant Planner-I and Special Officer (Land)*

[114] *33.93 acres of land in Paranchak mouza at the rate of ₹22 lakh per acre and 26.07 acres of land in Basudevpur mouza at the rate of ₹5.70 lakh (rate considered in December 2009) per acre; Weighted average rate = (₹22x33.93 + ₹5.70x26.07)/60 = ₹14.92 lakh per acre rounded off to ₹15 lakh per acre*

amalgamated with one of its subsidiary company to form a new company in July 2010.

It transpired (March 2013) from records of HDA that instead of 60 acres of land, HDA actually leased out (August 2011) 42.24 acres[115] of land (29.61 acres in Paranchak *mouza* and 12.63 acres in Basudevpur *mouza*) to the newly formed company at a land premium of ₹ 6.34 crore (42.24 acres at the rate of ₹ 15 lakh per acre). Besides, HDA charged ₹ 0.82 crore (₹ 1.80 lakh per acre for 45.32 acre) from the company as transfer fee for transfer of land from the old company to the newly formed company.

Scrutiny in audit, however, showed that weighted rate of 42.24 acres of land actually leased out should have been ₹ 17.12 lakh per acre[116] instead of ₹14.92 lakh as worked out on the basis of 60 acres of land. HDA, however, charged the land premium (₹ 15 lakh per acre) on the basis of weighted valuation of 60 acres of land initially proposed for leasing out and not on the basis of weighted valuation of land (42.24 acres) actually leased out. This led to under-assessment of lease premium by ₹ 89.55 lakh (₹ 2.12 lakh per acre x 42.24 acre), which was an undue favour to the lessee.

Thus, erroneous calculation of weighted average land rate for fixation of lease premium by HDA resulted in undue benefit to the private company and loss of revenue to the tune of ₹ 89.55 lakh.

The CEO, HDA stated (September 2014) that the observation of audit would be brought to the notice of the Board of HDA.

GENERAL

3.11 Cash management in Government Departments

Deficient cash management by DDOs led to cash amounting to ₹ 0.50 crore not being physically available, though included in the cash balance. Non-adherence to the prescribed provisions is fraught with the risk of misappropriation of public money.

West Bengal Treasury Rules (WBTR) provides that:

- No money is to be drawn from the treasury unless it is required for immediate disbursement;
- All financial transactions are to be recorded in the cash book as soon as they occur under proper attestation by the Drawing & Disbursing Officer (DDO);
- Cash book is required to be closed every day and the head of the office is required to physically verify the cash balance at the end of each month and record a certificate to that effect; and
- Bills and date-wise analysis in respect of closing balance are also to be recorded.

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[115] *Possession certificate for 45.32 acres of land was issued in January 2011. Rest of the land measuring 3.08 acres could not be leased out due to land dispute.*

[116] *29.61 acres of land in Paranchak mouza at the rate of ₹22 lakh per acre and 12.63 acres of land in Basudevpur mouza at the rate of ₹5.70 lakh per acre; Weighted average rate = (₹22 x 29.61 + ₹5.70 x 12.63)/42.24 = ₹17.12 lakh per acre*

Scrutiny of records of 28 DDOs in ten[117] districts including Kolkata revealed instances of non-compliance with the above provisions resulting in financial irregularities like misutilisation of undisbursed cash and suspected misappropriation of Government money.

Physical verification of cash conducted at the instance of audit by 28 DDOs during January 2013 to May 2014, revealed that ₹ 50.00 crore were physically available against aggregate closing balance of ₹ 50.50 crore as per the cash books indicating a shortage of ₹ 0.50 crore (as detailed in ***Appendix 3.11***). Of this amount, unadjusted vouchers accounted for ₹ 10.05 lakh, lapsed cheques/ drafts/ banker's cheques contributed towards ₹ 3.65 lakh, while ₹ 23.19 lakh represented advances unauthorisedly given from undisbursed cash for various purposes. As the amounts remained outside the cash book, this practice was fraught with risk of serious financial malpractices. Besides, there was shortage amounting to ₹ 13.54 lakh which was attributable to theft/ defalcation/ unexplained cash shortage.

Cases of non-adherence to the provisions of financial rules by DDOs have been pointed out continuously by audit in earlier years. Out of ₹ 0.50 crore, ₹ 0.36 crore (15 DDOs) was also reported in the earlier Reports. However, neither the DDO nor the respective controlling officers could ensure recovery/ replenishment of the shortages or adjust/ settle the issues till date. In some cases, such irregularities continue[118] indicating lack of control and monitoring.

Retention of old vouchers as a part of cash balance should be viewed seriously, as possibility of replenishment of cash by drawing bills from treasury against these vouchers is remote. Similarly, immediate actions need to be taken either to adjust or recover amounts advanced to different staff unauthorisedly out of cash balances.

All these irregularities were facilitated by drawal of funds from treasury without need for immediate disbursements and retention of the undisbursed cash by the DDOs.

Thus, non-adherence to the provisions of Treasury and Financial Rules and inadequate internal control over drawal and disbursement of cash by the DDOs continue to be a matter of concern exposing the departments to the risk of misappropriation of public money.

3.12 Lack of response of Government to audit

Principal Accountant General (Audit) (PAG) arranges to conduct periodical inspection of Government Departments to test-check transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. These inspections are followed up with Inspection Reports (IRs) issued to the heads of offices inspected with copies to next higher authorities. Important irregularities and other points detected during inspection, which are not settled on the spot, find place in IRs. Serious irregularities are brought to the notice of the Government by the office of the PAG.

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[117] *North 24 Paraganas (two offices), Kolkata (10 offices), South 24 Paraganas (three offices), Nadia (seven offices), Bardhaman (one office), Paschim Medinipur (one office), Bankura (one office), Murshidabad (one office), Darjeeling (one office) and Uttar Dinajpur (one office)*

[118] *DMs of Uttar Dinajpur, Murshidabad and Darjeeling*

Under the Regulations on Audit & Accounts, 2007, the officer in charge of the auditable entity shall send the reply[119] to an Inspection Report (IR) within four weeks of its receipt. On intimation of any serious irregularity by Audit, the Government shall undertake *prima facie* verification of facts and send a preliminary report to Audit confirming or denying the facts within six weeks of receipt of intimation. Where the fact of major irregularity is not denied by the Government in the preliminary report, the Government shall further send a detailed report to the Audit within three months of preliminary report *inter alia* indicating the remedial action taken to prevent recurrence and action taken against those responsible for the lapse.

Besides above, Finance Department of Government of West Bengal, issued instructions (June 1982) for prompt response by the executive to IRs issued by the PAG to ensure rectificatory action in compliance with the prescribed rules and procedures and secure accountability for the deficiencies, lapses, etc. noticed during inspections.

A six monthly report showing the pendency of IRs is sent to the Principal Secretary/ Secretary of the department to facilitate monitoring and settlement of outstanding audit observations in the pending IRs.

Inspection Reports issued since 1987-88 up to March 2014 relating to 310 offices under six departments (Health & Family Welfare Department: 198 offices; Food & Supply Department: 26 offices; Refugee Relief & Rehabilitation Department: 17 offices, Housing Department: 26 offices, Information & Cultural Affairs Department: 21 offices and Higher Education Department: 22 offices) disclosed that 2010 paragraphs relating to 626 IRs remained outstanding at the end of March 2014. Of these, 21 IRs containing 22 paragraphs under Health & Family Welfare, Food & Supply, Housing and Higher Education Departments had been lying unsettled for more than 10 years.

Department-wise and year-wise break-up of the outstanding IRs and Paragraphs are detailed in ***Appendix 3.12.***

The unsettled IRs contain 266 paragraphs involving serious irregularities like theft/ defalcation/ misappropriation of Government money, loss of revenue and shortages/ losses not recovered/ written off amounting to ₹ 176.20 crore. Department-wise and nature-wise analysis of the outstanding paragraphs of serious nature showed the following position:

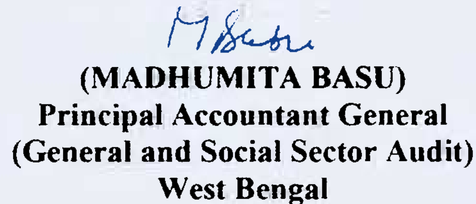
Table 3.8: Analysis of outstanding paragraphs *(₹ in lakh)*

Name of the department	Cases of theft/ defalcation/ misappropriation		Loss of revenue		Shortage/ losses neither recovered nor written off		Total	
	Para	Amount	Para	Amount	Para	Amount	Para	Amount
Health & Family Welfare	45	295.88	88	3280.94	37	164.73	**170**	**3741.55**
Food & Supplies	7	83.64	13	10386.12	3	10.11	**23**	**10479.87**
Urban Development	2	1.00	6	374.78	nil	nil	**8**	**375.78**
Housing	9	13.65	17	2760.56	4	69.81	**30**	**2844.02**
Information &Cultural Affairs	3	5.75	12	112.38	3	9.33	**18**	**127.46**
Higher Education	3	7.33	10	40.96	4	3.48	**17**	**51.77**
Total	**69**	**407.25**	**146**	**16955.74**	**51**	**257.46**	**266**	**17620.45**

[119] *Even if it is not feasible to furnish the final replies to some of the observations in the audit note or inspection report within the aforesaid time limit, the first reply shall not be delayed on that account and an interim reply may be given indicating the likely date by which the final reply shall be furnished.*

Audit committees, comprising the Principal Secretary/ Secretary of the administrative department and representatives of the Finance Department and Audit, were formed in 44 out of 50 Departments under General and Social Sector for expeditious settlement of outstanding Inspection Reports/ paragraphs. Audit Committees were not formed by the remaining six Departments[120] under General and Social Sector. Of the 44 Departments where audit committees were formed, meeting was held by only one Department [Home (Police)] in September 2013 wherein 12 out of 16 paragraphs discussed were settled. Though other 43 departments constituted Audit Committees, they did not hold any meeting.

It is recommended that Government should ensure that a procedure is put in place for (i) action against officials failing to send replies to IRs/ paras as per the prescribed time schedule, (ii) recovery of losses/ outstanding advances/ overpayments in a time-bound manner and (iii) holding at least one meeting of each audit committee every quarter.



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Principal Accountant General
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West Bengal

Kolkata
The 26 MAR 2015

Countersigned

(SHASHI KANT SHARMA)
Comptroller and Auditor General of India

New Delhi
The 30 MAR 2015

[120] *Food Processing Industries & Horticulture, Mass Education Extension, Fire & Emergency Services, Self-Help Groups and Self Employment, Housing and Paschimanchal Unnayan Affairs*