

## CHAPTER-III

### CIVIL DEPARTMENTS

#### SECTION 'A' - REVIEWS

#### ANIMAL HUSBANDRY DEPARTMENT

### 3.1 Veterinary And Animal Health Services In Punjab

#### Highlights

*The main objective of the department is to provide veterinary and animal health services to livestock through clinical treatment, regular vaccinations, artificial inseminations and castration of bulls. For achievement of this goal 9 polyclinics, 1364 veterinary hospitals, 1431 veterinary dispensaries and 45 mobile units have been established in the State. A review of veterinary and animal health services indicated poor implementation of Plan schemes. The health care service provided at the doorstep of farmers through mobile units had almost collapsed because only 4 out of 22 mobile vans were in working order. There was shortfall of 80 per cent in foot and mouth disease (FMD) vaccinations. Consequently FMD broke out in 1998 and 1073 cattle head perished. Some significant findings are given below:*

- Of the total Plan provision of Rs.143.28 crore during 1996-2001, Rs.90.52 crore (63 per cent) remained unutilized. Non-plan expenditure increased by 101 per cent over the same period.

(Paragraph 3.1.4.1)

- While Central assistance ranging between Rs. 1.56 crore and Rs. 7.45 crore was retained by Government during 1996-97 to 2000-01, the unplanned implementation of schemes resulted in blockade of money (Rs.63.83 lakh), unproductive investment (Rs.4.24 crore) and unfruitful expenditure of Rs. 24.38 lakh.

(Paragraphs 3.1.4.2, 3.1.16, 17 & 18)

- **Shortfall in treatment of animals ranged between 32 and 44 per cent. Due to inadequate FMD vaccinations, 1073 cattle head perished.**

*(Paragraph 3.1.5)*

- **Expenditure on medicines decreased from Rs.4.88 crore in 1997-98 to Rs.0.89 crore in 2000-2001, which was indicative of deterioration in animal health services.**

*(Paragraph 3.1.6)*

- **Department drew Rs. 3.69 crore on 61 abstract contingent bills for purchase of material, machinery and equipments from Government treasuries during 1994-2001, but did not submit detailed contingent bills. Inordinate delay in submission of bills indicated lack of control and monitoring at Director's level.**

*(Paragraph 3.1.7)*

- **Polyclinics in districts of Amritsar, Mansa and Moga were lying incomplete for the last 3 to 7 years resulting in blockade of Rs.0.73 crore.**

*(Paragraph 3.1.8)*

- **The scheme of providing animal health care at the door steps of the farmers through mobile health care units had not yielded desired results, as out of 22 mobile vans only 4 were in working order.**

*(Paragraph 3.1.10)*

- **Poor planning in deployment of veterinary staff not only resulted in irregular expenditure of Rs.1.65 crore but also deprived the animals of the veterinary care.**

*(Paragraph 3.1.11)*

### **3.1.1 Introduction**

The main objectives of the department are inter alia to (a) improve the genetic potential of livestock through scientific breeding (b) provide efficient and effective health cover to the livestock (c) provide improved feeding management practices and effective extension services in the field of Animal Husbandry. To achieve the above objectives, the activities undertaken by the department were to improve health care of livestock

through clinical treatment, providing regular vaccinations, conduct artificial insemination and castration of scrub bulls.

### 3.1.2 Organisational set up

At Secretariat level, Secretary to Government (Department of Animal Husbandry) is responsible for monitoring and implementation of activities of the department. Director Animal Husbandry (Director) is Head of the Department as well as Controlling Officer and is assisted at State level by 4 Joint Directors, one Deputy Director (Statistics) and at district level by 17 Deputy Directors (DDs), Joint Director, State Animal Health Institute, Jalandhar, Deputy Director Vaccine Institute, Ludhiana and Deputy Director (Farms) Matthewara (Ludhiana).

### 3.1.3 Scope of audit

Mention was made in Report of Comptroller and Auditor General of India for the year 1999-2000 regarding working of Government Livestock Farms in Animal Husbandry Department. The functioning of the department relating to veterinary and animal health care services was reviewed between October 2000 and March 2001 by test check of records in the Directorate, and 7<sup>1</sup> districts (out of 17) for the period 1996-2001. The results are mentioned in the succeeding paragraphs.

### 3.1.4 Financial management and control

#### 3.1.4.1 Budget and expenditure

(i) The budget allocated by the Finance and Administrative Departments is released by the Director to the Drawing and Disbursing Officers (DDOs). The department implements schemes and programmes funded by the State and Central Government. Budget provision vis-à-vis expenditure incurred by the department during 1996-2001 was as under: -

Year	Budget provision			Expenditure			Excess (+)/ Savings (-)		Net -
	Plan	N Plan	Total	Plan	N Plan	Total	Plan	N Plan	
1996-97	20.57	39.08	59.65	9.55	41.27	50.82	(-)11.02	(+)2.19	(-)8.83
1997-98	24.15	53.90	78.05	14.24	55.15	69.39	(-)9.91	(+)1.25	(-)8.66
1998-99	30.83	73.45	104.28	7.72	74.98	82.70	(-)23.11	(+)1.53	(-)21.58
1999-2k	31.61	72.95	104.56	6.98	71.00	77.98	(-)24.63	(-)1.95	(-)26.58
2000-01	36.12	83.87	119.99	14.27	82.80	97.07	(-)21.85	(-)1.07	(-)22.92
<b>Total</b>	<b>143.28</b>	<b>323.25</b>	<b>466.53</b>	<b>52.76</b>	<b>325.20</b>	<b>377.96</b>	<b>(-)90.52</b>	<b>(+)1.95</b>	<b>(-)88.57</b>

(ii) Non plan expenditure of the department which consisted mainly of salaries of staff increased from Rs.41.27 crore in 1996-97 to Rs.82.80 crore in 2000-01 thereby registering an increase of 101 per cent and

<sup>1</sup> Amritsar, Gurdaspur, Hoshiarpur, Jalandhar, Ludhiana, Patiala and Sangrur.

accounted for between 79 and 91 per cent of total expenditure. The Director attributed increase in non-plan expenditure to revision of pay scales.

**63 per cent of provision on plan component remained unutilised.**

(iii) During 1996-2001, of the Plan budget provision of Rs.143.28 crore, Rs.90.52 crore (63 per cent) remained unutilized. Plan expenditure as a per cent of total expenditure, ranged between 9 and 21 per cent over the same period. Abnormal savings on Plan component reflected shrinkage of development activities and failure of department to implement Plan programme properly. The Director stated that saving was due to non-accorded sanction by Government and non-passing of bills by the treasuries. The Government in turn stated (August 2001) that funds were not released due to financial crunch in the State.

#### **3.1.4.2 Short release of funds relating to Central schemes**

Government of India provided Central assistance for implementation of various schemes\* for the development of livestock and other veterinary services in State against the projects/schemes approved by GOI.

The position of release of funds by GOI and expenditure incurred there-against by the State Government during 1996-97 to 2000-01 was as under:

( Rupees In crore )

Year	Total Funds made available by GOI**	Funds sanctioned by State Government against GOI funds	Expenditure against GOI funds	Unspent GOI funds retained by State Government
1996-97	7.46	5.17	0.91	6.55
1997-98	9.03	8.13	7.47	1.56
1998-99	3.14	1.74	1.34	1.80
1999-2000	7.81	4.45	0.36	7.45
2000-2001	8.14	5.86	5.36	2.78

**Government failed to release funds provided by GOI for Central schemes.**

It would be seen that balance of unspent Central assistance lying with State Government ranged between Rs. 1.56 crore and Rs. 7.45 crore during period 1996-97 to 2000-01. The Deputy Secretary, Finance, stated (August 2001) that funds were not released due to financial crunch in the State. The reply was not tenable as there was no justification for not releasing funds in case of the following schemes which were cent per cent financed by Government of India.

\* Financed by GOI as 100 per cent and on sharing basis i.e 50:50, 75:25

\*\* Includes unspent balance of each year.

(Rupees in lakh)

Serial Number	Name of the schemes	Funds made available by GOI	Expenditure	Balance unspent
		During 1996-2001		
1.	National Project on rinderpest eradication programme	65.46	42.70	22.76
2.	Animal disease management & regulatory medicines-Establishment of Regional referral disease diagnostic laboratories	84.40	Nil	84.40
3.	Extension of frozen semen technology	407.31	357.51	49.80
4.	Assistance to State for integrated piggery development	34.00	25.45	8.55
5.	Assistance to State for preservation of pack animals	5.00	Nil	5.00
6.	Animal Husbandry Extension	45.90	32.17	13.73
7.	Live stock Census	52.86	Nil	52.86
<b>TOTAL</b>		<b>694.93</b>	<b>457.83</b>	<b>237.10</b>

Non-release of funds received from Government of India not only indicates State Government's casual approach of implementing Centrally sponsored schemes but also shows that Central funds might have been used for meeting State Government's committed liabilities/revenue deficit.

### 3.1.5 Programme performance

To achieve complete health care objective, the department carried out activities like treatment of livestock, artificial insemination, castrations and vaccinations in polyclinics, veterinary hospitals and veterinary dispensaries. For this purpose, Government had established 9 polyclinics, 1364 veterinary hospitals, 1431 veterinary dispensaries and 45 mobile units in the State. Targets and achievements under various activities of the department during the period 1996-2001 in the districts test checked\*\* were as under: -

(Figures in lakh)

Activity	1996-97		1997-98		1998-99		1999-2000		2000-2001	
	T	A	T	A	T	A	T	A	T	A
Cases Treated	27.33	15.84 (42)***	29.10	16.32 (44)	29.10	16.93 (42)	29.10	17.88 (39)	29.10	19.66 (32)
Artificial insemination	14.99	12.62 (16)	16.06	11.90 (26)	16.06	12.06 (25)	19.25	13.02 (32)	15.40	12.11 (21)
Vaccination										
(i) H.S*	48.00	43.35 (10)	57.00	53.63 (6)	57.00	40.68 (29)	98.00	37.40 (62)	98.00	25.11 (74)
(ii) BQ@	2.15	1.59 (26)	2.15	1.01 (53)	2.15	1.24 (42)	2.15	0.87 (60)	1.95	1.44 (26)
(iii) FMD\$	NF#	10.70	NF	17.21	NF	11.46	49.00	7.43 (85)	49.00	12.38 (75)

(i) The shortfall in achievement of targets fixed for treatment of animals ranged between 32 and 44 per cent during the period 1996-2001.

\*\* Number of veterinary Institutions in test checked districts: 1621 (Polyclinic-3, VH-773, VD-845)

\*\*\* Percentage of shortfall in brackets

\* T=Targets, A=Achievement, \*HS= Hemorrhagic septicemia, @BQ= Black quarter

\$ FMD=Foot & Mouth Disease, #NF=Not fixed

**Shortfall in achievement of animals treated ranged between 32-44 per cent of target indicated inadequate health care provided to the livestock.**

**FMD broke out due to inadequate vaccination and perished 1073 cattle head.**

The department could not thus provide adequate health care to the animals. On being pointed out, Director stated (May 2001) that targets were fixed with an objective of maintenance of level of preparedness and whatever cases came to institutions, were treated. The reply was not tenable as achievement of the targets was much less than the targets fixed in all the years, which indicated that either the livestock population was over estimated or the department's potential was not fully utilised.

(ii) Similarly, the shortfall in achievement of targets for vaccination ranged between 6 and 74 per cent in respect of HS and BQ. In the case of FMD, no targets were fixed for 1996-99. However, against the target of 98 lakh vaccinations fixed for 1999-2001, only 19.81 lakh vaccinations (20 per cent) were administered. Thus, adequate preventive measures were not taken by the department to protect the livestock from this dreadful disease. Consequently, FMD broke out in Moga district in December 1997 where 1073 cattle died of it. Due to lack of precautionary measures, the disease again surfaced in Ludhiana district during March 2001. The loss of cattle had not been intimated by the department so far (November, 2001). As a result of non-release of funds under Plan schemes, adequate medicines could not be purchased and other services not rendered properly. The cattle population in the State decreased from 94.20 lakh in 1997-98 to 90.16 lakh in 1999-2000.

### 3.1.6 Negligible expenditure on medicines

The main activity of the department is to provide veterinary treatment to livestock. Total expenditure of the department vis-à-vis expenditure on medicines during the period 1996-2001 was as under: -

Year	Total Expenditure	Expenditure on purchase of medicines	Expenditure per institution	Percentage of expenditure on medicines to total expenditure
	( Rupees in crore )		(Rupees in lakh)	
1996-97	50.82	2.52	0.09	5
1997-98	69.39	4.88	0.17	7
1998-99	82.70	1.91	0.07	2
1999-2000	77.98	1.29	0.05	2
2000-01	97.07	0.89	0.03	1

**Expenditure on medicines decreased from 7 to 1 per cent indicating poor animal health care.**

Whereas overall expenditure of the department increased from Rs.69.39 crore during 1997-98 to Rs.97.07 crore in 2000-2001, expenditure on drugs and medicines decreased from Rs.4.88 crore in 1997-98 to Rs.0.89 crore in 2000-2001. The expenditure on medicines per Animal Health Institution decreased from Rs. 0.17 lakh in 1997-98 to Rs. 0.03 lakh in 2000-01. Even the basic medicines like Phenyl, Antibiotics and Antiseptic lotions etc. were not available in veterinary institutions for the last 1-5 years. The Director attributed (May 2001) it to shortage of funds. The reply was not acceptable as there was significant saving each year.

### 3.1.7 Non-submission of detailed contingent bills

As per financial rules, detailed contingent (DC) bills in respect of amount drawn on abstract contingent (AC) bills should be submitted to the Accountant General (A&E) within one month.

Test check of records of Director Animal Husbandry Punjab and 17 Deputy Directors revealed that as of March 2001, 61 DC bills aggregating Rs. 3.69 crore drawn between 1994-95 and 2000-01 had not been submitted to Accountant General (A&E). The Director had neither maintained DDO wise register of expenditure to ensure control of approved budget grant nor any records to watch timely submission of DC bills. This indicated lack of control and adequate monitoring at Director's level. On being pointed out, the Director stated (May 2001) that detailed bills will be submitted to Accountant General (A&E). These bills were still awaited (November 2001).

**Detailed contingent bills for Rs.3.69 crore drawn on 61 AC bills were not submitted to Accountant General (A&E).**

### 3.1.8 Blockade of funds on incomplete polyclinics

To provide specialized multi disciplinary services for diagnosis, treatment and surgical operations of livestock, a polyclinic was required to be set up at every district headquarter. To achieve this objective, the Government approved (1994-98) setting up of 3 new polyclinics in districts of Amritsar, Mansa and Moga as per details given below.

**Polyclinics in districts of Amritsar, Mansa and Moga were lying incomplete for periods ranging between 3 and 7 years.**

Sr. No.	Name of DD/Work	Estimated cost (Rupees in crore)	Name of the executing agencies/funds released	Period	Remarks
1.	DD Amritsar (Construction of polyclinic at Amritsar)	1.94	XEN Provincial Division B&R Amritsar  (Rs. 21.16 lakh)	February 1995 to February 1998	After the work was taken up by the PWD and expenditure of Rs.12.95 lakh was incurred, Milkfed informed (March 1999) that its two quarters fell in the middle of Polyclinic site and demanded compensation of Rs. 6.50 lakh or a corridor/passage for use of quarters. The work was stopped and the issue has not been resolved so far (November, 2001).
2.	DD Mansa (Construction of polyclinic at Mansa)	0.68	XEN Provincial Division B&R Mansa  (Rs. 67.12 lakh)	1994-98	After incurring Rs.41.27 lakh, XEN PWD informed (February 2000) that further work was stopped as the Treasury Officer did not release payments. The department failed to get the payment released and work had still not started (November 2001)
3.	DD Moga (Construction of polyclinic at village Gill district Moga)	1.07	XEN Provincial Division B&R Faridkot  (Rs.12.50 lakh)  PPDC (Rs.6.25 lakh)	January 1998  May, 1999	After expenditure of Rs.12.50 lakh was incurred by PWD on the construction of the building, further amount of Rs.6.25 lakh was deposited with PPDC who neither executed the work nor returned the money. The work is still incomplete (November 2001).

These Polyclinics had been lying incomplete for periods ranging between 3 and 7 years thereby depriving the general public of these districts of the benefit of necessary medical attention to their sick animals. Besides, Government funds amounting to Rs.0.73 crore also remained blocked.

### **3.1.9 Unfruitful investment on X-ray plants**

For proper diagnosis of animal diseases, X-ray plants were installed in all the polyclinics established at district level. Test check of records of three polyclinics revealed that 3 X-ray plants installed therein were not functioning being out of order or due to non-availability of electricity connection rendering the expenditure of Rs. 20.61 lakh unfruitful as per details given below: -

(i) An X-ray plant alongwith its accessories was purchased (April 1995) by the Director from National Meditek, Delhi for Rs. 10.35 lakh for installation at polyclinic Ferozepur district. The X-ray plant was lying unutilized since its purchase as the required electricity load had not been arranged. This resulted in idle investment of Rs. 10.35 lakh since April 1995. On this being pointed out (March 2001), the DD Ferozepur stated (August 2001) that no action was initiated as radiologist was not posted by Director to run the X-ray plant. The reply was an after thought as the plant could not be operated without adequate power supply.

(ii) In Gurdaspur district, an X-ray plant purchased (1987) at a cost of Rs.4.68 lakh went out of order in May 1996. The DD Gurdaspur demanded (July 1996) Rs. 1.32 lakh from the Director for repairs but the funds were not provided so far (March 2001). Consequently, the radiographer deployed on the plant also remained without work since May 1996.

On this being pointed out (April 2001), the Director stated (May 2001) that the spares were not readily available. The reply was not tenable as the department failed to procure the parts and the plant remained idle for over a period of five years.

(iii) In Sangrur district, an X-ray plant purchased at a cost of Rs. 5.58 lakh and installed in July 1992 was used in September 1993 without obtaining proper power supply. After developing only 55 X-ray films (valuing Rs. 0.03 lakh), it stopped working (November 1996) due to inadequate power supply. The department still had neither repaired the plant nor obtained connection for adequate power supply to run the plant. No specific reply was given by Director (November 2001).

**3 X-ray plants installed at a cost of Rs.20.61 lakh did not function for the last 5-6 years.**

### **3.1.10 Inadequate services by mobile veterinary units**

To provide veterinary aid facilities at the doorsteps of farmers, the department introduced mobile veterinary units at Tehsil level. In 7 test-checked districts, an expenditure of Rs.90.67 lakh was incurred under the



scheme between 1996-97 and 2000-2001 on maintaining 22 mobile units. The overall achievements during 1996-2001 were as under: -

Year	Animals Treated			Artificial insemination cases done			Laboratory tests conducted		
	T	A	Per cent achievement	T	A	Per cent achievement	T	A	Per cent achievement
1996-97	55000	33594	61	33000	1685	5	11000	805	7
1997-98	55000	16573	30	33000	1181	4	11000	785	7
1998-99	55000	19484	35	33000	1263	4	11000	1220	11
1999-2000	55000	6446	12	33000	793	2	11000	1472	13
2000-2001	41040	1028	3	24625	342	1	8244	571	7

**The mobile veterinary units service had almost collapsed for want of repair resulting in ungainful expenditure on the scheme.**

The shortfall in achievements during 1996-2001 ranged between 39 and 99 per cent. Of 22 mobile units functioning during 1996-97, 18 went out of order and became non-functional upto 2000-01 for want of repairs. On being pointed out, the Director attributed (May 2001) the reasons for non-repair of mobile vans to shortage of funds. The reply was not acceptable as there were significant savings every year.

### 3.1.11 Human resource management

The veterinary officers and veterinary pharmacists are the key personnel responsible for effective implementation of schemes in the field. The position of sanctioned strength vis-à-vis men in position in the State during the period 1996-2000 was as under:-

Year	Posts of Veterinary Officer (VO) and Veterinary Pharmacist (VP)			
	Sanctioned Strength	In position	Vacant	Percentage
1996-97	3484	3279	205	6
1997-98	3680	3146	534	15
1998-99	3665	3224	441	12
1999-2000	3665	3082	583	16

Thus, the vacancies in the department increased from 6 per cent in 1996-97 to 16 per cent in 1999-2000 which adversely affected the implementation of schemes/programmes of the department. Irregularities noticed in the management of staff were as under: -

#### (A) Irregular diversion of staff

Posts are sanctioned according to workload and staff is posted as per the sanctioned strength of the institution. In 8 districts<sup>#</sup>, posts of 43 VOs/VPs were diverted to veterinary hospitals where sufficient posts had not been sanctioned. Similarly, 12 veterinary officers borne on the strength of DDs Amritsar, Hoshiarpur and Ferozepur and whose pay was drawn against the sanctioned posts of these districts were irregularly diverted to other

**Mismanagement in deployment of veterinary staff resulted in irregular expenditure of Rs.1.65 crore.**

<sup>#</sup> Amritsar, Bathinda, Ferozepur, Moga, Muktsar, Nawanshahar, Ropar, Sangrur

districts. This resulted not only in irregular expenditure of Rs. 1.65 crore on their pay and allowances but also deprived animals of these districts veterinary care for the last one to five years. The Director stated (May 2001) that the diversions were made as a stop gap arrangement only for a short period of 2-3 months. The reply was not tenable as diversions existed for period ranging between 1 and 5 years.

**(B) Irregular appointment of class IV employees**

Against 19 vacancies of class IV employees available in the veterinary institutions in Gurdaspur district, the DD Gurdaspur appointed 79 persons between February and December 1997. As the employees were not paid salary due to non-availability of budget and sanction of posts, their services were terminated in February 1999. On the writ petition filed by the employees against the termination orders, the Hon'ble High Court upheld their termination and directed the department (February 1999) to disburse their salary for the period they remained in employment. The payment of salary to these officials for the period from April 1997 to June 1999 resulted in irregular expenditure of Rs 26.61 lakh. The DD Gurdaspur stated (February 2001) that the payments were made as per directions of the court. Reply of the department was not tenable as appointments were made without availability of vacant posts and the Director as a controlling officer failed to detect the irregular appointments.

**3.1.12 Extra avoidable expenditure on purchase of feed**

**Purchase of feed from PPDC ignoring cheaper rates of Milkfed inflicted extra expenditure of Rs.10.04 lakh.**

Financial Rules provide that purchase of material should be made from approved sources at competitive rates. PPDC and Milkfed are approved sources for the purchase of feed for livestock. Test check of records of DD Patiala revealed (March 2001) that the department purchased 9364 Qtls. of feed between September 1996 and February 2001 from PPDC at a cost of Rs.52.19 lakh. A comparison of rates made in audit with those of Milkfed suggested that the rates of PPDC were higher than Milkfed. The purchase of same quantity, if made from Milkfed, would have cost Rs. 42.15 lakh. Non-availing the competitive rates of the Milkfed resulted into extra expenditure of Rs. 10.04 lakh to Government. On being pointed out, the Director stated (May 2001) that PPDC was the only approved source of purchase of feed. The reply was not tenable as the Milkfed was also an approved source and the department had made purchases from it on several occasions.

**3.1.13 Fraudulent withdrawal resulting in embezzlement**

**Non-observance of rules facilitated embezzlement of Rs. 20.79 lakh**

Under Rules, every Government servant handling cash book is personally responsible for every monetary transaction and its proper accountal. DDO is also required to check its correctness. Test check of records of DD Hoshiarpur (November 1999) revealed that against a cheque for Rs. 75091 issued by the DDO, Rs. 1,75,091 was drawn from bank in July 1999 by manipulating the figures on the cheque. Further, the entire amount of

Rs.1,75,091 was not accounted for in the cash book. On being pointed out (March 2000), the Director stated (March 2000) that the cashier had been placed under suspension and enquiry team was formed for thorough investigation of accounts/vouchers which brought to light total misappropriation of funds amounting to Rs 20.79 lakh. The Director further informed (May 2001) that the cashier (under suspension) had been charge sheeted and case was registered with police. Further developments were awaited (November 2001). The failure on the part of the DDO to exercise the codal checks in the maintenance of cash book facilitated the embezzlement.

#### **3.1.14 Irregular expenditure on cattle show**

Under a Centrally sponsored scheme, Government of India (GOI) sanctioned (March 1998) Rs.20 lakh for organising cattle show in Amritsar with the condition of State Government's contribution of Rs. 5 lakh. As per terms of the grant, representatives of GOI and other State Governments were to be associated for finalising tenders, holding cattle show and selecting best animals. The judges were to be selected by GOI. The State Government released (March 2000) Rs.20 lakh for organizing the cattle show.

Test check of records (February 2001) of DD Amritsar revealed that the show was organized (March 2000) at Amritsar without following the conditions of the grant i.e. State's share of Rs. 5 lakh was not contributed, representatives of GOI/any other State were not associated and judges were selected unilaterally by the State Government. In addition, out of expenditure of Rs. 20 lakh incurred for the show, prizes for Rs. 6.01 lakh were distributed against Rs. 5 lakh provided in the grant and actual payees' receipts for the entire amount of prizes were also not available. No reply was received from Director (November 2001).

#### **3.1.15 Unauthorised occupation of Government land.**

Land measuring 19 kanals and 14 marlas valuing about Rs.2 crore attached with Civil Veterinary Hospital, Sangrur had been under occupation of unauthorised persons since long. Though the case had been decided in favour of department by the Hon'ble High Court (December 1989), the department had failed to get the land vacated even after a lapse of more than 11 years (November 2001). Failure of the department to get the land vacated and its disposal resulted in loss of Rs.2 crore to Government.

#### **3.1.16 Failure of scheme resulting in blockade of feed and medicines.**

(a) Under special Central assistance programme, medicines worth Rs.8 lakh were purchased during 1995-96 by Assistant Director (AD)

**Purchase of medicines/feed without identifying the beneficiaries resulted in blockade of Rs.63.83 lakh.**

Veterinary Store Jalandhar for supply on subsidised basis to goats of Scheduled Caste (SC) beneficiaries without assessing number of beneficiaries. Out of these, medicines worth Rs.3.07 lakh were transferred to 17 DDs in the State in 1999-2000 and balance medicines worth Rs.4.93 lakh were lying with him. Test check of records in districts revealed that as of November 2000, medicines worth Rs.0.82 lakh only were distributed to beneficiaries. Thus, medicines worth Rs.7.18 lakh were still lying with the AD Veterinary store Jalandhar/DDs. On this being pointed out (November 2000), the AD stated that the balance medicines will be distributed on receipt of demand from DDs. The reply was not tenable as the purchase of medicines without actual requirements had resulted in blockade of medicines since 1995-96.

(b) Again, medicines for Rs.16.79 lakh were purchased (November 1999) by AD Veterinary Store Jalandhar and issued (between January and April 2000) to 17 Deputy Directors in the State for supply to SC beneficiaries for their animals. Out of this, medicines amounting to Rs.3.69 lakh only were distributed to the beneficiaries and the remaining medicines worth Rs.13.10 lakh were lying with the DDs. Similarly, 16 DDs withdrew (March 2000) advance of Rs.72.63 lakh from treasury and paid (April 2000) to PPDC as advance for supply of feed for animals kept by SC beneficiaries. As of January 2001, only 10386 Qtls. of feed valuing Rs.29.08 lakh was supplied by PPDC which was distributed to SC beneficiaries. Non-supply and non-distribution of balance feed (Rs.43.55 lakh) and medicines was attributed (November 2000-March 2001) by the DDs to non-availability of eligible beneficiaries. Thus, purchase of medicines and drawal of funds for feed without identifying actual beneficiaries especially when the medicines purchased earlier in 1995-96 could not be distributed for want of beneficiaries resulted in blockade of Government funds amounting to Rs.56.65 lakh. The Director justified (May 2001) the deposit of funds for supply of feed with PPDC on the plea that it was a Government undertaking and further, the medicines had been distributed to the beneficiaries. The reply was not tenable as the drawal of funds in advance of actual requirement and advance payment to PPDC was in contravention of the codal provisions. Further information received (May 2001) from 3 DDs<sup>1</sup> showed that medicines were not distributed to beneficiaries and were still lying with them.

**Unproductive investment of Rs. 4.24 crore as National Bull Production Scheme failed to take off due to poor planning.**

### **3.1.17 Unproductive expenditure on bull production programme**

With a view to develop indigenous cattle by using embryo transfer technology and associated herd progeny testing programme under National Bull Production Scheme, GOI released Rs.4.24 crore between February 1994 and March 2000. Under the scheme, 50 bulls were to be maintained at Government cattle breeding farm, Nabha where the progeny-testing programme would be carried out alongwith 12 selected gaushalas. 8<sup>2</sup> gaushalas selected by the department were given Rs.48 lakh for

<sup>1</sup> Ferozepur, Moga, Nawanshahar.

<sup>2</sup> Ahmedgarh, 2. Bhiani, 3. Dhuri, 4. Jagraon, 5. Khanna, 6. Nabha, 7. Sangrur, 8. Sunam.

developing necessary infrastructure. The activity reports in this regard were required to be submitted to State farms.

Scrutiny of records of Directorate (November 2000) revealed that the funds released were spent on construction of building for laboratory at Nabha (Rs.35 lakh), grants-in-aid to 8 gaushalas (Rs.48 lakh) and supply of material, machinery and other equipment (Rs.340.76 lakh). As the laboratory building was incomplete, the machinery and equipment could not be installed and embryo transfer technology was not used. The details of activity undertaken by gaushalas were not available with the cattle-breeding farm. This resulted in an unproductive expenditure of Rs.4.24 crore. On being pointed out (November 2000), Director stated that laboratory had not been constructed so far (July 2001). However, no reasons for purchase of machinery and equipment and payment of grants to gaushalas in anticipation of functioning of the laboratory were intimated.

### **3.1.18 Unfruitful expenditure on establishment of fodder banks**

**Department failed to establish fodder banks and expenditure of Rs. 24.38 lakh remained unfruitful.**

To provide nutritional fodder to the livestock in Kandi area, GOI released (March 1998) Rs.30.60 lakh for “establishment of fodder banks” to store dry fodder. The DD Hoshiarpur, instead of implementing the scheme departmentally, paid (March 1998) Rs.17.60 lakh to PPDC for purchase of fodder, Rs.6.96 lakh to Punjab Land Development and Reclamation Corporation (PLDRC) for supply of seeds of jawar and Rs.6 lakh to XEN Panchayati Raj, Hoshiarpur for construction of silopits.

The PPDC supplied wheat bhusa worth Rs.3.57 lakh only (January 2001) which was not distributed to the farmers and was lying with the department unutilized. Seed costing Rs.6.43 lakh was received from PLDRC out of which seed costing Rs.6.18 lakh had been sold to farmers and balance of Rs 0.25 lakh was lying with the department. The construction work had not yet been started as no site had been selected. Thus, the fodder bank could not be established. The expenditure of Rs.24.38\* lakh, thus, remained unfruitful as the scheme failed to take off. The Director stated (May 2001) that wheat bhusa was not consumed/procured as there was no scarcity of fodder. However, no reply was given for non-construction of silopits and recovery of balance amount from PPDC. In view of the reply of the Director that there was no scarcity of fodder, the implementation of the scheme without proper survey was not justified.

\* (1) Rs.14.03 lakh lying with PPDC (2) Rs.6 lakh with XEN PWD B&R (3) Rs.0.53 lakh with PLDRC (6.96 – 6.43) (4) material lying with the department Rs.3.82 lakh (Bhusa: Rs. 3.57 lakh and Seeds Rs.0.25 lakh.)

### **3.1.19 Poor monitoring**

Director is responsible for monitoring and implementation of Plan programmes and other activities of the department. A monthly progress report was submitted by all the DDs to him to review and monitor the activities in the field. The reports were merely compiled and recorded and no corrective measures to improve the working of the department were taken. Further, the Government asked the Director to evaluate the schemes such as import of semen for cattle development and scheme of polyclinics. However, no evaluation of such schemes was conducted. Poor performance of the veterinary institutions, polyclinics and mobile units show the lack of monitoring and evaluation by the Directorate.

### **3.1.20 Conclusion**

The review highlights the poor performance of veterinary institutions. The scheme of polyclinics had not yielded the expected results and the scheme of mobile units had also failed. There was inadequate monitoring of the schemes by the department.

The above matter was referred to the Director (April 2001). Reply received (May 2001) had been incorporated in the review. The material was developed into a draft review for consideration of Government and the same was demi-officially forwarded to the Secretary to the Government in June 2001 for reply within 6 weeks. However, no reply was received from the Secretary (November 2001).

## Finance Department

### 3.2 Working of Internal Audit Organisation

#### Highlights

*With a view to improve overall quality of work, reduce errors, omissions and irregularities, the State Government introduced (1982) the system of Internal Audit in revenue receipts. The focus was, however, shifted (1991) to some expenditure heads. The review conducted on the working of Internal Audit Organisation (IAO) revealed several deficiencies. There was heavy arrear in audit, inordinate delay in issue of audit notes, absence of monitoring to ensure settlement of objections raised by the IAO within the reasonable period. Paragraphs relating to shortfall in revenue receipts aggregating Rs.60.44 crore pointed out prior to discontinuance of audit of revenue receipts were lying unattended. Lack of effectiveness was persisting as the outstanding paragraphs had increased over the period. There was a lukewarm response to the audit objections from the auditee organizations. The departments continued to commit irregularities which were pointed out in the Statutory test check. Some of the significant findings are given below:*

- Of 1055 units to be audited annually, the IAO failed to conduct audit of 588 units and delay ranged from 1 to 5 years.

*(Paragraph 3.2.5 (i))*

- 822 audit notes were issued late and delay ranged between 16 and 362 days.

*(Paragraph 3.2.5 (iii))*

- The follow up action on Internal Audit observations was lacking and 4059 audit notes containing 13277 paragraphs with money value of Rs.256.78 crore were pending for settlement.

*(Paragraph 3.2.5 (iv))*

- Utilisation of 368 mandays in excess of norms and non-utilisation of 1460 mandays because of poor planning, IAO incurred ungainful expenditure of Rs. 10.99 lakh on the pay and allowances.

*(Paragraph 3.2.6(ii) (iv))*

- **The shift in focus of IAO from revenue to expenditure audit proved to be ineffective as during the period under review 9520 cases of irregularities involving revenue effect of Rs.268 crore were detected by Statutory Audit.**

(Paragraph 3.2.7)

- **Internal Audit highlighted irregularities valuing Rs.45.68 lakh, which were already highlighted by Statutory Audit.**

(Paragraph 3.2.9)

### **3.2.1 Introduction**

With a view to prevent loss or leakage of revenue, an Internal Audit Organisation (IAO) was established in 1982 to audit receipts in some of the departments. In 1991, functions of IAO were diverted to audit of General Provident Fund (GPF) accounts, Grants-in-aid (GIA) to privately managed Government aided schools/colleges, District Planning Board Funds (DPBF), Stamp Duty and Registration Fee (SD&RF) and any special assignment allotted to the organisation. The main objective of IAO was to improve quality of work, reduce irregularities, errors and omissions which may subsequently be detected by Statutory Audit.

### **3.2.2 Organisational set up**

At secretariat level, the Principal Secretary Finance is responsible for overall implementation and monitoring of activities of the IAO. The Additional Director Internal Audit (ADIA), under the administrative control of Director Treasury and Accounts (T&A), is head of IAO assisted by 5 Deputy Directors, 3 Assistant Directors and 10 Section Officers at State level. At field level, each district office is headed by a Deputy Controller (Finance & Accounts) (DC F&A) and assisted by three or four audit parties consisting of one Section Officer and one Junior Auditor each. As of March 2001, the staff strength of IAO was 201 of which 101 temporary posts were being sanctioned on yearly basis.

### **3.2.3 Scope of audit**

Mention was made in paragraph 1.11 of Audit Report of the Comptroller and Auditor General of India (Revenue Receipts) for the year ended March 1995 on working of the IAO. The functioning of IAO was further reviewed by test check of records of ADIA and seven\* D.C (F&A) for the period 1995-2001 between July 1999 and April 2000. The review has been further strengthened by collecting additional information between

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\* Amritsar, Bathinda, Ferozepur, Jalandhar, Kapurthala, Patiala and Sangrur.



January and March 2001. The results of review are embodied in succeeding paragraphs.

### 3.2.4 Budget allotment and expenditure

Budget allotment and expenditure incurred during the period 1995-96 to 2000-01 was as under:

*(Rupees in lakh)*

Year	Budget Allotment	Expenditure	(+) Excess (-) Savings
1995-96	144.98	139.48	(-) 5.50
1996-97	150.36	144.14	(-) 6.22
1997-98	169.06	169.00	(-) 0.06
1998-99	158.44	211.78	(+) 53.34
1999-2000	235.22	212.26	(-) 22.96
2000-2001	252.74	216.26	(-) 36.48

No reasons for excess/shortfall in expenditure were given. However, scrutiny revealed that budget estimates were made on the basis of sanctioned strength including vacant posts.

### 3.2.5 Performance of the IAO

#### (i) Shortfall in audit coverage

The IAO was not ensuring the required coverage of auditable units. Test check of records in 7 districts (January to March 2001) revealed that out of 1055 units to be audited every year during the period 1995-2001, 588\* units were in arrear, the delay was between 1 and 5 years. The percentage of shortfall in the coverage of audit units during the said period ranged between 1 and 45 (GPF) 7 and 32 (GIA), 2 and 27 (DPDB) and 5 and 28 (SDRF). When pointed out (April 2001), the department attributed (July 2001) shortfall in coverage of all the units every year to shortage in staff and further stated that the staff was not being provided due to resource crunch.

#### (ii) Non-review of periodicity of audit

The Director (T&A) while approving (May 1995) the audit programmes for 1995-96 asked the IAO to review the periodicity of audit to reduce the quantum of audit in arrear. Instead of revising the periodicity of audit, the IAO reduced (1998) the percentage of test check of records from 100 to 20 per cent in respect of all the GPF units. However, no action was taken to review the periodicity in regards to other Heads of account covered by the IAO. Consequently, the arrear in audit continued to increase. Thus, the conducting of audit after more than five years would defeat the very purpose of audit as it may not be feasible to take corrective action after lapse of long period.

**The audit of 588 units remained in arrears with delay of 1 to 5 years.**

\* (1). General Provident Fund :39 units, (2). Grants-in-aid : 167 units, (3). District Planning Board Funds: 248 units, (4). Stamp Duty and Registration Fee : 134 units

822 audit notes were issued late with a delay ranging between 16 and 362 days.

Due to inadequate follow up action 4059 audit notes containing 13277 paragraphs involving Rs.256.78 crore remained outstanding.

**(iii) Delay in issue of audit notes.**

Internal audit notes were required to be issued to auditee units within 30 days from the date of conclusion of audit. Test check of records of IAO revealed that out of 3660 audit notes issued to auditee units between April 1995 and March 2001, 661 (18 per cent) were issued after a delay of 16 to 90 days and other 161 audit notes (4 per cent) were issued after a delay of 91 to 362 days. The AD (T&A) attributed (July 2001) the delay to shortage of staff.

**(iv) In-adequate follow up action**

(a) One month time has been laid down for taking remedial action in respect of objections raised by IAO. A review of audit notes in the seven\* districts test checked revealed that arrear of outstanding audit notes increased from 1976 in 1995-96 to 4059 audit notes in 2000-2001 as per details given below:

(Position of audit notes)

Description	Opening balance as of 1-4-1995	Number of audit notes issued during the period 1995-2001	Number of audit notes settled during the period 1995-2001	Closing balance as of 31-3-2001
Audit Notes	1976	3137	1054	4059**
Paragraphs	6532	13620	6875	13277
Money value (Rupees in crore)	60.25	272.75	76.22	256.78

It was further noticed that 61 audit notes containing 331 paragraphs involving Rs. 47.53 crore relating to special audit of maintenance and repair of roads, bridges and canals had been lying outstanding since May 1993. This indicated not only the poor persuasion of settlement/compliance to objections by the IAO but also the lukewarm response on the part of auditee units and their controlling officers. The lack of monitoring system for arranging quarterly /half-yearly meetings for pursuance of audit objections further aggravated the situation. The IAO, thus, failed to bring any substantial improvement in the working of departments for which it had been introduced.

**3.2.6 Manpower management**

**(i) Shortage of audit parties**

The ADIA being head of the organisation is primarily responsible for deployment of Internal Audit Parties (IAPs) and was required to ensure that vacancies in the organization are filled up promptly. However, in 7 districts test checked, there was a persistent shortage of IAPs which increased from 3 IAPs in 1995-96 to 8 IAPs in 2000-01 despite the fact

Strength of IAPs remained short by 3 to 8 parties in the IAO during 1995-2001.

\* Amritsar, Bathinda, Ferozepur, Jalandhar, Kapurthala, Patiala and Sangrur

\*\* GPF (233); DPDB (1350); GIA (1175) and SDRF (1301).

that auditable units and periodicity of audit had remained the same. In some cases, the posts have been lying vacant from 3 to 48 months. The position of sanctioned and operative strength of IAPs during 1995-96 to 2000-01 was as under:

Year	Sanctioned strength	Operative strength	Shortfall
1995-96	24	21	3
1996-97	24	22	2
1997-98	24	21	3
1998-99	24	18	6
1999-2000	24	17	7
2000-2001	24	16	8

The decrease in the operative strength of IAPs not only resulted in increase in quantum of arrear in audit but also defeated the objectives of setting up of IAO. Steps taken to overcome the shortfall were not intimated (November 2001).

**(ii) Non-utilisation of 1460 mandays.**

To ensure the optimum utilization of staff deployed on local audit, the working hours observed by the auditee units should be observed.

**Non-utilisation of 1460 mandays while conducting audit of Government-aided schools/colleges resulted in ungainful expenditure of Rs. 8.78 lakh.**

Test check of records of tour programme of IAPs conducting audit of Grants-in-aid to schools and colleges revealed that IAPs observed 5 days instead of 6 days a week being followed by these institutions during 1995-2001. Moreover, Examiner Local Fund Accounts, another branch of the department while conducting audit of such institutions relating to their non-Government funds observed the time schedule of 6 days a week. The failure of IAO to switch over to 6 days a week resulted in non-utilisation of 1460 mandays involving ungainful expenditure of Rs.8.78 lakh on their pay & allowances. The IAO by proper planning could have utilised these mandays to reduce the arrears. When pointed out (April 2001), AD (T&A) stated (July 2001) that working hours in these schools and colleges were six hours a day whereas in Government offices 8 hours and as such time schedule of Government offices was observed. The reply of the department was not tenable as Examiner Local Fund Accounts, another organisation under Finance Department as well as Statutory Audit, were following a six days week in schools and colleges for audit of Government/non-Government funds.

**(iii) Continuance of special audit without sanction.**

The special audit of expenditure incurred on the maintenance, repair and upkeep of roads, bridges and canals in the Public Works Department for the year 1991-92 was entrusted to IAO by the Principal Secretary Finance in 1992-93.

The IAO, however, continued to conduct special audit of accounts of these departments beyond 1991-92. The continuance of special audit without sanction of the competent authority involving 888 mandays resulted in ungainful expenditure of Rs.5.26 lakh on their pay & allowances for the period 1995-96 to 1996-97, besides no serious irregularity was detected.

The staff deployed on special audit could have been utilized for reducing the arrear in auditee units.

The AD(T&A) stated (July 2001) that special audit for 1991-92 was approved by the Principal Secretary, Finance and IAO decided to continue special audit from 1992-93 to 1995-96 also on the basis of approval of annual audit programme by Director (T&A). The reply of the department was not tenable as special audit was entrusted to the IAO for only one year i.e 1991-92. The conducting of special audit by IAO for the years 1992-93 to 1995-96 in the absence of specific sanction of the Government was irregular.

**(iv) Utilisation of 368 mandays in excess of fixed norms**

The Finance Department fixed norms (October 1991) of 3,4 and 5 party days for completion of audit of Grants-in-Aid (GIA) accounts of 1,2 and 3 years respectively.

Utilisation of 368 mandays in excess of fixed norms resulted in ungainful expenditure of Rs.2.21 lakh.

Test check of records maintained by four\* Deputy Controllers (F&A) revealed that programmes for audit of GIA prepared by IAO were not in accordance with the norms fixed by the Government. As a result, 368 mandays were utilized in excess of the norms fixed by the Government for audit of these institutions during November 1995 and December 2000 without obtaining sanction of the competent authority or seeking change in the norms. It increased not only the arrear of audit but also resulted in ungainful expenditure of Rs.2.21 lakh on pay & allowances.

The AD (T&A) stated (July 2001) that although a norm of 5 days had been fixed for conducting the audit of GIA for 3 years, yet it was not practicable due to shortage of staff. The reply was not tenable as allotment of extra time without approval of competent authority was irregular.

**3.2.7 Injudicious shifting of focus from revenue to expenditure audit**

One of the objectives for setting up of IAO in 1982 as a separate organisation under the State Finance Department was to improve the quality of assessments and to reduce errors and omissions which may subsequently be detected by the Statutory Audit. In November 1991, the focus of Internal Audit was shifted from revenue to expenditure audit and the Revenue Departments developed their own mechanism for maximising receipts. Similarly, Punjab State Electricity Board (PSEB) have developed their own system of Internal Audit of Electricity Duty.

Shifting of focus of IAO from revenue to expenditure audit proved ineffective as 9520 cases involving revenue effect of Rs. 268 crore were pointed out by Statutory Audit during 1995-2000.

Though duties relating to Internal Audit was assigned to Resident Section Officers posted in Revenue Departments, yet 7566 audit paragraphs valuing Rs. 60.44 crore raised prior to 1991 had not been transferred to them even after lapse of 10 years. AD (T&A) stated (July 2001) that responsibility to remove discrepancies, effect recoveries and get the paras settled was of the auditee units. The reply was not tenable as the

\* Jalandhar, Kapurthala, Patiala and Sangrur.

administrative control for the posting of Resident Section Officers in Sales Tax, Excise and Transport Departments was with Finance Department. As such, the officials could pursue the outstanding objections for remedial action and logical conclusion.

Further, it is pertinent to mention that the Revenue raised by the State Government have increased substantially from Rs.3188.68 crore in 1991-92 to Rs. 7830.45 crore in 2000-2001. Non-auditing of these receipts by the IAO may result in many irregularities in terms of under-assessment and short levy of tax going unnoticed which consequently may lead to revenue loss to the Government. Even in test check during the period 1995-2000, the Statutory Audit had pointed out under-assessment and short levy of tax having revenue effect of Rs. 268 crore in 9520 cases. Besides, evasion of tax of Rs. 9.05 lakh committed (February 1998) by the District Transport Office, Ludhiana had also been pointed out by the Statutory Audit (Audit Reports of Revenue Receipts-Government of Punjab).

Thus, shifting in focus of audit from revenue to expenditure has not brought out desired results as the IAO is not properly equipped to carry out the expenditure audit as brought out in the foregoing paragraphs. In the expenditure audit of GPF, Grants-in-aid, DPB funds and the special audit of Road, Bridges and Canals undertaken by it, the input is minimal and had not brought out any serious irregularity.

### **3.2.8 Non-preparation of Manual and control registers**

(i) Though the Finance Department had been issuing orders/instructions from time to time in respect of the affairs as well as activities of Internal Audit Organisation, these orders and instructions had not been codified in the shape of Audit Manual even after 19 years of setting up of Internal Audit Organisation. On this being pointed out (March 2001), the AD (T&A) stated (July 2001) that no useful purpose would be served in preparing Manual rather it will be a burden on State exchequer.

(ii) Audit scrutiny of 6\* districts revealed that only progress reports have been maintained indicating paragraphs issued and settled. No system for maintenance, pursuance and reporting of cases of serious irregularities to the higher authorities had been evolved. The registers for keeping the details of auditee units, audit due, completed and pendency of Internal Audit observations and their settlement etc were not maintained. The non-maintenance of such records adversely affected the performance of IAO.

(iii) IAO prepares Annual Administrative Reports (AARs) every year which bring out only the informations regarding amount held under objection in revenue/ expenditure audit. The specific and interesting cases which came to notice as a result of Internal Audit were never highlighted.

\* Amritsar, Bathinda, Ferozepur, Jalandhar, Patiala and Sangrur.

### 3.2.9 Highlighting of same irregularities as detected in Statutory Audit

The objects of setting up of IAO was to improve the overall quality of assessments and to detect errors and omissions in the cases of receipt/expenditure audit. The IAO conducted audit of 640 units after the Statutory Audit. However, the comparison of audit notes issued by IAO relating to DPBF, GPF and special audit of PAP Jalandhar and the audit notes issued by Statutory Audit revealed that in some cases same irregularities which were detected in the Statutory Audit were also highlighted subsequently by the IAO. Thus, the very purpose of setting up of IAO had not been achieved. A few cases noticed as a result of cross examination of records were given in the table below :

Same irregularities of the amount of Rs.45.68 lakh were highlighted by IAO which were already detected by Statutory Audit

Sr. No	Name of auditee unit	Nature of irregularity	Period of audit notes	Date of audit		Amount held under objection (Rupees in lakh)
				By Statutory Audit	By IAO	
1.	ADGP, PAP, Jalandhar	Loss of interest of Rs.25.51 lakh due to retention of funds outside Government account	July 1995 to July 1999	July 1999	July 2000	25.51
2.	Civil Surgeon, Fatehgarh Sahib	Diversion of funds Rs.7.96 lakh on purchase of medicine and furniture for PHC Sanghol	July 1998 to June 1999	July 1999	December 1999	7.96
3.	Principal Chief Conservator of Forests Punjab, Chandigarh	Embezzlement of Rs.5.53 lakh due to non checking of accounts annually by IAO in GP fund advances	1993-94 to 1995-96	June 1996	April to July 2000	5.53
4.	Sub Registrar Khanna	Mis- classification of instrument resulting in non levy of stamp duty and registration fee of Rs.6.68 lakh	1993-94 to 1995-96	July 1996	December 1996	6.68
<b>Total</b>						<b>45.68</b>

### 3.2.10 Conclusion

The objectives for the establishment of IAO largely remained unfulfilled as evidenced by heavy backlog of audit, inordinate delay in issue of audit notes, absence of monitoring and repetition of audit findings. Lukewarm response of auditee units further aggravated its ineffectiveness. The audit of Revenue Receipts was discontinued despite manifold increase in Revenue Receipts of the Government, leaving little scope for internal checks on the irregularities committed during assessments and levy of tax. The Finance Department is required to review and evaluate the working of IAO, prepare the Manual for the guidance, bring into its purview audit of some important departments like Medical, Police, Industries etc. on

rotational basis and also bring out administrative and organizational changes to achieve the objectives for which IAO was established.

The material was developed into draft review and the same was forwarded to Secretary to Government in April 2001 for comments within six weeks. The matter was followed up demi-officially with reminder to the Secretary in June 2001. However, inspite of such efforts, reply was not received from the Secretary (November 2001).

## Health and Family Welfare Department

### 3.3 Prevention and Control of Diseases

Government of India launched several centrally sponsored programmes for prevention and control of diseases, namely National AIDS Control Programme in 1992 and National Programme for Control of Blindness in 1976. A review on the performance of these programmes during 1996-2001 in Punjab State revealed the following :

#### Highlights

*To contain the spread of the HIV infection in India and to strengthen India's capacity to respond to the HIV/AIDS on long term basis, the Government of India (GOI) launched a hundred per cent Centrally sponsored National AIDS Control Programme in 1992. The review of the programme revealed several deficiencies in its management and implementation. The implementation was poor in the State as 82 per cent of the available funds remained unutilized during 1996-97. The achievements under sub-components of the programme were not substantial and in most of the cases targets were not fixed. The task of identifying high-risk groups remained ineffective as against the coverage of whole State, only 4 towns were covered and only base line data was compiled. Peer counseling, treatment of STIs and client programmes were virtually absent. The training programme was not complete in all respects as no training was given to medical and para-medical staff in the field.*

*The National programme for control of blindness, a cent per cent Centrally sponsored programme, was launched in 1976 to achieve the goal of reducing the prevalence of blindness upto 3 per thousand of population by year ending 2000. The review of the programme revealed gross deficiencies in programme implementation. The achievements fixed for cataract surgery were inflated by 30 to 45 per cent. Funds released by Government of India (GOI) to Director Health Services (DHS) and DBCSs remained unutilized. There was a lack of monitoring and evaluation of the programme at State level.*

*Some significant irregularities are given below:*

- Out of funds of Rs.292.53 lakh, Rs.51.21 lakh (18 per cent) only were utilized for the implementation of the programme during 1996-97.

(Paragraph 3.3.1.4(A)(i))



- The achievements under priority targeted intervention for groups at high risk and low cost AIDS care components were negligible as only Rs.0.26 crore (19 per cent) were expended out of available funds of Rs.1.35 crore during 1999-2001

(Paragraph 3.3.1.5.1)

- Condom delivery system failed to take off due to non-purchase of condoms/purchase of defective condom vending machines, beside wasteful expenditure of Rs.22.61 lakh.

(Paragraph 3.3.1.5.1.1 & 5.1.2)

- Non-transfer of IEC material worth Rs. 7.11 lakh by the State AIDS Cell to the State AIDS Control Society affected the awareness campaign adversely.

(Paragraph 3.3.1.5.2.(i))

- Equipments worth Rs.12.39 lakh were purchased in contravention of the guidelines issued by NACO.

(Paragraph 3.3.1.6.1)

- Out of Rs.1.60 crore received by the State Government from GOI for the implementation of the programme during 1996-2001, Rs.1.48 crore (92 per cent) were not released by the State Government.

(Paragraph 3.3.2.4(B))

- Achievements of cataract operations by the Government hospitals were inflated by 34 to 45 per cent during 1996-2001 by including the operations conducted by NGOs in the reports.

(Paragraph 3.3.2.5 1)

- Central purchase of material and equipments was not made by the State Government and funds amounting to Rs. 1.03 crore released by GOI for the purpose were retained by the State Government for meeting its own expenditure.

(Paragraph 3.3.2.5.1.1.)

- **Irregular and excess expenditure of Rs. 14.40 lakh was incurred on purchase of medicines, non-consumables and payment to NGOs.**

*(Paragraph 3.3.2.5.1.2 and 3.3.2.7)*

### **3.3.1 National AIDS Control Programme**

#### **3.3.1.1 Introduction**

Acquired Immuno Deficiency Syndrome (AIDS) is a fatal disease caused by a virus called the Human Immuno Deficiency Virus (HIV). It has emerged as a serious public health problem. National AIDS Control Programme (NACP) was initiated in the country in 1985 in collaboration with Indian Council of Medical Research. Subsequently, in order to contain the spread of HIV/AIDS, Government of India (GOI) launched (1992) a hundred per cent Centrally sponsored programme (Programme) with World Bank assistance. The GOI established National AIDS Control Organization (NACO) an executive body in the Ministry of Health and Family Welfare headed by Additional Secretary as Project Director. The project was implemented in two phases. The objectives of the National AIDS Control Programme Phase-I (NACP-I) were (i) to slow the spread of HIV; (ii) to decrease morbidity and mortality associated with HIV; (iii) to minimize socio economic impact resulting for HIV infection. The project consisted of following sub components:

- (a) Strengthening the management capacity for HIV.
- (b) Promoting public awareness and community support.
- (c) Improving blood safety and rational use.
- (d) Building surveillance and clinical management capacity.
- (e) Controlling Sexually Transmitted Diseases.

The National AIDS Control Programme Phase-II (NACP-II) was launched in November 1999 with two key objectives namely to (1) reduce spread of HIV infection in India and (2) strengthen India's capacity to respond to HIV/AIDS on long term basis. The objectives are grouped into five sub components as given below:

- i) Priority targeted intervention for Groups at high risk.
- ii) Preventive intervention for the general community.

- iii) Low Cost AIDS care.
- iv) Institutional strengthening
- v ) Intersectoral collaboration.

### 3.3.1.2 Organisational set up

At State level, the Director Health Services (DHS) Punjab assisted by State AIDS Control Cell (SACC) was responsible for implementation of the programme. From April 1998, the implementation of the programme was entrusted to Punjab State AIDS Control Society (PSACS) under the chairmanship of Principal Secretary to Government of Punjab, Health and Family Welfare. At district level, the programme is implemented through Civil Surgeons supported by medical and para medical staff.

### 3.3.1.3 Scope of audit

The implementation of the programme for the period 1996-2001 was reviewed in audit during December 2000 to April 2001 by checking the records of AIDS Control Cell in the office of DHS, Punjab State AIDS Control Society and Civil Surgeons of 10<sup>1</sup> districts. The results of review are embodied in the succeeding paragraphs.

### 3.3.1.4 Financial arrangement

Budget allocated by the GOI, grants received by the State Government and expenditure made there against during 1996-98 was as under:

#### (A) Funds released to State Government

(Rupees in lakh)

Year	Funds released by GOI	Funds sanctioned by the State Government	Expenditure	Excess (+) Savings (-)
1996-97	225	292.53*	51.21	(-) 241.32 **
1997-98	75	349.44	306.80	(-) 42.64 ***
1998-99	--	42.89	39.57	(-) 3.32

\* Includes previous balance of Rs. 67.53 lakh.

\*\* The Punjab Government revalidated Rs. 274.44 instead of Rs. 241.32

\*\*\* The Punjab Government revalidated Rs. 42.89 instead of Rs. 42.64

The implementation of the programme during 1996-97 was negligible as only 18 per cent of the available funds were expended.

- (i) Against the available funds of Rs. 2.93 crore during the year 1996-97 for the programme, expenditure of Rs.51.21 lakh only (18 per cent) was

<sup>1</sup> Amritsar, Bathinda, Ferozepur, Fatehgarh Sahib, Jalandhar, Ludhiana, Moga, Patiala, Ropar and Sangrur.

incurred and the State Government retained balance amount of Rs.2.41 crore (82 per cent).

(ii) As the implementation of the programme was transferred to State AIDS Control Society from April 1998, the release of funds by the State Government to DHS during 1998-99 and expenditure there against by the DHS on the programme was irregular.

**(B) Funds released by GOI to Punjab State AIDS Control Society**  
(Rupees in lakh)

Year	Opening balance	Budget allocated by Govt. of India	Grant received	Total	Expenditure	Excess (+) Savings (-)
1998-99	2.26*	110.00	110.00	112.26	111.53	(-) 0.73
1999-00	0.73	400.72	277.70**	278.43	258.26	(-) 20.17
2000-01	20.17	300.00	296.50	316.67	188.47	(-) 128.20
<b>Total</b>		<b>810.72</b>	<b>684.20</b>	<b>707.36</b>	<b>558.26</b>	<b>-</b>

\* Unspent balance transferred by DHS

\*\* Includes Rs.0.31 lakh released by W.H.O.

It would be seen that against the allocation of Rs.8.11 crore, funds amounting to Rs.6.84 crore (84 per cent) only were released by GOI to the State AIDS Control Society during the year 1998-2001. As of March 2001, funds amounting to Rs.1.28 crore remained unutilised with the Society due to decrease in expenditure during 1999-2001 mainly on the following components.

(Rupees in lakh)

(a)	Priority targeted intervention against HIV/AIDS	108.61
(b)	Low cost AIDS care	16.05
(c)	Institutional strengthening	20.34
(d)	Preventive Intervention for the General Community and Inter Sectoral Collaboration	(-) 17.53
(e)	Previous balance	0.73

Reasons for savings were, however, not furnished by the Society.

**3.3.1.5 Components/Activities covered under the programme**

**3.3.1.5.1 Priority targeted intervention for groups at high-risk.**

The project aims to reduce the spread of HIV in groups with high risk by identifying target population and providing peer counseling, condom promotion and treatment of STIs and client programmes. These were to be largely delivered through NGOs, Community Based Organisations (CBOs) and the public sector. During 1999-2001, funds of Rs.1.35 crore (1999-2000:Rs.0.85 crore and 2000-01:Rs. 0.50 crore) were provided by NACO for priority intervention of targeted groups at high risk against which an expenditure of Rs. 0.26 crore (1999-2000:Rs. 0.02 crore and 2000-2001:Rs. 0.24 crore) only was made. Thus, the achievements regarding

The activities under priority-targeted intervention for high-risk groups were negligible as only 19 per cent funds were expended during 1999-2001.

involvement of NGOs in the task remained partial and the beneficiaries were deprived of the intended benefits of the programme.

The Project Director PACS stated (August 2001) that the targeted intervention programme was started in the year 2000. Due to lack of clear cut guidelines, the expenditure was incurred with great care as and when the guidelines were received from NACO and the expenditure was made accordingly. The reply of the department was not beyond doubt as the documents in support of reply were not produced to audit.

Audit scrutiny (April 2001) further revealed that funds of Rs. 15.72 lakh were spent by 4<sup>2</sup> NGOs to identify high risk behavior groups i.e. truck drivers, industrial workers, migrant labourers, non-brothel based commercial sex workers etc. The position of funds received from GOI and disbursed to NGOs along with achievements made there against were as under:

(Rupees in lakh)

Sr. No	Group	Funds released	Actual expenditure	Targets	Persons to be covered	Achievements	Persons covered
1.	Commercial sex workers	11.12	5.56	Survey & collection of baseline data	1000	Survey & baseline data collection	1000
2.	Truck drivers	8.87	4.44	-do-	10000	-do-	10000
3.	Industrial workers	5.74	2.87	-do-	2500	-do-	2500
4.	Migrant labourers	5.70	2.85	-do-	2500	-do-	2500
	<b>Total</b>	<b>31.43</b>	<b>15.72</b>		<b>16000</b>		<b>16000</b>

Despite an expenditure of Rs.15.72 lakh made by the NGOs, no arrangements were made for providing integrated peer counseling, treatment of STIs, training of representatives of groups at high risk except survey and collection of base line data in 4<sup>3</sup> places. Besides, no action was taken to identify Injecting Drug Users (IDU) and Men having Sex with Men (MSM).

The Project Director PACS stated (August 2001) that two NGOs are having only their head offices at Chandigarh but their operational area covered whole of Punjab State. Regarding IDU and MSM these two projects were not started as these were not on top priority group in Punjab. The reply was not tenable as State based NGO having connectivity with the Community should be involved and IDU and MSM were also covered under the priority groups.

**Condom delivery system failed to take off due to defective condom vending machines and non-purchase of condoms.**

### 3.3.1.5.1.1 Condom delivery system

Condom promotion in the groups at high risk is one of the main objectives of intervention group at high risk. The channels through which the

<sup>2</sup> Khanna sports and youth welfare club, Mohali, Indian Society for youth development Chandigarh, AIDS prevention Society, Ludhiana and Society for services to voluntary agencies, Chandigarh.

<sup>3</sup> Mohali, Pathankot, Ludhiana and Jalandhar.

condoms to be distributed were free distribution, social marketing and commercial sales.

Test check of records (January 2001) of the Society revealed that during 1996-2001, 81,000 condoms were purchased under free distribution, of which 69834 condoms could not be used due to defective condom vending machines. Further, against the target purchase of 2 lakh condoms for sale through social marketing during 2000-2001, no purchase was made by the Society as against the total cost of Rs. 51,200 of these condoms only Rs. 25,600 were deposited by the Society.

### **3.3.1.5.1.2. Wasteful expenditure on defective condom vending machines**

For procuring condom vending machines, the technical specifications were prepared by the DHS which inter alia laid down that the maintenance of the machines will be done by the firm free of cost upto warranty period and the firm should quote comprehensive Annual Maintenance Contract afterward. Accordingly, tenders were invited (March 1997) and contract for supply of the machines was given to M/s. R.P.M. High Tech. Machines Pvt. Ltd. Punchkula on the following terms and conditions:

- a) The supply will be accepted by the consignee only after the due inspection of the stores to be arranged by the DHS after the receipt of bank guarantee.
- b) The installation will be done by the firm free of cost and the equipment will be repaired by the firm free of cost for one year.
- c) 90 per cent payment shall be released against physical delivery duly supported by inspection note and vouchers duly verified by the consignee and the balance 10 per cent payment shall be released within 30 days after the installation and satisfactory performance of the equipment.

The department had not made any condition in the supply order for comprehensive maintenance contract after warranty period.

The DHS Punjab issued supply order (March and November 1997) to the firm for supply of 85 and 300 single condom vending machines. 85 machines were supplied by the firm in October 1997 at the cost of Rs. 4.99 lakh. The machines were received without proper inspection and delivered to the Indian Red Cross Society for installation at various places through its branches in the State. The DHS instead of making 90 per cent payment, released 100 per cent cost of the machines (November 1997). Out of these 85 machines, 55 were installed upto February 1998. The machines reportedly went out of order immediately after installation. Working of the machines was also not found satisfactory by the representatives of NACO nominated for the inspection which directed (February 1998) the DHS to get the evaluation of the design/fabrication of the machines done from Government agency like IIT before taking the delivery of the remaining 300 machines. Despite this, DHS obtained the delivery of remaining 300 machines in March 1998 and released (March 1998) Rs. 17.62 lakh representing their 100 per cent value. These machines were delivered directly by the firm to the Indian Red Cross Society Punjab,

**Expenditure of Rs. 22.61 lakh was rendered wasteful on purchase of defective condom vending machines.**

Chandigarh for installation at various places through its branches in the State. Test check of records of the Punjab SACS and information collected from District Red Cross Societies revealed that out of 385 machines only 107\* (including 55 already installed) were installed between November 1997 and August 1998 in 7\* districts and all the machines were lying out of order. The remaining 278 machines were lying uninstalled with Indian Red Cross Society (230) and District Red Cross Societies (48)<sup>§</sup>.

Thus, non observance of tender conditions regarding the payment of only 90 per cent, purchase of defective machines and failure on the part of the department to get these repaired resulted in wasteful expenditure of Rs. 22.61 lakh. Besides, 69834 condoms purchased under the programme could not be used which adversely affected the programme to check HIV infections in high-risk groups. The above facts were admitted by the Asstt. Director Punjab State AIDS Control Society, Chandigarh (December 2000).

### 3.3.1.5.2. Preventive intervention for the general community

The preventive intervention for general community includes (i) IEC and awareness campaigns, (ii) Providing voluntary testing and counseling, and (iii) reduce transmission by blood transfusion and occupational exposure.

#### (i) IEC and awareness campaigns

Activities under the IEC and awareness campaigns include conducting mass media campaign at State and municipal levels, conducting local IEC campaign, use traditional media such as folk arts and street theatre, promoting advocacy campaigns, conducting awareness programme geared towards youth and college students and organizing Family Health Awareness Campaigns for control of STI and RTI infections etc.

(a) Test check of records (December 2000) revealed that no targets were fixed for the IEC awareness campaign. However, to raise awareness in the public, AIDS awareness camps were organized in all districts through Government agencies. The campaign was mainly taken up through hoardings, balloons and distribution of posters and scooter stepny covers etc. Effective mass media campaign such as Doordarshan (DD), Cable Television, Conferences to mobilize social and community leaders were not used. One TV, VCR, Telefilm and a Camera procured during 1997-98 at the cost of Rs. 7.11 lakh for IEC purposes were lying with DHS, Punjab, Chandigarh and not transferred to Society affecting the awareness campaign adversely.

(b) Audit scrutiny (December 2000) further revealed that funds of Rs. 28.08 lakh were provided (November 1999) under the Family and Health Awareness Campaign to 9 Civil Surgeons to raise the level of awareness in rural areas and slum dwellers' families but feed back data regarding population covered, tests conducted, patients identified and drugs distributed during the campaign was not furnished by the Civil Surgeons, besides 5 out of 9 Civil Surgeons had not submitted the details of

**Non-transfer of IEC material worth Rs. 7.11 lakh to Society affected the awareness campaign**

\* Bhatinda (10), Faridkot (15), Hoshiarpur (10), Moga (30), Mansa (22), Patiala (14), Ropar (6)

§ Bhatinda (5), Jalandhar (15), Mansa (8), Patiala (1), Ropar (19)

expenditure (Rs. 14.80 lakh) alongwith supporting vouchers/ bills etc to the Society. Thus, achievement in promoting public awareness about HIV/AIDS was not satisfactory although funds were not a constraint.

**(ii) Providing voluntary testing and counseling**

The programme envisaged (a) increasing availability of and demand for voluntary testing, especially joint testing of couples (b) training of grass root level health care workers in HIV/AIDS counseling; (c) providing counseling services through blood banks and STI clinics. It was envisaged that one voluntary testing centre would be established in each district. Test check of records (April 2001) of the Society revealed that out of 17 districts only one voluntary counseling and testing centre was functioning in the State (Department of Microbiology, Government Medical College Amritsar). Two more voluntary counseling and testing centres (Govt. Medical College Faridkot and Patiala) though sanctioned by NACO had not started functioning (November 2001).

**Despite availability of funds, only one counseling centre was established in the State and no counsellor was appointed by the Society.**

Further, for testing of HIV on voluntary basis on one time grant Rs.1.20 lakh for equipment and annual recurring grant was provided by NACO for salary of two counsellors (Rs.96,000) and miscellaneous expenses (Rs.24,000). Test check of records (December 2000) revealed that even though grants for the purpose was released by NACO, Society could not appoint any counsellor as of March 2001 as the post carries a meager salary of Rs. 4000 (fixed) per month. It was further seen that neither NACO has revised the rate of salary nor Society has taken any steps to get it enhanced from NACO. This resulted into non-providing of benefits of counseling to the intended beneficiaries.

**(iii) Reduce transmission by blood transfusion and occupational exposure**

As per blood safety policy, testing of every unit of blood is mandatory for detecting infections. In order to carry out such tests, blood-testing centres will provide blood samples for detecting clinically suspected HIV/AIDS cases

As per NACO instructions, Zonal Blood Testing Centres (ZBTC) are required to be established in each city with a population of above 5 lakh and two laboratory technicians were required to be appointed in each ZBTC. Test check (June 2001) of records revealed that ZBTCs were established in 3 cities (Amritsar, Patiala and Ludhiana) by the Government whereas no ZBTC was established at Jalandhar having population exceeding 5 lakh. Laboratory technicians were also not provided to these ZBTCs (December 2000).

Society stated (August 2001) that ZBTCs were started by NACO all over India as per their guidelines and only in big cities like Amritsar, Ludhiana and Patiala in Punjab. However, no reason for non-appointment of laboratory technicians was given.

**3.3.1.5.3 Low Cost AIDS Care**

The activities under the programme was to improve the quality and cost effectiveness of interventions offered by existing procedures and to



**No care was provided to AIDS infected persons and no community centre and drop in care centres were established.**

establish new support services for care for persons with AIDS in partnership with NGOs and CBOs by establishing small community based hospitals, hospice programmes, drop in centres and home based care centres.

Test check of records (December 2000) of Punjab State AIDS Control Society revealed that though funds of Rs. 16.05 lakh (1999-2001) were provided by NACO, yet no expenditure was incurred under this component. Further no NGO, CBO and public sector organization was established in the State to improve the quality and cost effectiveness of care provided for persons with AIDS. As per information supplied to audit, there were 128 infected persons as of March 2001 in the State, but the Society failed to provide necessary care to these infected persons as neither any community care centre was established nor drugs for their treatment were provided. It was further noticed that no proposal for establishing the care centres was forwarded by the Society to NACO. Consequently, the funds received for the purpose remained unutilized resulting in denial of benefit to intended beneficiaries.

#### **3.3.1.5.4 Programme implementation**

Programme implementation was done by State AIDS Control Cell and grants were released by NACO through State Finance Department upto March 1998. From April 1998, the programme implementation was entrusted to State AIDS Control Society and NACO released the funds to this Society. On transfer of implementation of the project from SACC to SACS, the funds issued by GOI and assets purchased out of such funds were to be transferred to the Society which was responsible for implementation of the programme. Test check of records of DHS (December 2000) however, revealed that unutilised balance of Rs. 3.32 lakh as on March 1999 with the State Government were not released to the Society. In addition, the material like camera, video cassette recorder, telefilm, fax machines, air conditioners etc. worth Rs. 11.47 lakh purchased by DHS out of funds received from GOI under the programme during the year 1996-98 was also not transferred to the Society as of May 2001. Test check of records further revealed that the funds released by GOI during the years 1996-98 were utilized by AIDS Cell under the charge of DHS largely for the purchase of material. Neither budget provision was made for imparting training to the NGOs nor for the purchase of critical equipment, provision of staff and no NGO was involved for creating awareness about AIDS to reduce the spread of HIV in groups at high risk which affected the programme implementation adversely.

#### **3.3.1.5.5 STI/HIV/AIDS sentinel surveillance**

Surveillance of STD constitutes an important component of prevention and control of HIV/ AIDS. The objective of this activity is to develop an effective system by generating a set of reliable data. Two approaches have been identified (i) aetiological based information will be collected through existing STD clinics having laboratory support and (ii) syndrome based information will be collected through peripheral health institutions under the primary health care system in the district. The activities under this

component include (a) Sentinel surveillance in every State (b) STI surveillance through specific survey (c) Behaviour surveillance surveys; and (d) AIDS cases surveillance.

As of March 2001, 7 surveillance centres were functioning in the STD clinics in the State since April 1998. Though 3 more proposed to be opened by the end of March 2001, these have not been opened so far due to non-receipt of approval from NACO. However, no target for conducting survey was fixed by the Society. The survey was conducted by the skin and STD department, Amritsar for high risk group of patients infected with sexually transmitted diseases only. No low risk case had been surveyed.

### **3.3.1.5.6 Training**

Training is an important function of programme management. During 1999-2000, all the training of the trainers at various levels as well as induction training was to be completed. The remaining period of the project was to be devoted to refresher training and some induction training.

The programme envisaged imparting training to trainers and health staff. Expenditure on training was to be incurred by making separate budget provision under each component. Test check of records revealed that during 1999-2001, neither separate provision for training under each component was made nor the number of persons to be trained was fixed. As per informations provided (April 2001) to audit, 30 doctors of State Core Team were trained for imparting training to doctors of district level core teams, which trained only 170 doctors in the State. It was further noticed that only one district (Ropar) was covered where 143 field doctors were imparted training by the district level core team. No other district was covered and also no training was given to health workers and nurses at ground level medical institutions. The utilisation of trained manpower in strengthening the management capacity under various components of the programme was not furnished.

**No training was provided to medical and para medical staff in the field.**

### **3.3.1.6 Procurement of equipment and other stores**

#### **3.3.1.6.1 Irregular purchase of equipment**

As per guidelines, the procurement arrangement to be undertaken in the Project would be the responsibility of the implementing agency, the National AIDS Control Organisation (NACO) of the Ministry of Health and Family Welfare, Government of India and the State and Municipal Societies. Computer equipment, laboratory support equipment and furniture would be procured under local shopping procedures by the Society. Larger blood bank equipment, needle shredders, needle crushers and HIV, HCV and Western Blot kits would be procured through NACO.

Test check of records (December 2000) of DHS revealed that instead of purchasing blood bank equipment, 17 Air Conditioners, 3 TV with V.C.Rs, 1 Laminating Machine and 25 Fax Machines amounting to Rs.12.39 lakh were purchased by the DHS from different firms during

**Rs. 12.39 lakh were spent on purchase of equipment not provided under guidelines**

March 1997 and March 1998. The purchases were in contravention of the guidelines issued by GOI and thus, irregular.

On being pointed out (December 2000), the Punjab AIDS Control Society stated (December 2000) that there were no specified guidelines to purchase the air conditioners but these were purchased keeping in view the urgency of work to protect perishable test kits sera, blood samples etc. However, no reply was given in respect of other equipments. The reply of the Society was not tenable as the purchases made in contravention of the guidelines of GOI.

#### **3.3.1.6.2 Irregular payment for purchase of hoarding**

As per guidelines, purchases should be made by inviting quotations from at least three suppliers to ensure competitive prices. Test check of records (April 2001) of SACC revealed that payment of Rs. 2.50 lakh was made to a firm (M/s Twenty first Century; New Delhi) through cheque dated 18<sup>th</sup> November 1997 on the basis of invoice dated 18<sup>th</sup> November 1997 received from the firm for Main Pavilion Hoardings (Level - I) (20' x 2.5') at Punjab Cricket Stadium, Mohali. Audit scrutiny further revealed that the payment was made for the material for which neither the quotations were invited nor the purchases were approved by the Purchase Committee. The third party cheque was handed over to the firm through IEC officer of the Society for which the actual payee receipt was also not available in the records. The facts were admitted (April 2001) by the Additional Project Director of Punjab AIDS Control Society, but no reasons were given for not following the codal provision and non-maintenance of records.

**Lack of monitoring and evaluation of the programme as envisaged.**

#### **3.3.1.7 Monitoring & evaluation**

For complete appraisal of the programme, the SACC was to monitor effective implementation of the programme. However, except for compiling progress reports of financial and physical achievements, no monitoring and evaluation system was evolved and no mid-term/final evaluation of NACP-I was done. Further, NACP-II envisaged that monitoring and evaluation would be conducted by an outside agency at base line, interim and final years. Reports of performance and expenditure would be sent to NACO periodically as prescribed. But, except for preparing and sending the prescribed reports, no monitoring of the activities was ever conducted as envisaged to evaluate the performance of the programme and its impact on the people. Thus, the overall impact of the programme for reducing and controlling incidence of AIDS remained un-assessed.

#### **3.3.1.8 Conclusion**

The programme was not effectively managed and implemented. The achievements under sub-components were not substantial and in most of the cases targets were not fixed. The activities particularly under priority

targeted intervention for groups at high risk and low cost AIDS care components were negligible and whatever the achievements were there under other components remained dormant due to lack of effective management, implementation and monitoring and evaluation of the programme at State level. The counsellors were neither appointed by the Society due to less salary nor any steps were taken with the NACO to increase the salary of the counsellors which deprived the benefits of counseling to the intended beneficiaries. The Society had sufficient balance in its account as on March, 2001 due to less expenditure on all the components. No expenditure was incurred for training of NGOs. The condom vending machines purchased for awareness of AIDS programme were defective which defeated the purpose for which these were purchased.

### **3.3.2 National programme for Control of Blindness**

#### **3.3.2.1 Introduction**

The National programme for control of blindness, a cent per cent Centrally sponsored programme, was launched in 1976 to achieve the goal of reducing the prevalence of blindness upto 3 per thousand of population by the year ending 2000. The various activities of the programme included establishment of Regional Institutes of Ophthalmology, upgradation of medical colleges, district hospitals, development of mobile eye units, deployment of required manpower and provisions of various ophthalmic services.

#### **3.3.2.2 Organisational set up**

At State level, Director Health Services (DHS) assisted by State Programme Officer (SPO) was responsible for implementation, monitoring and evaluation of the programme. At the district level, the programme was implemented by District Blindness Control Society (DBCS) under the chairmanship of Deputy Commissioner (DC) assisted by Civil Surgeon, District Programme Manager (DPM) and other medical/para-medical staff. Though SPO has been appointed at State level but the funds were provided by the GOI directly to the DBCSs without involving the SPO. The expenditure made by the Societies duly audited by the chartered accountants were also sent direct to the GOI.

### 3.3.2.3 Scope of audit

The records of DHS Punjab, Chandigarh and 10\* District Blindness Control Societies for the period 1996-2001 were reviewed in audit during December 2000 to April 2001. The results of test check are embodied in the succeeding paragraphs:

### 3.3.2.4 Financial arrangement

Under the programme, cent per cent Central assistance was to be provided by the Government of India (GOI) to the State Government and also direct to District Blindness Control Societies. The position of funds released by GOI during the year 1996-2001 was as under:

#### Funds released by GOI to DBCSs.

(Rupees in lakh)

Year	Funds released by GOI	Funds received by societies	Expenditure incurred by societies	Savings (-) Excess (+)
Opening balance		15.40		
1996-97	57.00	24.00	18.33	(-)21.07
1997-98	50.50	54.00	46.59	(-) 7.41
1998-99	51.50	50.50	47.88	(-) 2.62
1999-2000	32.10	49.00	57.73	(+) 8.73
2000-2001	..**	67.00+5.50*	55.05	(-) 17.45
<b>Total</b>	<b>191.10</b>	<b>265.40</b>	<b>225.58</b>	<b>(-) 39.82</b>

\* Interest on deposits

\*\* Grants released by GOI during 2000-2001 not supplied

(i) The GOI released Rs. 1.91 crore to 17 DBCSs during 1996-2000. Test check of records of these DBCSs, however, revealed that in 15 DBCSs, there was a difference of Rs. 53.40 lakh (Rs.76.40 lakh excess in 11 DBCSs and Rs. 23 lakh short in 4 DBCSs) between the funds released by GOI and those received by the DBCSs. The discrepancies had not been reconciled as of November 2001.

(ii) Against the funds of Rs. 2.66 crore (Rs. 2.45 crore released by GOI, Rs. 15.40 lakh unutilized balance upto March 1996 and Rs. 5.50 lakh interest on deposits) available with the DBCSs, expenditure of Rs.2.26 crore only was incurred during 1996-2001 and balance Rs. 39.82 lakh (15 per cent) was still lying unutilized with the DBCSs.

\* Amritsar, Bathinda, Fatehgarh Sahib, Ferozepur, Jalandhar, Ludhiana, Moga, Patiala, Ropar and Sangrur.

**B. Funds released by GOI to DHS.**

(Rupees in lakh)

Year	Opening balance	Funds released by GOI to State Government	Total	Expenditure incurred by DHS	Closing balance
1996-97	43.66	-	43.66	2.43	41.23
1997-98	41.23	22.50	63.73	3.76	59.97
1998-99	59.97	45.80	105.77	3.41	102.36
1999-00	102.36	5.25	107.61	2.44	105.17
2000-01	105.17	42.60	147.77	-	147.77

**Out of Rs.1.60 crore released by GOI during 1996-2001 for implementation of the programme, Rs. 0.12 crore only were utilized.**

It would be seen that during 1996-2001, GOI released Rs.1.60 crore (including unspent amount of Rs. 43.66 lakh of previous year) for implementation of the programme against which the State Government released only Rs. 12.04 lakh to DHS and retained balance Rs.1.48 crore (92 per cent) as of March 2001. The unspent balance was carried over year to next year and no funds were released by the State Government and expended by the DHS during the year 2000-01. Deputy Director (Ophth.) stated (April 2001) that the amount for new components of ninth five-year plan was not released by the State Government. However, reasons for non-release of funds by the Finance Department were awaited (November 2001).

**C. Irregular retention of funds in fixed deposits**

The DC. i.e. Chairman of DBCS Fatehgarh Sahib requested (June 1999) Director General Health Services, New Delhi for release of funds to clear the liabilities of Rs. 3.38 lakh for the year 1998-99. Accordingly, GOI released Rs. 6 lakh in September 1999. The DBCS cleared liability amounting to Rs. 1.35 lakh only and instead of clearing the remaining liabilities and payments of current expenditure, funds amounting to Rs. 3.50 lakh were placed in fixed deposit with a bank in contravention of general financial rules. Moreover no instructions were given by the GOI to the Societies for refund of the amounts lying in the saving bank accounts/FDRs of the Societies.

The Accounts Officer of the Civil Surgeon Fatehgarh Sahib admitted the facts (April 2001) but no reasons for deposit of funds in FDRs were intimated.

**3.3.2.5 Plan of action**

To implement and monitor the activities during a year, DBCS is required to prepare a plan of action and send it to State Programme Officer for necessary action. Once the plan is approved by the Society and concurred

by the State Government, the cost mentioned therein becomes approved budget for DBCS. Each plan have 4 components (1) Cataract surgery, (2) Screening for refractive errors and provision of spectacles, (3) Rehabilitation of incurable blind and (4) IEC activities. Component wise position of targets and achievements during 1996-2001 are given in the succeeding paragraphs:

### 3.3.2.5.1 Cataract surgery

The targets for cataract operations for State are fixed by GOI and the same are allocated to 17 DBCSs which are to be achieved through eye camps organized by programme manager of area in hospitals, private nursing homes and community health centres/primary health centres. Targets fixed for cataract surgery and achievements reported there against by the State during 1996-2001 were as under:

Year	Target	No. of cataract operations done by other than pvt. medical practitioner	No. of operations done by private medical practitioner	Total no. of cataract operations reported by DBCS	%age of other than medical practitioner	%age of private medical practitioner	%age achievements of the DBCS
1996-97	120000	70698	48656	119354	58.91	40.55	99.46
1997-98	134400	65894	60298	126192	49.02	44.87	93.89
1998-99	147850	84614	60271	144885	57.23	40.76	97.99
1999-0	150000	76380	56246	132626	50.92	37.49	88.41
2000-01	160000	87114	53621	140735	54.44	33.51	87.90
TOTAL	712250	384700	279092	6,63,792	54.10	39.44	93.59

**Achievements of cataract operations were inflated by 34 to 45 per cent.**

Audit scrutiny (April 2001) revealed that achievements reported to GOI were inflated between 34 and 45 per cent during 1996-2001 as operations conducted by private medical practitioners were also included in the reports. It was further noticed that against 2152 actual cases in the month of March 1999, DBCS Jalandhar reported to DHS 10360 cases of cataract surgery; thereby 8208 cases were shown in excess by inflating the figures. The facts were admitted (March 2001) by the Civil Surgeon Jalandhar.

#### 3.3.2.5.1.1 Central purchase of material and equipments not done by the State Government

**No purchase was made against Rs.1.03 crore released by GOI for the purchase of equipments as funds were retained by the State Government.**

Test check of records (February 2001) of DHS revealed that grant of Rs.1.03 crore was released (September 1999) by GOI under the programme for the procurement of Ophthalmic equipments, Intraocular Lenses and Sutures during 1999-2000. But no purchase was made by the State Government or authorized agencies and the funds remained unutilized as of March 2001. On being pointed out, the DHS attributed non-purchase of equipment to non-issue of sanction by the State Government. No reason for non-issue of sanction by the Government was given. Non-purchase of materials and equipment adversely affected the programme implementation.

### **3.3.2.5.1.2 Excess expenditure on purchase of drugs and consumables for cataract operations**

As per guidelines issued by GOI, the total expenditure on drugs and consumables should not exceed Rs.150 per cataract operation.

**Excess expenditure of Rs. 5.06 lakh was made on 3733 cataract operations conducted by DBCS Amritsar.**

Test check of records (February 2001) of DBCS Amritsar revealed that an expenditure of Rs.10.66 lakh was incurred on drugs and consumables for 3733 cataract operations conducted during 1996-2000 against the admissible expenditure of Rs.5.60 lakh at the rate of Rs 150 per operation. This resulted in excess expenditure of Rs.5.06 lakh.

On being pointed out (February 2001), Technical Advisor DBCS Amritsar stated (February 2001) that the drugs and consumables were used in OPD cases. The reply of the department was not tenable as there was no provision in the scheme to incur expenditure on OPD cases.

### **3.3.2.5.2 IEC activities**

The IEC activities were limited to displaying of hoardings and distribution of pamphlets in the State. No IEC activities through film shows, advertisement, spots on Doordarshan, folk shows etc. were taken up as no funds for such activities were provided by the GOI.

### **3.3.2.6 Eye banks**

Development of eye banks was marked as an important activity for the problem of Corneal Blindness. There were two eye banks (Amritsar & Patiala) in the State during 1996-2001 where 96 eyes were received and implanted. During checking of records of eye banks, it was noticed (August 2000) that no funds were provided to the eye banks for purchase of equipments etc. by the Government of India/State Government. Only one refrigerator each was available in the eye banks for preservation of the donated eyes. The other items like deep freezer, specular and operating microscope etc. were not available in the eye banks.

### **3.3.2.7 Grants-in-aid to voluntary organisations**

**Undue financial aid of Rs.9.34 lakh was given to unregistered NGOs.**

Grants-in-aid to voluntary organizations is given after holding eye camps and operations done by them and duly checked by DPM and eye specialist of the Eye Mobile Units. Further, financial assistance is provided to those voluntary organizations/institutes which are registered under Indian Registration Act 1860, a charitable non-profit company, a registered public trust or any registered non-official organization engaged in social welfare.

Test check of records (November 2000 to April 2001) of DBCS Fatehgarh Sahib, Ferozepur, Ludhiana and Sangrur revealed that financial assistance to the tune of Rs. 9.34 lakh was provided to 93 NGOs during 1996-2001 even though these NGOs were not registered and therefore not eligible for grant of financial assistance.



### 3.3.2.8 Other points of interest

#### 3.3.2.8.1 Irregular expenditure on Mega Eye Camps

GOI provided (September 1997) Rs. 3 lakh to DBCS, Ropar for organization of Mega Eye Camps in connection with celebration of 50th anniversary of India's Independence. The expenditure was to be made at State level during 1997-98 on IEC by mass publicity through multimedia i.e regional DD/AIR/State Publicity units etc. (Rs.2 lakh), monitoring and supervision of Mega Eye Camps (Rs. 0.70 lakh) and for organizing meetings at State Headquarter to discuss the strategies and activities to be undertaken during Mega Eye Camps (Rs. 0.30 lakh).

Test check of records (January and April 2001) of the DBCS Ropar and DHS Punjab revealed that the utilization certificate of the whole (Rs. 3 lakh) amount was sent to GOI during 1997-98 even though expenditure of only Rs. 1.41 lakh was made during 1997-98 in connection with Mega Eye Camps. The expenditure of Rs.1.57 lakh (Rs.1.50 lakh on production of TV spot from a private firm instead of Government electronic media and Rs.0.07 lakh on miscellaneous expenses) was incurred during 1998-99 and the balance amount of Rs.0.02 lakh was still lying unutilized. Thus, the expenditure of Rs. 1.57 lakh was irregular.

In reply, the department stated (April 2001) that expenditure was incurred for Mega Eye Camps for the preparatory activities. The reply of the department was not tenable as the whole expenditure was required to be spent for the Mega Eye Camps during 1997-98 through Government electronic media.

#### 3.3.2.8.2 Irregular expenditure on purchase of assets

As per guidelines, surgical instruments, sutures and vehicles etc. should not be purchased by the DBCSs as these were not empowered to create immovable assets or construction of buildings.

**Assets worth Rs.5.71 lakh were purchased in contravention of the guidelines.**

Test check of records (February to April 2001) of 5\* DBCSs revealed that non-consumable items such as medical equipments, electrical gadgets and furniture amounting to Rs.5.71 lakh were purchased during 1996-2001 against the provisions of guidelines.

On being pointed out, the department stated (February to April 2001) that the fixed assets were purchased as per urgent requirement of the DBCSs. The reply was not tenable as the grants-in-aid could be used for the purchase of consumables only.

#### 3.3.2.8.3 Purchase of medicines without following the codal requirements

As per guidelines, all the purchases above Rs.5000 should be done through the local purchase committee and on competitive rates by local bidding or purchase from firms on rate contract.

Test check of records (February 2001) of DBCS Amritsar revealed that the purchase of medicines/ surgical articles amounting to Rs.8.13 lakh was

\* Amritsar, Bathinda, Feteahgarh Sahib, Moga and Ropar

made during 1996-2001 from the local market. Audit scrutiny further revealed that neither quotations were invited nor were the purchases made from the firms on rate contract. The approval of the purchase committee was also not obtained. The guidelines issued by the GOI were not followed for these purchases.

The Technical Officer DBCS Amritsar stated (February 2001) that all the medicines were purchased from the authorised agencies/dealers. The reply of the Society was not tenable as the purchase of medicines without approval of the purchase committee and by not following the codal provisions was irregular and also denied the economic benefit of competitive rates.

#### **3.3.2.8.4 Irregular appointment of District Programme Managers**

As per guidelines, the post of DPM must be advertised in the local newspapers and candidates having experience of atleast three years in administration and management in health or other related sectors should be selected by the selection committee.

Test check of records (December 2000 to April 2001) revealed that the persons appointed as District Programme Managers by DBCS Bathinda (July 1995), Fatehgarh Sahib (March 1998), Moga (February 1999) and Sangrur (September 1997) were having no experience either in health administration or programme related sectors. Further, the appointments were not made by selection committees in the case of Bathinda and Sangrur whereas in the case of Moga, person appointed had already been rejected by selection committee. On being pointed out, the facts were admitted but no reasons for irregular appointments were given.

**Ineligible and rejected persons were appointed as District Programme Managers.**

#### **3.3.2.9 Monitoring and evaluation**

The State Programme Management Cell was responsible for the monitoring and evaluation of the programme at State level. Audit scrutiny and informations supplied (April 2001) revealed that though the evaluation of the programme had been done at district level and all the reports were sent by DBCSs to GOI, no monitoring and evaluation of the programme was done at State level.

#### **3.3.2.10 Conclusion**

The implementation of the programme suffered from various deficiencies. The achievements of cataract operations were inflated by 30 to 45 per cent. No effective activities were undertaken under IEC. The State Government retained Rs. 1.03 crore provided by the GOI for the purchase of material and equipment effecting the implementation of the programme adversely. The unspent amount of Rs.39.82 lakh were kept in saving bank/FDRs against the instructions of GOI. No further instructions were given regarding refund of unspent amount to the G.O.I. There was no monitoring and evaluation at State level.

The above material was developed into draft review and the same was forwarded(May 2001) to the Secretary to State Government for comments within six weeks. The matter was followed up demi-officially with reminder to the Secretary in July 2001. In spite of such efforts, the reply had not been received (November 2001).

## SECTION 'B'-AUDIT PARAGRAPHS

### AGRICULTURE DEPARTMENT

#### **3.4 Ungainful expenditure on construction of STLs and purchase of equipment.**

**The expenditure of Rs.50.15 lakh incurred on the construction of buildings of STLs and purchase of equipment and material had not produced any tangible benefit to farmers for 2/4 years.**

To provide soil testing facilities to the farmers, Punjab Government approved the setting up of Soil Testing Laboratories (STLs) at Pattran, Derabassi (District Patiala) and Dhuri (District Sangrur) at a cost of Rs. 20 lakh each (Rs.14 lakh for land and building, Rs.5 lakh for machinery and equipment and Rs.1 lakh for material and supply). The Director of Agriculture, Punjab (Director) released Rs.60 lakh between June 1996 and June 1998 to the Chief Agricultural Officer (CAO) Patiala (Rs. 40 lakh) and CAO Sangrur (Rs. 20 lakh). Funds (Rs. 36.54 lakh) for the construction of buildings of STLs were deposited by the CAOs with the XEN Public Works Department (Panchayati Raj) Patiala (Rs.22.54 lakh) and Sangrur (Rs.14 lakh) between December 1997 and September 1999.

Audit scrutiny of records of CAOs Patiala and Sangrur (May –June 2000) and information collected subsequently (August 2001) revealed that the buildings at Derabassi, Dhuri and Pattran could not be made functional due to incomplete boundary walls and non-provision of electricity connection & sanitary fittings etc. Notwithstanding this, CAOs/Director purchased equipment and material valuing Rs.13.61 lakh between October 1998 and March 2000, which were lying unused with concerned CAOs. Thus, entire expenditure of Rs. 50.15 lakh remained ungainful as no tangible benefit could be provided to the farmers for 2 to 4 years.

The Director of Agriculture stated (June 2001) that the funds were deposited with the executing agencies well in time but construction could not be completed by executing agencies. However, no reason for delay in completion of buildings was given. The reply of the department was not tenable as the funds were initially kept by the CAOs in banks and deposited with the executing agencies late by about one and half year and the equipment and material were purchased without ensuring the completion of the buildings.

The material was developed into a draft audit paragraph for consideration of the Government and the same was forwarded to the Secretary to Government in March 2001 for reply within six weeks. The matter was followed up demi-officially with reminder to the Secretary (April 2001). However inspite of such efforts, no reply was received from the Secretary (November 2001)

## Co-operation Department

### 3.5 Avoidable payment of interest

#### **Delayed payment of loans in Cooperation Department resulted in extra liability of Rs.1.68 crore.**

Government of Punjab raised loans between 1983-84 and 1997-98 from National Cooperative Development Corporation (NCDC) for various Co-operative development schemes.

Test check of records of Registrar, Co-operative Societies, Punjab, Chandigarh (RCS) (August 2000) revealed that instalment of Rs. 17.09 crore of loans taken up to 1997-98 (Principal:Rs.9.09 crore and interest: Rs.8 crore) was due for payment to NCDC in February 1999. Although funds had been allocated in the budget during 1998-99 and sanction for drawal of funds was accorded by the Government in January 1999, the payments were not cleared by the treasury upto March 1999. The funds were again provided in the budget for 1999-2000 and revised sanction for the drawal of funds issued (May 1999). The payment, however, could be made only in August 1999 (Principal) and in November 1999 (interest). The delay in payment, thus, resulted in extra payment of interest of Rs. 1.68 crore

On being pointed out (August 2000), Registrar of Co-operative Societies, Punjab stated (April 2001) that payment was not cleared by the treasury during 1998-99 due to financial crisis and clearance of bills were delayed by the treasury during 1999-2000 without assigning any reasons. The reply was not tenable as the repayment of loans/interest being a committed liability was required to be liquidated on due dates. Thus, the lack of proper planning for timely repayment of the loans resulted in extra liability of Rs. 1.68 crore by way of interest. Even if the State Government had availed overdraft from Reserve Bank of India (RBI) for timely payment, it could have saved Rs. 0.59 crore being the difference between interest paid on delayed payment and interest chargeable by the RBI.

The material was developed into a draft audit paragraph and the same was forwarded to Secretary in March 2001 for comments within 6 weeks. The matter was followed up demi-officially with reminder to the Secretary in May 2001. However, inspite of such efforts, the reply was not received from the Secretary (November 2001)

## Education Department

### 3.6 Unfruitful expenditure

#### **The expenditure of Rs. 90.88 lakh rendered unfruitful due to non-starting of science classes.**

Following the introduction of 10+2 system of education, the State Government decided to start classes in science subjects at 10+1 and 10+2 level in some of the selected Government Senior Secondary Schools (GSSS) with effect from 1991-92. Instructions were issued (June 1991) that the classes should not be started if the number of students is less than 10.

Test check of records (February 2000 to January 2001) of 5 schools\* in 4 districts and information collected subsequently revealed that though 11 science lecturers and 11 senior laboratory attendants were deployed in 5 schools between August 1991 and February 2001, the science classes could not be started upto academic session 2000-01 as students did not opt for the science stream despite the availability of infrastructure in four<sup>6</sup> out of five schools. The expenditure of Rs. 90.88 lakh incurred on the pay and allowances of these teachers for the period from August 1991 to February 2001 was rendered unfruitful.

The Principals of the schools stated (March and August 2001) that the services of the staff were utilized for teaching subjects of Arts stream of 10+1, 10+2 and other lower classes. Director Public Instruction(s) (DPI) (S) Punjab, however, intimated (July 2001) that some of the staff have been transferred (October 2000) and the remaining staff would be transferred shortly.

The reply was not tenable because adequate staff was already available in the schools for teaching subjects in Arts stream of 10+1, 10+2 and lower classes. The plea regarding utilisation of science teachers for teaching subjects of Arts/lower classes was also not tenable because there was adequate staff for teaching lower classes and the periods for teaching provided to science lecturers were given after reducing the number of periods of other teachers. Moreover, science lecturers and senior laboratory attendants were not qualified to teach subjects of Arts stream especially at the Senior Secondary level. Further, only 5 science lecturers

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\*1. GSSS Kot Shamir (Distt. Bathinda):3 science lecturers between 4/96 and 2/2001

2 -do- Lehri (Distt. Bathinda):1 science lecturers and 3 senior laboratory attendants between 6/94 and 2/2001

3. -do- Joga (Distt. Mansa):3 science lecturers and 2 senior laboratory attendants between 8/91 and 2/2001

4. -do- Jand Sahib (Distt. Faridkot): 2 science lecturers and 3 senior laboratory attendants between 10/95 and 2/2001

5 -do- Sukhpur (Distt. Sangrur): 2 science lecturers and 3 senior laboratory attendants between 3/95 and 2/2001

<sup>6</sup> Sr. no. 1 to 4 above

were transferred between October 2000 and June 2001 although the authorities of State Education Department were aware of non starting of science classes. Thus, belated action in shifting part of the staff to other schools reinforced the impression of slackness of the education department, which resulted in unfruitful expenditure.

The material was developed into audit paragraph and forwarded to the Government Secretary in April 2001 for comments within six weeks. The matter was followed up demi-officially with reminder to the Secretary in May 2001. However, inspite of such efforts, the reply was not received from the Secretary (November 2001).

## **Health & Family Welfare Department**

### **3.7 Infuctuous expenditure**

#### **Non-functioning of new building of ESI hospital at Ludhiana resulted into infuctuous expenditure of Rs 54.86 lakh on electricity charges.**

To provide medical care to Employees State Insurance (ESI) workers and their families, Employees State Insurance Corporation (ESIC) got constructed (August 1996) a 272 beded hospital from Punjab Small Industries & Export Corporation (PSIEC) in the existing premises of ESI hospital, Ludhiana at the cost of Rs.16 crore. Consequently, electricity load of the hospital was also increased from 54 KW to 1400 KW in July 1999 to make the new hospital building functional.

Audit scrutiny (October 2000) of the records of the Medical Superintendent ESI hospital, Ludhiana and informations collected subsequently revealed that the hospital building could not be made functional as the possession of the building had not been taken over by ESI hospital authorities at Ludhiana and the hospital continued to operate in the old building as of July 2001. In the meantime, Punjab State Electricity Board (PSEB) started raising bills for increased electricity load on the basis of minimum sanctioned load and adjusted the same from the electricity duty payable by it to State Government. As the new hospital building had not been made functional, expenditure of Rs. 54.86 lakh (difference between actual consumption and minimum charges paid for sanctioned load) for the period August 1999 to July 2001 proved infuctuous.

On being pointed out, Director Health Services (SI) Punjab, stated (June 2001) that possession of building would be handed over to ESI Ludhiana by the ESIC authorities after taking charge of building from executing agency after completion. The reply of the department was not tenable as the building had already been taken over (January 2000) by the Regional Director, ESIC, Chandigarh from PSIEC. Further, the department did not take adequate steps to make the building functional despite taking over the building. This resulted not only in infuctuous expenditure of Rs. 54.86

lakh incurred for the increased electricity load but also deprived the facility of medical care to ESI workers and their families.

The material was developed into audit paragraph and forwarded to Government Secretary in January 2001 for the comments within six weeks. The matter was followed up demi-officially with reminder to the Secretary in August 2001. However, in spite of such efforts reply was not received (November 2001).

### **3.8 Mis-utilisation of user-charges**

#### **The user-charges Rs.25.40 lakh were misutilised for payment of electricity and telephone bills.**

State Government, Department of Health and Family Welfare issued (May 1997) instructions that expenses on electricity, telephone and other charge relating to health institutions brought under the control of Punjab Health Systems Corporation be paid out of the General budget allocated to the Civil Surgeons and no payment on these accounts should be made out of the user-charges collected from patients as user-charges were to be utilised for non salary recurrent purposes i.e., for providing drugs, improving facilities for patients, maintenance of buildings/equipments and incentive for staff.

Audit scrutiny of records (October 1999-December 2000) and informations collected subsequently (March-May 2001) in 8\* Deputy Medical Commissioners revealed that user-charges of Rs.25.40 lakh collected from the patients and kept in a separate account were utilised irregularly for the payment of electricity and telephone bills during May 1997 to March 2001. Out of this, Rs.9.78 lakh were recouped to that account and the balance amount of Rs.15.62 lakh had not been recouped as of May 2001.

On being pointed out, the Deputy Medical Commissioners stated (October 1999 –December 2000) that amount will be recouped on the sanction of budget by the Government. The reply was not tenable as the allocation of budget for statutory payments was to be ensured by the Civil Surgeons concerned instead of meeting these payments from the user-charges. The incurring of expenditure from user-charges for the purpose other than the prescribed ones not only violated Government instructions but also adversely affected the objectives of improving the working of health institutions for which these were to be utilized.

The material was developed in to a draft audit paragraph and the same was forwarded to Secretary to Government in May 2001 for comments within 6 weeks. The matter was followed up demi-officially with reminder to the Secretary (August 2001). But the reply was not received from the Secretary (November 2001).

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\* Faridkot, Ferozepur, Gurdaspur, Ludhiana, Moga, Muktsar, Nawanshahar, Patiala.



## Home Department

### 3.9 Ungainful expenditure on idle staff

#### **Retention of sub-jail staff without any under-trial in the sub-jail resulted in ungainful expenditure of Rs. 34.05 lakh.**

The building of sub-jail, Bassi Pathana (District Fatehgarh Sahib) was declared (September 1994) unsafe by the Executive Engineer, Provincial Division No. 2, Patiala. Consequently, the under-trials lodged in the jail were shifted (September 1994) to Central jail Patiala and arms and ammunition lying therein were also shifted (October 1995).

Audit scrutiny (September 2000) of the records of Deputy Superintendent, sub-jail, Bassi Pathana and information collected subsequently revealed that even though all the under-trials and arms and ammunition were shifted to Central jail, Patiala, no arrangements were made to redeploy the staff\*. Thus, the retention of staff without any inmate resulted in ungainful expenditure of Rs. 34.05 lakh on account of their pay and allowances incurred between October 1995 and April 2001.

On being pointed out (September 2000), Deputy Superintendent, sub-jail, Bassi Pathana stated (March 2001) that minimum needed staff had been retained for performing necessary duties and keeping the stores and miscellaneous articles. The reply was not tenable as after transfer of all the under-trials and arms and ammunition to Central jail, Patiala, retaining the staff without work for such a long period was not justified. This resulted in ungainful expenditure on their pay and allowances.

The material was developed into a draft audit paragraph for consideration of Government and the same was forwarded to the Secretary to the Government (February 2001) for reply within six weeks. The matter was followed up demi-officially with the reminder to the Secretary (April 2001). However inspite of such efforts, no reply was received from the Secretary (November 2001).

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\* Asstt./Dy. Superintendent-I: Head Warder 1 to 2: Warder 1 to 7 and Sweeper 1. sanctioned strength: Dy. Superintendent 1, Head Warder 2, Warder 10 and Class IV I.

## **Industries Department**

### **3.10 Inadmissible investment incentive**

#### **Two units were paid investment incentive of Rs.33.73 lakh in absence of lease deed or title of land.**

Under the Punjab Industrial Incentive Code-1992 (Code), the new industrial units starting commercial production on or after 1st October 1992 in the specified areas would be eligible for investment incentive at the rate of 20 per cent or 30 per cent of their Fixed Capital Investment (FCI) depending upon the areas categorized for the purpose. Under the code, units not owning land and building would be eligible for incentive if they had rent/lease deed for land/building occupied by them for a period not less than 10 years.

Scrutiny of records (March 2000) of Director of Industries Punjab revealed that two\* units were paid (September 1997) investment incentive of Rs.33.73 lakh on their FCI of Rs.1.48 crore which included Rs.6.01 lakh on account of land and development, Rs.41.44 lakh on buildings, Rs.1.01 crore on plant and machinery and miscellaneous fixed assets. It was, however, noticed that the land on which buildings of respective units were constructed was neither in the name of the units nor any lease deed was executed in favour of the units. Thus, the units were not eligible for investment incentive.

The Joint Director (Inc) stated (July-August 2001) that land had been purchased and owned by the partners in both the cases and shown in the balance sheet of the units. Thus, no lease deed was required and investment incentive had rightly been sanctioned and disbursed. The reply was not tenable as the land was in the name of partners instead of the industrial units and did not meet the codal requirements and thus, was not eligible for investment incentive.

The material was developed into draft audit paragraph and the same was forwarded to Secretary to Government in March 2001 for comments within six weeks. The matter was followed up demi-officially with reminder to the Secretary (April – May 2001). However in spite of such efforts, no reply was received from the Secretary (November 2001).

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\* (i) M/s. Onkar International, Batala Road, Amritsar-Rs. 19.80 lakh  
(ii) M/s Shiva Pipes, Kahanpur, (Gurdaspur)-Rs. 13.93 lakh

### **3.11 Infertuous expenditure**

#### **Wood Seasoning Plant was closed down from January 1999 but staff was paid wages for more than two years without any work**

Government Wood Seasoning Plant (WSP), Kartarpur, comprising two units viz. Chemical Treatment and Wood Seasoning Plants, was established in 1964 with sanctioned strength of 26 officials/workers against which 11 persons (15 persons up to June 1999) were working. Scrutiny of records (November 2000) of Government Wood Seasoning Plant, Kartarpur and information collected subsequently revealed that being very old and in dilapidated condition, the chemical treatment plant had ceased to work since January 1999 and no funds were provided by the Government for the repair/replacement of the plant. This resulted in the closure (January 1999) of the entire Wood Seasoning Plant as both the units were complimentary to each other and the officials/ workers deployed in these units had remained without work since January 1999. Rs. 25.75 lakh paid between January 1999 and April 2001 to these officials/workers on account of their pay and allowances were, therefore, infertuous.

On being pointed out, the Director of Industries, Punjab stated (May 2001) that the Government had decided (April 2001) to close down Wood Seasoning Plant and transfer the staff to other Centres /Schemes of the department. However, final action regarding shifting of staff is awaited (November 2001).

The material was developed into a draft audit paragraph and the same was forwarded to Secretary to Government in March 2001 for comments within six weeks. The matter was followed up demi-officially with reminder to the Secretary in May 2001. However, inspite of such efforts, the reply was awaited from Secretary (November 2001).

## **Revenue Department**

### **3.12 Unjustified expenditure out of Calamity Relief Fund**

#### **Expenditure of Rs. 81.58 lakh was incurred on the work not specified in the items of expenditure under Calamity Relief Fund.**

As per Government of India, Ministry of Agriculture guidelines circulated (March 1997) to the State Government, funds from the Calamity Relief Fund (CRF) could be utilized for restoration to pre-calamity level of damaged public works.

Test check of records (April 2000) of Deputy Commissioner, Nawanshahar and informations collected subsequently revealed that Rs.

84.33 lakh were drawn from the CRF in May, 1999 for payment of compensation to land owners whose land was acquired for construction of Banga-Gopalpur drain. Of this, Rs.78.76 lakh were disbursed to beneficiaries during 1999-2001. Rs.2.75 lakh were refunded (October 1999) to CRF and balance of Rs. 2.82 lakh was lying (April 2001) in saving bank account for payment to remaining beneficiaries. Expenditure of Rs. 81.58 lakh on the payment of compensation to the land owners, being expenditure on original work, was in contravention of the instructions of the Government of India.

Deputy Commissioner Nawanshahar stated (April 2000) that approval was granted (April 1999) by the State Level Committee which was competent in the matter. The reply was not tenable because the expenditure under Calamity Relief Fund was to be made only on the items approved by Government of India, Ministry of Agriculture. The payment of compensation to the land owners for the acquisition of their land was not an approved item of expenditure and as such, the action of State Level Committee was not in conformity with instructions of Government of India.

The material was developed in to a draft audit paragraph and the same was forwarded to the Secretary in December 2000 for reply within six weeks. The matter was followed up demi-officially with reminder to the Secretary in May 2001. However, inspite of such efforts, reply was not received from the Secretary (November 2001).

## **Soil and Water Conservation and Waste Land Development Department**

### **3.13 Ungainful expenditure on lift irrigation project**

**Failure of the Government to provide funds for electricity connection resulted in ungainful expenditure of Rs.15.41 lakh incurred on lift irrigation project.**

To provide irrigation facilities to the farmers of village Bhaowal (District Ropar), a lift irrigation project to cover 78.25 hectares of land was approved in 1997 by the State Government at an estimated cost of Rs. 15.27 lakh. The work was completed in October 1998 at a cost of Rs. 15.41 lakh.

Audit scrutiny (November 2000) of the records of Divisional Soil Conservation Officer, Mohali revealed that the project remained non operational as the electricity connection could not be provided to the powerhouse. The Divisional Soil Conservation Officer, Mohali stated (November 2000) that Rs.0.45 lakh were included in the estimates under the "Contingent charges" which were meant for providing an electricity connection. However, charges for electricity connection increased substantially and a revised estimate for Rs.18.50 lakh which included

provision of Rs.2.23 lakh for electricity connection was prepared and submitted (September 1999) to the Chief Conservator of Soils, Punjab, Chandigarh but no funds had been released so far.

The reply of the department was an after thought as provision for contingent charges were made only for meeting contingent expenditure on the work. A separate provision for electricity connection, being an important component of the project, is required to be made specifically in the original estimates. Thus, the failure on the part of the department to include electricity connection charges in the original estimates and non release of funds as of July 2001 by the Government rendered the entire expenditure of Rs. 15.41 lakh as ungainful besides depriving beneficiaries of the intended benefits.

The material was developed into audit paragraph and the same was submitted to Secretary to the Government in January 2001 for comments within six weeks. The matter was followed up demi-officially with reminder to the Secretary in April 2001. However, no reply was received from the Secretary (November 2001).

## **Technical Education and Industrial Training Department**

### **3.14 Ungainful expenditure on incomplete buildings of Government Polytechnics**

#### **Ungainful expenditure of Rs. 66.81 lakh on construction of Government Polytechnics at Rahon and Muktsar due to abandonment of work.**

State Government accorded administrative approval for the construction of Academic Block in Government Polytechnic Rahon in November 1996 at an estimated cost of Rs.2.81 crore and for the construction of Administrative/ workshop block in Government Polytechnic Muktsar in March 1997 at an estimated cost of Rs.3.95 crore. While execution of work at Rahon was entrusted to National Building Construction Corporation (NBCC), Chandigarh and mobilisation advance of Rs. 25 lakh was given in August 1998, the work at Muktsar was entrusted to State Public Works Department.

Audit scrutiny (March 2000) and subsequent information collected revealed that after incurring an expenditure of Rs. 66.81 lakh (Government Polytechnic Rahon Rs. 20.30 lakh and Government Polytechnic, Muktsar Rs. 46.51 lakh) work was abandoned as the State Government decided (September 1998) to explore the possibility of leasing out completed/partially completed buildings to private institutes/industry/ individuals or organizations for technical training institutes, a scheme for which was to be put up by the Department. The work had been at standstill for more than 2 years, rendering the entire expenditure of Rs.66.81 lakh ungainful.

On this being pointed out in audit, the department stated (June 2000) that the construction activities were stopped due to shortage of funds on the order of the State Government. It was observed that the department had not submitted any scheme for leasing out the partially completed buildings. The action of the State Government coupled with inaction of the department reflected poor planning.

The material was developed into draft audit paragraph and the same was forwarded to Secretary to Government in February 2001 for reply within six weeks. The matter was followed up demi-officially with reminder to Secretary (May 2001). However in spite of such efforts, reply was not received from the Secretary (November 2001).

## **General**

### **3.15 Follow up on Audit Reports**

#### **(a) Outstanding action taken notes**

The Comptroller and Auditor General of India's Audit Reports represent culmination of the process of scrutiny starting with initial inspection of the accounts and records maintained in the various offices and departments of Government. It is, therefore, necessary that they elicit appropriate and timely response from the executive. Finance Department, Government of Punjab issued instructions (August 1992) to all the Administrative Departments to submit explanatory notes indicating corrective/remedial action taken or proposed to be taken on paragraphs and reviews included in the Audit Reports within three months of their presentation to the Legislature, without waiting for any notice or call from the Public Accounts Committee (PAC).

Though the Audit Reports for the years 1993-94, 1994-95, 1995-96, 1996-97, 1997-98 and 1998-99 were presented to the State Legislature in March 1995, September 1996, March 1997, July 1998, September 1999 and September 2000 respectively, 24 out of 27 departments which were commented upon did not submit explanatory notes ranging between 1 to 5 years on 89 out of 283 paragraphs/reviews as of June 2001 as indicated below.

<b>Year of the Audit Report (Civil)</b>	<b>Total paragraphs/reviews in audit report</b>	<b>No. of paragraphs/reviews for which explanatory notes were not received.</b>
1993-94	37	2
1994-95	58	3
1995-96	47	11
1996-97	56	23
1997-98	37	9
1998-99	48	41
<b>Total</b>	<b>283</b>	<b>89</b>

Department-wise analysis is given in the Appendix XXV. Departments largely responsible for non-submission of explanatory notes were Public

Works, General Administration, Social Welfare and Industries Departments. Government did not respond to even reviews having important issues like system failure, mis-management and mis-appropriation of Government money. Thus non-receipt of replies hampered the work of PAC.

**(b) Outstanding Reports of Public Accounts Committee**

Replies to 128 paragraphs pertaining to 20 reports presented to the State Legislature between March 1986 and March 2000 had not been received as on June 2001 as indicated below:

<b>Year of PAC Reports</b>	<b>Total number of reports involved</b>	<b>Number of paragraphs where replies not received</b>
1985-86	3	4
1994-95	2	6
1995-96	6	26
1997-98	3	22
1998-99	5	59
1999-2000	1	11
<b>Total</b>	<b>20</b>	<b>128</b>

The replies to 128 paragraphs were required to be furnished within 6 months from the presentation of the reports. This had resulted into non-compliance of the observations made by PAC.