

## CHAPTER - V

### INTERNAL CONTROL MECHANISM IN GOVERNMENT DEPARTMENT

#### Women and Child Development Department

#### 5.1 Internal control mechanism in Women and Child Development Department

##### Highlights

*Internal control is an integral component of an organisation's management processes, which are established in order to provide reasonable assurance that the operations are being carried out effectively and efficiently, financial reports and operational data are reliable and the applicable laws and regulations are being complied with so as to achieve organisational objectives. A review of internal controls in Women and Child Development Department disclosed weaknesses in internal controls such as delayed surrender of funds, non-compliance with financial codes, non-adherence to instructions on purchases, shortfalls in inspections at various levels, non-assessment of grants released to Zilla Parishads and non-Government institutions and inadequate internal audit arrangements.*

**During 2003-06, savings of Rs 248.67 crore were surrendered on the last day of the year; savings of Rs 23.88 crore were not surrendered at all. The moneys could not be appropriated to other schemes.**

*(Paragraph 5.1.5.2)*

**Cash management was poor in the Department. The rules and procedures to prevent fraud and misappropriation of cash were flouted by most of the DDOs. Demand drafts worth Rs 98.73 lakh were not disbursed by the Commissioner, ICDS for nearly two years.**

*(Paragraphs 5.1.6.1 and 5.1.6.3)*

**There were large vacancies in various cadres for supervision as well as field works under both the Commissioners of Women and Child Development and Integrated Child Development Services which might have adversely affected the quality of services of the Department.**

*(Paragraphs 5.1.8.6 and 5.1.8.7)*

**Assessments of grants paid to the Zilla Parishads and to non-government institutions were pending from 2003-04 and 2002-03 respectively. Similarly, assessments of grants paid to the Zilla Parishads by the Commissioner, Integrated Child Development Services were pending from 1992-93.**

*(Paragraphs 5.1.9.1 and 5.1.9.2)*

**Monitoring of the delivery of services under various schemes was deficient as there were large shortfalls in inspections of *anganwadis* by Child Development Project Officers.**

*(Paragraph 5.1.10.1)*

**District Advisory Boards, which were to be formed for ascertaining the problems in the implementation of the schemes, solving these problems and improving the implementation of the schemes, were not formed.**

*(Paragraph 5.1.10.3)*

**Internal audit functions were neglected in the Department. There was no Internal Audit Wing in the Commissionerate of Integrated Child Development Services while the existing wing in the Commissionerate of Women and Child Development was under-staffed.**

*(Paragraphs 5.1.11.1 and 5.1.11.2)*

### **5.1.1 Introduction**

A built-in internal control system and adherence to codes and manuals minimise the risk of errors and irregularities and help to protect resources against loss due to waste, abuse and mismanagement in an organization and to achieve its objectives. The main objectives of the Women and Child Development Department (Department) are improving the socio-economic status of women, particularly rural women, and implementing various schemes for child development. Their activities include providing of health, nutrition, shelter, education, training and counselling for the women and children, besides involving non-Government institutions in these activities. The details of various schemes implemented by the Department are given in **Appendix 5.1**.

### **5.1.2 Organisational set-up**

The Secretary, Women and Child Development (W&CD), heads the Department. The Commissioner, W&CD is the overall in-charge for implementation of schemes for the welfare of women and children. At the district level, the Commissioner is assisted by District Women and Child Development Officers (DWCDOs). The actual implementation is carried out by 35 DWCDOs, 644 institutions<sup>1</sup> run by Government (98) and non-Government institutions (546). There is a separate Commissioner, Integrated

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<sup>1</sup> Rehabilitation centres for women and children

Child Development Services (ICDS) to look after the implementation of the ICDS scheme. The implementation of the scheme is carried out by 416 Child Development Project Officers (CDPOs) and there are 76,291 *anganwadis* under them. At the Zilla Parishad level, both the Commissioners are assisted by 33 Deputy Chief Executive Officers (Child Welfare) for implementation of women and child welfare activities in the rural areas. There is Chief Auditor and Accounts Officer in the Commissionerate. An organisational chart showing the hierarchy of implementation is given in **Appendix 5.2**.

### **5.1.3 Audit objectives**

The audit objectives were to assess whether:

- the budgetary and expenditure controls were adequate,
- the procurement and inventory controls were adequate,
- the operational controls and the manpower management were adequate,
- grants-in-aid paid to Zilla Parishads and other institutions were assessed in time,
- monitoring and supervisory controls were effective,
- the internal audit of the Department was effective.

### **5.1.4 Audit coverage**

A review for the period from 2003-04 to 2005-06 was conducted (January to June 2007) by test-check of records at the Mantralaya, two Commissionerates and at the offices of nine DWCDOs, seven Deputy Chief Executive Officers of ZPs, 18 CDPOs and 36 *anganwadis*. Records of nine Government institutions and 18 non-Government institutions were also test checked. A meeting was held on 27 December 2006 with the Secretary, W&CD Department, to discuss the audit objectives. Audit observations were discussed (16 August 2007) with the Principal Secretary, W&CD Department, the Commissioner, W&CD and the Commissioner, ICDS and their views have been incorporated at appropriate places in this report.

## **Audit findings**

### **5.1.5 Compliance with State Financial Rules and instructions in the Budget Manual**

Budgetary controls provide assurance that the requirement of funds has been assessed properly and that funds are being provided in time. Budgetary controls in the Department were found to be not working unsatisfactorily, as indicated in the following paragraphs.

### 5.1.5.1 Preparation of budget estimates

The Commissioners finalised the Budget estimates by adding 10 per cent to the current year's revised estimates

Budget estimates (BEs) were required to be prepared at the DDO level for submission to the Commissioner on 10 September every year. The Commissioner was to consolidate the BEs for submission to the Government by 1 October every year. It was noticed that there were marginal delays (10 to 15 days) in submission of the BEs by the Commissioner W&CD, Pune. The Commissioner stated that he had finalised the BEs by adding 10 per cent to the current year's revised estimates because the BEs were not submitted by all the DDOs. The budget provisions vis-a-vis expenditure were as follows:

(Rupees in crore)

Year	Original Grant	Supplementary Grant	Total Grant	Expenditure	Savings (per cent)
2003-04	603.98	75.53	679.51	550.35	129.16 (19.00)
2004-05	573.21	8.55	581.76	519.38	62.38 (10.72)
2005-06	622.76	23.99	646.75	619.00	27.75 (4.29)
<b>Total</b>	<b>1799.95</b>	<b>108.07</b>	<b>1908.02</b>	<b>1688.73</b>	<b>219.29(11.49)</b>

It would be seen that every year total expenditure was less than the amount of original grant. Thus, the entire amount of supplementary grants totalling Rs 108.07 crore during 2003-06 were unnecessary, indicating that the revised estimates were not realistic.

### 5.1.5.2 Surrender of savings on the last day of the year

Savings of Rs 248.67 crore lapsed as they were not surrendered in time

As per Para 173 of the Budget Manual of the Government, expenditure should be as per the budget provisions and in cases of savings, the same should be surrendered timely. The Commissioners, however, surrendered a total amount of Rs 248.67 crore on 31 March during 2003-2006 before preparation of the Final Modified Grants (FMG). After preparation of the FMG, there were further savings of Rs 23.88 crore, which were not surrendered at all. As a result, the moneys could not be appropriated to other schemes. The Commissioner (W&CD), Pune could not surrender savings in time (15 March) due to delay in surrender of savings by the subordinate offices. Principal Secretary stated (August 2007) that the monitoring mechanism in the Department would be geared up to make monthly monitoring of expenditure and unspent grants more effective.

### 5.1.5.3 Drawal of moneys from Contingency Fund

Advances of Rs 15.32 crore were drawn from Contingency Fund for regular items of expenditure

As per Para 190 of the Budget Manual, advances from the Contingency Fund should be granted only for unforeseen expenditure. Advances of Rs 4.49 crore, Rs 4.63 crore and Rs 6.20 crore were drawn by the Administrative Department from the Contingency Fund during 2003-04, 2004-05 and 2005-06 respectively to make payments to anganwadi workers at the time of Diwali as 'Bhaubeej bhet'<sup>2</sup>. As this was a regular item of expenditure the Department should have provided funds in the budget.

<sup>2</sup> A gift from the Government to anganwadi workers on the occasion of the 'Bhaubeej' festival.

The Department stated (June 2007) that as Finance Department did not accord approval for the scheme as a regular item of expenditure the amounts had not been provided in the budget. The reply is not tenable as expenditure on this scheme was being incurred every year since 1995-96 and was not an item of unforeseen expenditure.

Further, an amount of Rs 1.74 crore was sanctioned (February 2006) from the Contingency Fund for implementation of a nutrition programme, for adolescent girls. The Commissioner, ICDS spent only Rs 16.74 lakh and surrendered Rs 1.57 crore in March 2006. Thus, the amount was drawn from the Contingency Fund without actual requirement and in disregard of the provisions of the Budget Manual.

#### **5.1.5.4 Reconciliation of expenditure**

**Expenditure of Rs 552.25 crore was not reconciled by the Commissioner ICDS during 2005-06**

The Commissioner, ICDS did not carry out the reconciliation of a total expenditure of Rs 552.25 crore for the year 2005-06 with the books of the Accountant General (A&E) as of May 2007 as required under Para 157 of the Budget Manual. As such, the correctness of expenditure booked by the Department could not be ensured. The Commissioner ICDS stated (August 2007) that the reconciliation could not be done because office records had been destroyed due to water-logging during heavy rains that year. He however stated that reconciliation would be done in due course.

#### **5.1.6 Compliance with State Treasury Rules**

##### **5.1.6.1 Maintenance of cashbooks**

Audit scrutiny revealed that the rules and procedures prescribed to prevent fraud and misappropriation of cash were flouted by a large number of DDOs, indicating poor cash management in the Department, as discussed below:

**Cash books were not maintained properly, physical and surprise verification of cash balances was not done**

- As per Rule 98(2) (iv) of the MTR, a detailed abstract of closing cash balances should be prepared at the end of every month to ascertain the details of balances and the period from which the balances had been lying. It was noticed that 30 out of 46 test-checked offices did not prepare the detailed abstract of closing balances in their cashbooks during the entire period covered by Audit. As such, there was no mechanism to ascertain the amount of undisbursed balances lying for long periods.
- As per Rule 98(2) (iii) of the MTR, physical verification of cashbooks was required to be done monthly to ensure that the closing balances tallied with the physical cash balances. It was noticed that 25 out of 46 offices did not conduct physical verification of their cashbook balances. It was further noticed that out of the above 25 offices, the offices of the Commissioner, ICDS, Navi Mumbai, DWCD, Pune and DWCD,

Amravati, retained huge cash balances amounting to Rs 7.37 crore<sup>3</sup> as of 31 March 2006. It was noticed that surprise verification of cash balances had not been conducted by 31 out of 46 heads of offices during the period 2003-06.

- As per Rule 98 of the MTR, all entries in cashbooks together with corrections should be attested by the DDOs/heads of offices to ensure that all transactions were properly accounted for and no unauthorised corrections had been made. It was found that 21 out of 46 DDOs/offices had not attested the entries and corrections made in their cashbooks.
- It was noticed that 29 out of 46 offices test-checked had not obtained security bonds from the cashiers as required under Rule 51 of Bombay Financial Rules.

### **5.1.6.2 Submission of detailed contingent bills**

**Three offices did not submit Detailed Contingent bills in respect of 17 Abstract Contingent bills amounting to Rs 1.97 crore**

As per Rule 303 of the MTR, detailed contingent (DC) bills in respect of abstract contingent (AC) bills should be submitted within one month from the date of their drawal. Out of 27<sup>4</sup> offices test-checked, three offices<sup>5</sup> had not submitted DC bills for Rs 1.97 crore drawn on 17 AC bills during January 1998 to November 2006. Therefore, actual utilization of the amount could not be ascertained. The Commissioner, ICDS stated (March 2007) that detailed bills for Rs 1.90 crore drawn (March 2003) in one AC bill towards diet charges **were not traceable**. The risk of misappropriation of Government money in such a case could not, therefore, be ruled out. Principal Secretary stated (August 2007) that the matter would be investigated.

In five offices, DC bills for Rs 24.57 crore drawn on 12 AC bills during June 2001 to September 2006 were submitted after delays ranging from three to 41 months. Further, out of Rs 19.79 crore drawn on an AC bill on 30 March 2002 by the Commissioner, ICDS for supply of additional nutritious food under the Pradhan Mantri Gramodaya Yojana Scheme, the unspent balances of Rs 2.93 crore were remitted to the Government account after delays of 14 to 26 months.

### **5.1.6.3 Disbursement of bills**

**Demand drafts amounting to Rs 98.73 lakh were withheld by Commissioner ICDS for about two years**

As per the provisions of Rule 98(2) (ii) of MTR, all monetary transactions should be entered into cashbooks soon after their occurrence and disbursements should be made within three months failing which the moneys were to be deposited into treasury. It was, however, noticed that Commissioner, ICDS retained demand drafts (DDs) for a total amount of

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<sup>3</sup> Commissioner, ICDS Rs 6.69 crore, DWCDO, Pune Rs 0.32 crore, DWCD, Amaravati Rs 0.36 crore.

<sup>4</sup> Women and Child Development Department, Mantralaya, the Commissioner (W&CD), Pune, the Commissioner, ICDS, Navi Mumbai, 9 DWCDs, 9 Government institutions and 6 Urban CDPOs.

<sup>5</sup> Commissioner, ICDS (Rs 1.90 crore), CDPO, Pune (Rs 1.80 lakh) and Commissioner, W&CD, Pune (Rs 4.25 lakh)

Rs 98.73 lakh from March 2005 to April 2007, before disbursement. Similarly, 78 DDs (Rs 0.41 lakh), drawn by DWCDO Aurangabad between May 2004 and June 2006 relating to stipends to girl students and assistance to women under self employment scheme have not been disbursed as of May 2007.

The DWCDO Aurangabad stated (May 2007) that the beneficiaries had not come to collect the DDs. The reply is not tenable because the DWCDO was to ensure disbursement of the amounts to the beneficiaries. Besides, the moneys were lying with the bank for these periods. Commissioner (W&CD) accepted (August 2007) that the DDs should have been sent by the DWCDO to the concerned institutions for further disbursement to the beneficiaries.

### **5.1.7 Procurement and quality control system**

#### **5.1.7.1 Finalisation of rates for procurement of material**

The Commissioner W&CD, Pune procured grocery items, vegetables and sanitary items for Government institutions, whereas, the Commissioner ICDS Navi Mumbai procured medicine kits, pre-school kits, steel utensils, weighing scales, water filters, play kits, white boards *etc* for use in *anganwadis*.

The purchases of articles for various institutions under the jurisdiction of the Commissioner W&CD, Pune during 2003-05 were made at DWCDO level, by following the tendering procedure. In February 2005, the Government issued instructions that the Commissioner, W&CD should finalise the rates for all the districts for the first quarter, for supply of dietary and sanitary items to Government institutions<sup>6</sup> with the Maharashtra State Co-operative Consumers Federation (Federation), on the basis of rates obtained from the other departments/organizations<sup>7</sup>. The rates finalised by the Commissioner were to be reviewed on a quarterly basis and revised by the DWCDOs for their respective districts. The DWCDOs were to allow extensions for the subsequent quarters to the Federation for supply of items to Government institutions after verifying the wholesale rates. It was, however, noticed that eight out of the nine test-checked DWCDOs did not follow the above procedure while granting extensions of the rates to the Federation.

The Commissioner, W&CD stated (May 2007) that necessary instructions would be issued to the subordinate offices to follow the prescribed purchase procedure.

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<sup>6</sup> Women's State Homes, Women's Protection Homes, Beggars' Homes, Government Children's Homes *etc*.

<sup>7</sup> District Statistical Officers, District Supply Officers, Krishi Utpan Bazaar Samitis and Kirana Merchants' Associations as well as the wholesale market rates appearing in newspapers.

### **5.1.7.2 Quality control of foods**

**Government failed to take remedial action following detection of supply of sub-standard food by contractors**

As per the norms prescribed in the ICDS Manual, nutritious food given to beneficiaries should contain 8-10 grams of proteins and should have 300 calories. The food samples were to be tested in Government laboratories at least twice a month to ensure requisite proteins and calories.

During 2003-06, in two urban CDPOs (Ghatkopar and Thane) out of the 18 CDPOs test-checked, the food supplied to children was sub-standard as per the test results of the samples checked. An expenditure of Rs 65.73 lakh was incurred in these two CDPOs during 2003-06. It was observed that from October 2005 Government laboratories did not accept cooked food samples for testing as procedure was found to be erroneous because the food samples had deteriorated during the time it reached the laboratory. Government of India advised (June 2005) the Commissioner, ICDS to decentralise testing of food samples. Surprise checks were to be conducted by departmental officials at the sites where food was being prepared by the suppliers with a view to ensure quality.

Accordingly, the Commissioner, ICDS issued (September 2006) instructions to all Deputy Chief Executive Officers (Dy CEO) of ZPs and to urban CDPOs to form Mothers' Committees at *anganwadis* to monitor the quality and quantity of food supplied and the timeliness of supply. It was, however, noticed that Mothers' Committees were not formed in 26,415 (35 per cent) out of 76,291 *anganwadis* as of August 2007. Thus, the mechanism for ensuring quality of foods supplied to *anganwadis* was not adequate.

### **5.1.8 Operational controls and manpower management**

Operational controls provide assurance that tasks are being performed to fulfill programme objectives. Deficiencies noticed in operational controls in the Department are discussed in the following paragraphs.

#### **5.1.8.1 Departmental manual**

**The Department of Women and Child Development had no manual for guidance of their staff**

It was observed that the Department had no manual for the guidance of the staff in carrying out their day to day functions. The Deputy Commissioner, W&CD stated (March 2007) that the matter would be referred to the Government. The manual for the ICDS scheme prepared by the Central Government and used in the Commissionerate of ICDS had not been updated after 1984. At the exit conference, the Commissioner, ICDS stated that the latest available edition of the manual would be obtained and uploaded on to the website of the scheme.

#### **5.1.8.2 Delivery of services under ICDS**

**There were huge shortfalls in quarterly health check up of children in *anganwadis***

As per the norms fixed by the Government of India, health check-up of children was to be done once in three months. Check-up of malnourished children was to be done and their weights recorded every month. The CDPOs were to consolidate the information received from the *anganwadis* on health



check-up, weights of children, supply of food, availability of folic acid tablets for expectant mothers *etc.*, and submit a monthly progress report (MPR) to the Government.

It was, however, observed that during 2003-06 there were shortfalls ranging from 15 to 97 *per cent* in health check-ups of the children in 13 CDPOs. The CDPOs where high shortfalls were noticed were Khultabad (97 *per cent*), Andheri (77 *per cent*), Red Light, Worli (74 *per cent*) and Ghatkopar (65 *per cent*). The weights of children were not recorded in the *anganwadis* in 14 test-checked CDPOs.

The Commissioner stated (August 2007) that appropriate steps would be taken to improve the situation with the help of BMC doctors.

### 5.1.8.3 Maintenance of important registers/records

As per Rule 149 and Appendix XXII of the Bombay Financial Rules a grant register in the prescribed format was required to be maintained for watching proper utilisation of grants released to the beneficiaries. It was, however, noticed that in all the nine DWCDOs and seven Deputy CEOs of ZPs test-checked, grant-in-aid control registers to watch the receipt of proposals, their disposals and utilisation of grants by the beneficiaries were not maintained.

### 5.1.8.4 Maintenance of dead stock registers

As per Maharashtra Contingent Expenditure Rules, 1965, inventories of dead stock articles were required to be maintained. Unserviceable and obsolete stores should be disposed of and physical verification of assets should be done annually in the month of June. It was, however, seen that inventories of dead stock articles were not maintained item-wise by 24 out of 36 *anganwadis* test-checked. Further, physical verification of assets and stores was not done by 27 out of 46 offices test-checked during 2003-06. Therefore, it could not be ensured that the assets and stores shown in the registers were actually available.

**Inventories of dead stock articles were not maintained item-wise and Physical verification of assets and stores was not done**

## Manpower management

### 5.1.8.6 Vacancies in the Commissionerate, W&CD

The manpower position as of March 2007 under the jurisdiction of the Commissioner, W&CD, was as follows:

Designation	Posts sanctioned	Persons in Position	Vacancies	Percentage of vacancy
Assistant Commissioner/ DWCDO	34	26	8	24
Probation Officer	260	204	56	22
Senior clerk/ Statistical clerk	78	67	11	14
Nurse	55	45	10	18

It was observed that due to staff shortage, additional charges were given to important field personnel like DWCDOs, Probation Officers, CDPOs, Supervisors and auxiliary nurses and midwives (ANMs). This resulted in increasing their span of control and inadequate supervision of the implementation of schemes.

The Chief Auditor and Accounts Officer in the Commissioner's office stated (June 2007) that proposals for filling the vacant posts of Assistant Commissioner and DWCDOs were submitted to the Government in May 2005. Government accorded sanction to recruit Probation Officers on contract basis and the recruitment procedure was in progress.

#### **5.1.8.7 Vacancies in the Commissionerate, ICDS**

The manpower position as of March 2007 under the jurisdiction of the Commissioner, ICDS was as under:

Designation	Posts sanctioned	Persons in Position	Vacancies	Percentage of vacancy
CDPO	416	317	99	24
Assistant CDPO	243	183	60	25
Supervisor	3049	2610	439	14
Anganwadi worker	76291	72395	3896	5
Helper	76291	71097	5194	7

It would be seen that vacancies in the key posts of CDPOs and Assistant CDPOs were large at 24 and 25 *per cent* which might have affected the delivery of ICDSs.

Although posts of medical officers were sanctioned in the urban CDPOs of Ghatkopar and Pimpri, the Department had not filled up these posts since July 1998 and February 2004 respectively. All the four posts of ANMs in Pimpri CDPO and two posts of ANMs in the Ghatkopar CDPO remained vacant from October 2003 and August 2004 onwards respectively. Therefore, the required level of attention could not be paid to the children and the mothers under these CDPOs.

The Deputy Commissioner ICDS stated (May 2007) that it was for the Government to recruit for posts of CDPO and ACDPO. He also stated that recruitment of *anganwadi* workers (AWW) and *anganwadi* helpers (AWH) in rural and tribal projects was done at the ZP level by Committees headed by the MLAs of the districts. In respect of urban projects, recruitment was done through Government committees headed by MLAs at the ICDS project level. Supervisors' recruitment was done at the Commissioner's level.

The Deputy Commissioner, ICDS contended that the posts were vacant as the anganwadi workers and anganwadi helpers had resigned due to payment of honorarium at low rates. Delays in recruitment were mainly due to non-availability of MLAs and imposition of code of conduct during election.

The vacancies in the key cadres would have adversely affected the quality of implementation of the programme. Although GOI issued (May 2007) instructions that MLAs should not be part of the Recruitment Committees, it was seen that they continued to be part of these committees.

#### **5.1.8.8 Training to ICDS functionary staff**

**Job related training and refresher courses did not cover all the functionaries**

As per the ICDS Manual, all untrained ICDS functionaries were to be imparted training. Accordingly, Commissioner, ICDS was to arrange imparting training to all functionaries so that they could discharge their functions efficiently and effectively. It was noticed that training was being imparted to anganwadi workers, helpers and supervisors through 39 training centres run by NGOs. Training to CDPOs and Assistant CDPOs (ACDPOs) was conducted by the National Institute of Public Co-operation and Child Development (NIPCCD), New Delhi through selected training institutions.

Annual targets for training were not fixed and training was being imparted as per the available capacities at the training centres. It was, however, seen that 68 out of 317 CDPOs, 6 out 183 Assistant CDPOs, 159 out of 2,610 Supervisors, 8,950 out of 72,395 anganwadi workers and 17,098 out of 72,395 anganwadi helpers were not imparted job related training as of March 2007. Similarly, 149 CDPOs, 77 Asst. CDPOs, 386 Supervisors, 15,038 anganwadi workers and 19,447 anganwadi helpers were not given training in refresher courses as of March 2007.

The Deputy Commissioner, ICDS stated (June 2007) that there was backlog in training due to inadequate capacity for imparting training. Training was being imparted in 39 anganwadi training centres covering 28 districts. The reply is not tenable because manning of *anganwadis* by untrained personnel would have hampered the quality of services delivered to the women and children. The department should have explored other options available within the State Government. The Commissioner ICDS stated that the turnover of CDPOs was high in rural areas and therefore, training given to them was going waste. It was also pointed out that corrective steps could not be taken as the ICDS cadre in rural areas was under the control of the Rural Development Department and not under the Women and Child Development Department.

### 5.1.9 Assessments of grants released to ZPs and NGOs

#### 5.1.9.1 Grants paid by Commissioner W&CD

Assessment of grants paid to ZPs and NGOs by Commissioner W&CD were pending from 2003-04 and 2002-03 respectively

As per the orders of the Commissioner W&CD issued every year, assessments of grants-in-aid paid to grantee institutions were to be done annually to watch the proper utilisation of grants. It was observed that assessments of grants<sup>8</sup> paid to ZPs by the Commissioner W&CD were pending from the year 2003-04 onwards. Assessments of grants paid to 482 NGOs for the years 2002-03 to 2004-05 had not been finalised as the compliance of queries and omissions pointed out by the Commissioner was awaited from DWCDOs. Assessment reports of grants paid to NGOs to be submitted by the DWCDOs during 2005-06 were pending as of May 2007.

Grants paid to the Maharashtra State Social Welfare Advisory Board for implementation of the Family and Child Welfare project and the Welfare Extension project had not been assessed since 1981-82. Although certified utilisation certificates (UC) had not been received from 1992-93 onwards, grants-in-aid were paid to the Board every year. Grants-in-aid paid during 2003-06 amounted to Rs 9.30 crore.

Thus, the Department could not ascertain whether the grants released were utilised for the intended purposes. The Commissioner attributed the pending assessments to staff shortages and stated that the Finance Department would be approached to fill up the deputation posts.

#### 5.1.9.2 Grants paid by Commissioner ICDS

It was noticed that assessments of grants paid to ZPs by the Commissioner ICDS were pending from the year 1992-93 onwards. As a result, the Commissioner could not ascertain whether the grants released to the ZPs for implementation of various schemes were utilised for the intended purpose or the grants had been misutilised. The Commissioner, ICDS assured that the assessments would be completed in a time-bound manner.

Commissioner ICDS paid grant-in-aid of Rs 3.50 crore to 37 NGOs in 2006-07 though they had not submitted UCs for Rs 6.37 crore

It was further noticed that 37 NGOs did not submit UCs for Rs 6.37 crore paid by the Commissioner, ICDS to them during 2005-06, for imparting training to the ICDS personnel. In spite of this, grants-in-aid amounting to Rs 3.50 crore were paid to these 37 NGOs during the year 2006-07.

All the 33 ZPs in the State had not submitted (June 2007) UCs for Rs 69.80 crore to the Commissioner ICDS, paid during 2000-05 under the nutrition sector of the Pradhan Mantri Gramodaya Yojana scheme. Similarly, in respect of a scheme for supply of hand pumps to *anganwadis*, UCs for Rs 1.41 crore released during the period 2001-04 were pending from 27 ZPs as of January 2007.

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<sup>8</sup> 2003-04 : Rs 263.18lakh, 2004-05: Rs 167.26 lakh, 2005-06: Rs 496.74 lakh

### 5.1.10 Supervisory controls and monitoring including vigilance

#### 5.1.10.1 Inspections under ICDS

There were shortfalls in inspection of *anganwadis* by the CDPOs and that of CDPO offices by the Deputy Chief Executive Officers

Inspection targets had been prescribed for ICDS functionaries to monitor the working and proper delivery of services under the scheme.

In 11 CDPOs, the shortfalls in inspections of *anganwadis* by the CDPOs ranged from 36 to 92 *per cent* during 2003-04, from 30 to 86 *per cent* during 2004-05 and from 36 to 82 *per cent* during 2005-06. In respect of Supervisors, the shortfall in inspections during the years 2002-03 to 2005-06 ranged from 30 to 79 *per cent*.

Deputy CEOs, ZPs (Bal Kalyan) were to conduct annual inspections of all ICDS projects within their jurisdiction through the staff under them. Inspection Reports were issued by the Deputy CEOs to the concerned unit of CDPOs and their compliance obtained through follow-up and verification was done during the next visit. The position of inspections in the districts test-checked was as follows:

- In Aurangabad, Ahmednagar, Amravati and Nashik Districts, the Deputy CEOs had not conducted any inspections during the years 2003-04 to 2005-06.
- Deputy CEO, ZP Nagpur, conducted inspections of only two out of 13 ICDS projects during 2005-06 and had not conducted inspections during the years 2003-04 and 2004-05.
- Deputy CEO, ZP Pune, conducted inspection of only seven out of 13 ICDS projects during 2005-06.
- Deputy CEO, ZP Thane, conducted inspection of only one out of 13 ICDS projects during 2003-04, two out of 13 during 2004-05 and five out of 13 ICDS projects in 2005-06. Audit noticed that the inspection reports included comments on maintenance of service books, attendance of staff, the maintenance of dead stock registers/stock registers, *etc*, but did not have any comments on compliance of Government orders issued from time to time.

The Deputy CEO attributed the shortfall to shortage of staff. The shortfalls in inspections resulted in inadequate monitoring of proper delivery of services under the scheme.

#### 5.1.10.2 Inspections of other Women and Child Welfare schemes

There was shortfall in inspections by the DWCDOs

The Commissioner, W&CD prescribed four kinds of inspections to be conducted by the officials, namely, surprise inspections<sup>9</sup>, detailed inspections<sup>10</sup>, follow up inspections on the current year's beneficiaries and

<sup>9</sup> To check the quality of delivery of services like number of beneficiaries, attendance, clothing, bedding, food, recreation, education *etc*.

<sup>10</sup> Administrative inspections to check staff position, maintenance of registers, expenditure *etc*.

follow up inspections on the previous year's beneficiaries, in respect of schemes implemented by non-Government institutions and Government institutions.

It was observed that in five out of nine DWCDs test-checked, there were shortfalls in inspections during 2003-06. The shortfall for DWCDs including District Probation Officers and Probation Officers in surprise check ranged between 13 and 33 *per cent* and in detailed inspections, it ranged between eight and 54 *per cent*. The shortfalls for follow up inspections on current year's beneficiaries ranged from 31 to 85 *per cent* and the shortfalls for follow up inspections on the previous year's beneficiaries ranged from seven to 90 *per cent*. The year-wise and DWCD-wise position of inspections and the shortfalls are indicated in **Appendix 5.3**. The shortfalls were reportedly due to inadequate staff.

The Commissioner, W&CD stated (August 2007) that *Mahila Dakshata Samities* consisting of members from Government and non-Government agencies were being constituted to improve the situation.

#### **5.1.10.3 Formation of District Advisory Boards**

As per a Government Resolution of March 2003, District Advisory Boards (DABs) were to be formed headed by the President for reviewing the functioning of the Government institutions and non-Government institutions and advising the Government regarding improvement in scheme implementation.

It was observed that no DABs had been formed as of June 2007. The Commissioner, W&CD stated (June 2007) that the names of the Presidents of 35 DABs were submitted to the Government in May 2004 and June 2005. Government approval was awaited.

In the absence of DABs, the schemes for welfare and protection of the Women and the Children were implemented without any guidance of the DABs.

#### **5.1.10.4 Formation of Bharari Pathak (Vigilance unit)**

As per a Government Resolution of September 2002, a vigilance unit was to be formed at the State level headed by the Additional Secretary, ICDS of W&CD Department. They were to conduct surprise checks of ICDS projects and anganwadi centres to inspect the delivery of services to the beneficiaries *e.g.*, supplementary nutrition and health check-ups and the working of ICDS functionaries. They also had to conduct inspections of the offices of the Deputy CEOs (Bal Kalyan) of the Zilla Parishads.

It was, however, observed that no vigilance unit had been formed, defeating the very purpose of issue of the Government Resolution. Principal Secretary, W&CD Department stated (August 2007) that immediate action would be taken in the matter.

**District Advisory Boards for reviewing functioning of Government institutions and non-Government institutions were not formed**

**No vigilance unit had been formed despite issue of Government Resolution to that effect**

**5.1.11 Internal audit**

Internal Audit (IA) is conducted to examine and evaluate the level of compliance with departmental rules and procedures so as to provide a reasonable assurance on the adequacy of the internal control system of the department. In the light of the observations made by the Public Accounts Committee and the Comptroller and Auditor General of India on weak internal controls and the absence of internal audit in Government Departments, the Finance Secretary issued (January 2007) instructions to all Departments urging them to review their internal control mechanism and to ensure that internal audit was carried out regularly. Where there was no separate wing for internal audit, the Department was to establish a separate internal audit wing, for which staff proposals were to be sent to the Finance Department.

**5.1.11.1 Commissionerate of ICDS**

It was observed that there was no internal audit wing in the Commissionerate of ICDS. Also, no staff proposal for setting up of IA Wing had been forwarded to the Government at any time.

**5.1.11.2 Commissionerate of Women and Child Development**

There was an internal audit wing in the Commissionerate. As of July 2007, only two posts of Senior Clerks had been filled in as against six sanctioned. This wing had conducted the audit of only 13 out of 120 units due for audit during 2003-06. It was also noticed that no audit had been conducted during 2004-05.

As a result, violations of internal controls and non-compliance of the rules and procedures remained undetected. Out of 160 paras issued by the internal audit wing during 2003-06, compliance to 45 paras was not received from the auditee units.

This indicated that adequate initiative had not been taken by the Department to rectify the mistakes and deficiencies pointed out in internal audit.

**5.1.11.3 Response to Inspection Reports of the Principal Accountant General**

As of March 2007, 275 paragraphs of Inspection Reports (IRs) issued by the Principal Accountant General (Audit)-I were outstanding with the Department. The age-wise position of pending IRs/Paragraphs was as under.

Year of local audit	Inspection Reports	Paragraphs
Prior to 2003-04	39	56
2003-04	13	29
2004-05	24	48
2005-06	39	107
2006-07	22	35
<b>Total</b>	<b>137</b>	<b>275</b>

Out of the above, 13 paras pertained to recoveries (Rs 40.64 lakh), 14 paras to irregular payment (Rs 2.76 crore), 24 paras to nugatory/wasteful expenditure (Rs 2.94 crore), 21 paras to avoidable and excess expenditure (Rs 27.31 lakh), three paras to idle investment/blockage of funds (Rs 7 lakh) and remaining paras to procedural irregularities.

The above pendency indicated lack of proper response to Audit by the various units of the Department. Principal Secretary stated (August 2007) that compliance to the Principal Accountant General's paras and internal audit paras would be pursued vigorously.

#### **5.1.12 Conclusion**

Budgetary and expenditure controls were not adequately observed in the Department. The Commissioner, W&CD finalised the budget estimates by adding 10 *per cent* over the current year's estimates. As a result, there were large savings. The moneys could not be appropriated for other schemes as surrender of the savings was delayed. The rules and procedures prescribed to prevent fraud and misappropriation of cash were flouted by the DDOs. Procedures for fixing the rates for procurement of the materials were not followed by the Commissioners and the DWCDs and bulk purchases were made at retail price. Quality control of the foods supplied was not ensured. At times, substandard food was served to the children. The operational controls were also found to be inadequate. There was no departmental manual. Delivery of services, particularly health check-ups of the children was poor. Maintenance of records was not satisfactory. There were large vacancies in key posts. There was no check on misutilisation of grants-in-aid given to non-government organisations and Zilla Parishads. Vigilance units were not formed for conducting surprise checks of ICDS projects. District Advisory Boards for reviewing and improving the schemes were not established. There were shortfalls in inspections of ICDS projects. There was no internal audit in the Commissionerate of ICDS and the existing wing in the Commissionerate of Women and Child Development was under-staffed.

#### **5.1.13 Recommendations**

- The procedure for preparation of budget estimates should be strictly followed, allotment of funds should be realistic in order to avoid large savings and unspent budget grants should be surrendered in time.
- The DDOs should strictly follow the prescribed procedure for maintenance of cash books. Undisbursed amounts should be remitted to the Government account within the stipulated period.
- A departmental manual should be prepared for guidance of the departmental personnel in the performance of their duties.
- Adequate infrastructure for training should be created and training programmes prepared to cover all the functionaries within a reasonable period of time.



- The trained CDPOs should be given tenure postings for a minimum period of three years, especially in rural areas to ensure continuity and stability.
- Government should release grants-in-aid to non-Government institutions and Zilla Parishads only on receipt of utilisation certificates due from them.
- The grants released should be assessed in time and proper utilisation of grants ensured.
- The internal audit wing should be strengthened in the Department and audit of units should be conducted at regular intervals.

The matter was reported to the Principal Secretary to the Government in July 2007. Reply had not been received (August 2007).

Mumbai,  
The

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Principal Accountant General (Audit)-I,  
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Countersigned

New Delhi,  
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