

## PRESS BRIEF

### AUDIT REPORT (SOCIAL, GENERAL AND ECONOMIC SECTORS)

The Report (Social, General and Economic Sectors-Non PSUs) of the Comptroller and Auditor General of India, on Government of Himachal Pradesh for the year ended 31 March 2017 has been presented to the State Legislature on 05 April 2018 in accordance with Article 151 of the Constitution of India.

This Report comprises three Chapters. The first Chapter contains the budget profile of the State, planning and conduct of audit, follow-up on Audit Reports, etc. The second Chapter deals with the findings of four Performance Audits and the third Chapter deals with findings of Compliance Audit (including thematic audits) of various Departments. The Audit findings included in this Report have a total money value of ₹ 913.99 crore.

#### **1. Education, Research and Extension activities in Chaudhary Sarwan Kumar Himachal Pradesh Krishi Vishvavidyalaya (Agriculture Department)**

Performance audit of education, research and extension activities in Chaudhary Sarwan Kumar Himachal Pradesh Krishi Vishvavidyalaya (CSKHPKV) highlighted many financial irregularities, shortage of faculty affecting quality of education, shortfall in enrolment of students in different programmes and delay in completion of research projects. Some of the major findings are as under:

- Against overall sanctioned strength of 380 faculties, 141 posts (37 per cent) were lying vacant which had affected the quality of education and research activities in the University.
- The percentage shortfall in enrolment of students in undergraduate programmes during 2012-17 ranged between 14 and 25 and in postgraduate programmes it ranged between 27 and 67. About 61 to 70 per cent seats in Doctoral programmes remained vacant.
- Due to running of non-recognised M.Sc. (Biology) programme by the University during 2007-16 and non-accreditation of programmes under College of Home Science during 2013-17, the University had risked the careers of 259 students who passed out upto 2016-17 under these programmes.
- Out of 1,545 students passed out under different programmes during 2011-15, only six per cent students (94) got placement through placement cell of the University which indicated that the University was unable to meet the aspirations of the degree holders for securing employment.
- The University had not maintained library of outcome of research projects completed during 2012-17 without which their authenticity/ results could not be verified in audit. Three research projects of ₹ 6.98 crore to be completed between April 2012 and June 2016, were lying incomplete though expenditure of ₹ 4.79 crore was incurred on these projects upto March 2017.
- During 2013-17, there was shortfall of 42 to 68 per cent in achievement of targets of agriculture extension training to Government functionaries. Though the targets of training to farmers were achieved during 2012-17, the University had not assessed the impact of training to ascertain its effectiveness.
- The University had incurred irregular expenditure of ₹ 178.26 crore for pensionary benefits to its employees during 2012-17 out of the State grants and contingent

advances of ₹ 20.19 crore paid in 663 cases of 38 departments during 2004-17 were lying un-adjusted as of March 2017 of which, advances of ₹ 4.55 crore were outstanding for more than five years.

- Internal controls and monitoring mechanism were almost non-existent as the University had neither conducted internal inspections of accounts/ stock nor developed integrated management information system for monitoring the programmes/ activities during 2012-17.

## **2. Establishment and Regulation of Private Universities (*Higher Education and Technical Education Departments*)**

The State Government passed the Himachal Pradesh Private Universities (Establishment and Regulation) Act, 2006 for establishment of private universities and notified Guidelines for Establishing Private University in Himachal Pradesh in 2008 (modified in 2009). Thereafter, the Himachal Pradesh Private Educational Institutions Regulatory Commission (HPPEIRC/ Regulatory Commission) was established in February 2011 for regulation of private institutions of higher education. The Departments of Higher Education and Technical Education are responsible for overall policy formulation and regulation of private universities in the State. Some of the significant audit findings from the Performance Audit are given below:

- Assessment of need for private universities in the State was not made, and 17 Private Universities had been established of which 10 were located in one district alone (four in one Gram Panchayat) indicating that regional needs/ priorities were not considered.
- The State Government had not prescribed any objective criteria/ norms for assessing the financial soundness, expertise and potentiality of the courses proposed by the sponsoring bodies leading to arbitrary and non-transparent decision-making.
- There was acute shortage of manpower in the Regulatory Commission, which was reflected in large shortfalls in conducting inspections. 1,394 courses in private universities during 2011-17 had been approved by the Regulatory Commission without conducting inspections to ascertain availability of infrastructure and staff.
- The fees proposed by private universities had been approved by the State Government without considering costing elements; three test-checked private universities had increased fees by 21, 23 and 58 *per cent* for the academic session 2017-18 as compared with 2016-17 without justification.
- Three test-checked private universities had made unauthorised collection of Development Charges amounting to ₹ 4.58 crore. Four test-checked private universities had not refunded security money of ₹ 2.89 crore to 2,906 passed out students during 2012-16.
- Fifteen private universities were functioning in the State with faculty not possessing minimum qualifications especially in the Professor (22 *per cent*) and Associate Professor (28 *per cent*) levels.
- There was significant shortage of faculty in private universities, particularly in the Professor (38 *per cent*) and Associate Professor (61 *per cent*) levels.
- Out of 17 private universities in the State, only three had obtained accreditation from National Assessment and Accreditation Council as of March 2017.

## **3. Flood protection and flood control (*Irrigation and Public Health Department*)**

A performance audit of implementation of flood protection projects in the State of Himachal Pradesh showed execution of flood protection projects/ works without adequate

planning, delay in execution/ completion of the projects and ineffective monitoring. Some of the significant audit findings are summarised as under:

- Department had neither made scientific assessment of flood prone areas nor prepared basin-wise comprehensive master plan and action plan for execution of flood protection works. Out of 2.31 lakh hectares estimated flood prone area of the State only 25,116.21 hectares (11 *per cent*) could be covered as of March 2017.
- Absence of morphological studies in construction of flood protection projects/ works during 2012-17 and non-planning/ execution of all structural and non-structural measures (except embankments) were unlikely to achieve better results to control and mitigate disasters by floods.
- There was short release of ₹ 657.36 crore by GOI and ₹ 21.25 crore by State Government under Flood Management Programme projects during 2008-17 resulting in delay of more than 12 to 60 months in execution/ completion of the projects.
- Against seven Flood Management Programme projects approved during 2008-13 and stipulated to be completed during March 2012 to March 2017, only four projects were completed and embankment of kms 275.873 (50 *per cent*) against the target of kms 548.995 was constructed upto March 2017.
- Non-levy/ recovery of compensation for delay and non-restoration/ recovery of loss of a damaged work and non-obtaining/ renewal of performance guarantees in 48 contracts resulted in extension of undue financial benefits of ₹ 11.97 crore to the contractors.
- Against ₹ 67.48 crore withdrawn by six test-checked divisions during 2006-15 and irregularly charged to works without actual utilisation, ₹ 57.45 crore were utilised during subsequent financial years and balance ₹ 10.03 crore were lying unspent under deposit head for more than two to four years.
- Robust flood forecasting system was non-existent in the State and the Department had not constituted standing committee and review committee for joint inspection of critical/ major flood protection maintenance works and review of major works respectively.

#### **4. Information Technology Audit on e-Procurement Project (Information Technology Department)**

The State Government introduced (June 2011) electronic procurement (e-Procurement) project aimed at increasing the efficiency and transparency in procurement of goods, works and services. The performance audit of the conception and implementation of the project was done during March 2017 to June 2017 to assess its effectiveness. Some of the significant audit findings are summarised as under:

- E-Procurement was a part of Mission Mode project of GoI on e-Governance. Only one module (e-tendering) out of seven modules of e-Procurement had been considered for implementation in 26 out of 90 organisations in the State. Even in the e-tendering module the critical activities such as online opening of bids, negotiations and award of contract is being done manually.
- Business rules have not been mapped in the application software leading to irregular opening of the tenders before the stipulated period.
- Use of same digital signature certificate by multiple users and participation in the tendering process defeated the very purpose of secured online bidding.

- Time cycle in processing of tenders through e-Procurement system could not be reduced due to non-revision of tendering rules, and time taken in processing of tenders during 2011-17 ranged between 122 and 554 days.
- Act/ rules, service level agreement and rollout plan for effective implementation of e-Procurement system have not been prepared/ executed.
- Performance of multiple jobs by single user due to non-segregation of duties rendered the system susceptible to high risk and will make it impossible to enforce accountability.
- There was a shortfall of 98 *per cent* in providing training to the prospective bidders for effective use of e-Procurement system and monitoring was also inadequate as the requisite meetings of the Core Committee were not held.

## **5. Compliance Audit**

### **(i) Idle investment on purchase of mobile soil testing laboratories**

Lack of planning in procurement of Mobile Soil Testing Laboratories by not ensuring the operational staff for the laboratories by Agriculture Department resulted in their non-utilisation which rendered the investment of ₹ 2.02 crore as idle.

### **(ii) Loss in sale of organic/ orthodox black tea**

Selection of a firm without competitive bidding and failure of Chaudhary Sarwan Kumar Himachal Pradesh Krishi Vishvavidyalaya to incorporate clause of performance bank guarantee in the memorandum of understanding (MOU) or invoke the MOU provision for liability for damages on breach of terms and conditions of the MOU resulted in loss of ₹ 75.62 lakh in supply of organic/ orthodox tea.

### **(iii) Agriculture Crop Insurance Schemes**

Coverage of farmers under the crop insurance schemes in the State was quite low. Under National Agriculture Insurance Scheme, only 1.72 *per cent* farmers for *Kharif* crops and 1.01 to 1.68 *per cent* for *Rabi* crops were covered during 2014-16. Under Weather Based Crop Insurance Scheme (WBCIS), only 0.09 to 2.43 *per cent* farmers for *Kharif* crops and 9.34 to 13.61 *per cent* farmers for *Rabi* crops were insured during 2014-17. The delay of 14 to 98 days in issue of crops/ areas notifications resulted in less coverage of farmers especially non-loanee farmers. Instead of *gram panchayat* or revenue circle being the smallest insurance unit/ area, Agriculture Department adopted tehsil or block as insurance unit due to which crop losses were not assessed accurately. Submission of cases to insurance companies after cut off dates during 2016-17 resulted in non-coverage of 5,405 farmers.

### **(iv) Avoidable expenditure on procurement of medicines/ equipment**

Failure of the Animal Husbandry Department to adhere to scheme guidelines in procurements out of *Rashtriya Krishi Vikas Yojana* and National Project for Cattle and Buffalo Breeding funds led to avoidable payment of handling charges of ₹ 60.71 lakh to HP State Cooperative Wool Procurement and Marketing Federation Limited.

### **(v) Establishment of Van Thanas**

Lack of proper planning by Forest Department in implementation of policy for establishment of *Van Thanas* resulted in non-utilisation of infrastructure worth ₹ 4.04 crore for intended purpose.

**(vi) Non-deposit of Net Present Value to Ad hoc Compensatory Afforestation Fund Management and Planning Authority (CAMPA)**

In violation to the Supreme Court orders, the Forest Department deposited the Net Present Value of ₹ 59.31 crore received from Koldam Hydro Electric Project Authority in Government account instead of Ad hoc CAMPA. Resultantly, the forest conservation activities to mitigate the environmental loss were not undertaken out of above amount.

**(vii) Implementation of Food Safety and Standards Act, 2006**

The Health and Family Welfare Department neither conducted survey to identify food business establishments nor maintained data-base of such establishments. The large number of vacant posts of Food Safety Officers was a major concern, hindering the process of proper registration and licensing, conduct of surveillance and inspections and lifting of food samples. The food testing laboratory at Kandaghat was not equipped with required infrastructure for testing of food samples. The institutional/ regulatory framework and infrastructure in the State were not adequate and monitoring of adherence to prescribed standards of food quality/ safety was weak.

**(viii) Non-enforcement of bond against defaulting Medical Officers**

The State Government did not enforce bond for effecting recovery of bond money amounting to ₹ 2.25 crore from Medical Officers who reneged on their pledge to serve the State Government after completing higher study, while there remained acute shortage of specialists in the State.

**(ix) Idle equipment under National Highway Accident Relief Service Scheme**

Non-assessment of requirement and failure of Home Department to ensure trained operators resulted in unproductive expenditure of ₹ 91.14 lakh on idle equipment for more than six year.

**(x) Unjustified/ infructuous expenditure on drilling for exploration of limestone deposits**

The Industries Department incurred an unjustified expenditure of ₹ 1.88 crore in excess of the amount received for prospecting and estimation of limestone reserves. In addition infructuous expenditure of ₹ 1.79 crore was incurred on deployment of staff without any work.

**(xi) Unfruitful expenditure on sewerage scheme**

Failure of Irrigation and Public Health Department in execution of sewerage scheme for Sarkaghat town in a timely manner, in spite of availability of sufficient funds, resulted in unfruitful expenditure of ₹ 4.14 crore and irregular expenditure of ₹ 0.99 crore besides blocking of ₹ 6.36 crore for more than three years.

**(xii) Skill Development Allowance Scheme**

Skill Development Allowance (SDA) of ₹ 85.74 lakh was paid by Labour and Employment Department to 3,795 trainees enrolled in institutes which were not of acceptable standards. Payment of SDA of ₹ 1.02 lakh was made to 102 trainees of non-empanelled information technology institutes. Failure of the Department to verify authenticity of claims led to payment of SDA of ₹ 0.49 lakh to 49 persons on false documents. SDA of ₹ 25.00 lakh was paid to 625 trainees during 2013-17 who did not complete training and dropped-out midway. Non-maintenance of employment records of

beneficiaries after skill development training meant that the scheme remained limited to providing direct transfer of benefits without any mechanism for measuring the achievement of envisaged outcomes.

**(xiii) Pradhan Mantri Swasthya Suraksha Yojana**

Construction of new All India Institute of Medical Sciences at Bilaspur and super-speciality block for Indira Gandhi Medical College, Shimla was not started by the Medical, Education and Research Department due to delay in land acquisition and lack of planning in selection of site respectively. In Dr. Rajendra Prasad Government Medical College Tanda, severe manpower shortages and lack of required equipment resulted in denial of facilities and services to patients. Indecision in selection of executing agency by the Department led to non-completion of construction of 1<sup>st</sup> year MBBS students' hostel and non-execution of work of Post Graduate students' hostel in spite of release of ₹ 15.09 crore to the executing agencies.

**(xiv) Non-creation of infrastructure in General Nursing and Midwifery schools and diversion of funds**

Non-release of State share of ₹ 1.78 crore and diversion of ₹ 3.00 crore to General Nursing and Midwifery schools not approved by Government of India by the Medical Education and Research Department led to non-creation of intended infrastructure even after lapse of more than four years.

**(xv) Non-implementation of Jangi Thopan and Thopan Powari hydroelectric power projects**

Decision of the State Government to refund upfront premium of ₹ 260.13 crore instead of forfeiture as per terms of pre-implementation agreement with developer of hydroelectric projects would result in loss of revenue to State Government and undue favour to the developer to the above extent.

**(xvi) Procurement, consumption and accountal of bitumen**

In Public Works Department, against payments of ₹ 427.14 crore outstanding for adjustment under centralised allocations, the paying divisions had not adjusted ₹ 141.57 crore (33 *per cent*) from the executing divisions in support of receipt of bitumen of which ₹ 35.13 crore were outstanding for more than eight to 11 years. In test-checked divisions, there was short receipt of 663.221 MT bitumen valuing ₹ 2.51 crore against allocations/ supply orders. Under divisional level purchase, the test-checked divisions had procured 7,292.733 MT bitumen of ₹ 31.48 crore without sanction of competent authority. Details/ records of actual utilisation of 3,859.874 MT bitumen were not available with the test-checked divisions, which was fraught with the risk of misutilisation/ pilferages. The database of receipt, issue and consumption was not maintained at apex level and monitoring mechanism for bitumen was almost non-existent.

**(xvii) Short realisation of dues for laying of optical fibre cable**

Application of incorrect rates of dues from telecom companies for laying of optical fibre cables along roads by the Hamirpur Division of Public Works Department resulted in short realisation of ₹ 1.59 crore and non-compliance of instructions for restoration of the damaged roads led to irregular diversion of ₹ 0.42 crore for purchase of vehicles.

**(xviii) Unfruitful expenditure due to non-completion of road and bridges**

Improper planning and failure of the Public Works Department to complete construction of road and bridges for the last 12 to 15 years deprived the public of the area (12 villages of Kinnaur and Lahaul and Spiti districts) of intended motorable road facility and resulted in unfruitful expenditure of ₹ 27.88 crore and blocking of ₹ 1.38 crore.

**(xix) Irregular allocation and misutilisation of State Disaster Response Fund (SDRF)**

Irregular allocation of ₹ 26.12 crore from SDRF and misutilisation of ₹ 6.44 crore by the Revenue Department for repair and restoration of Government office/ residential buildings not damaged by calamity resulted in denial of relief of ₹ 8.24 crore to victims of natural calamities owing to non-availability of funds.

**(xx) Short-realisation of due amount and excess/ improper allocation from Local Area Development Fund (LADF)**

Short-realisation of ₹ 2.215 crore from developer of hydroelectric power project, excess allocation of ₹ 17.73 lakh and improper allocation of ₹ 21.44 lakh from LADF for district level schemes by the Revenue Department led to development objectives for project affected area not being fully achieved as 57 proposed schemes for local area development remained pending for want of funds.

**(xxi) Short release of State share and irregular utilisation of National Land Records Modernisation Programme (NLRMP) funds**

Short release of State share of ₹ 2.54 crore and irregular expenditure of ₹ 1.18 crore on inadmissible items led to activities under NLRMP remaining incomplete while funds received were completely exhausted by the Revenue Department.

**(xxii) Construction of Toilets under Swachh Bharat Mission**

Target population identified in rural areas by Rural Development Department was based on the base-line survey of 2012 which was not updated since 2012-13. The Urban Development Department had not identified the target population and need for sanitation facilities in urban areas properly due to non-conduct of house to house survey and non-preparation of city sanitation plan. Shortfall in construction of toilet ranged between 94 to 100 *per cent* during 2015-17 under SBM (Urban) while construction of community complexes under SBM (Gramin) was delayed. Weak monitoring by Block Development Officers of Baijnath and Dehra resulted in payment of incentive amounting to ₹ 7.90 crore to 6,587 beneficiaries due to non-uploading of the photographs of Individual Household Latrines on the Management Information System.