CHAPTER-III
Performance Reviews

SOCIAL WELFARE DEPARTMENT

3.1 REVIEW ON "DAYANAND SOCIAL SECURITY SCHEME"

HIGHLIGHTS

- ***The Dayanand Social Security Scheme (DSSS) was implemented by the State Government with effect from 1 January 2002 with a view to providing financial assistance of Rs.500 per month to the vulnerable sections of the society such as senior citizens, single and destitute women and handicapped persons. The first phase of the scheme was implemented through the Life Insurance Corporation of India (LIC) by entering into an agreement (MOU) in terms of which the State Government purchased pension for each pensioner by paying a price computed by LIC based on the age of the beneficiary. In turn, LIC was to pay pension during the lifetime of the beneficiary. The second phase was implemented through the Mapusa Urban Cooperative Bank (MUCB) as a disbursing bank for the pensions. There were flaws in the rules and deficiencies and irregularities in implementation of the scheme which led to sanction of ineligible and bogus pensions, duplicate sanctions to same persons, sanctions to both husband and wife, overlapping of benefits, continuation of pension remittance to the accounts of expired beneficiaries and non-disbursement of pension to sanctioned beneficiaries. The Social Welfare Department which was responsible for implementation of the DSSS, did not ensure adoption of proper systems and internal controls. Highlights of the review are given below.***

> ➢ **The first phase of the scheme was implemented through the LIC against purchase price for pension paid by the State Government. The State Government paid much more than was disbursed as pension by the LIC. The LIC paid less interest to the State Government on the funds accumulated with it while charging a higher rate from the State Government for delayed payments. Besides, the LIC did not honour the provisions of the scheme regarding extending the benefits to the surviving members of the families of deceased pensioners.**

(Paragraph 3.1.7 to 3.1.10)

> ➢ **Though the scheme envisaged sanction of the financial assistance to the poor and needy whose income did not exceed the amount of assistance envisaged under the scheme (Rs. 6000 per annum), an affidavit sworn by the applicant and countersigned by an MLA was accepted as proof of income without any counter checks by the Department.**

(Paragraph 3.1.13)

- **Twenty seven beneficiaries who were receiving pension under a separate State scheme for former artists through Directorate of Arts and Culture, also received pension under DSSS for period ranging from 4 to 33 months, which was yet to be recovered from the pensioners (Rs.1.94 lakh).**

(Paragraph 3.1.12)

- **Double payment of pension of Rs.6.89 lakh was made to 232 beneficiaries. Pension of Rs.10.57 lakh was paid to both the spouses in 142 cases for periods ranging from 1 to 20 months.**

(Paragraph 3.1.13)

- **The findings of a survey agency appointed by the State Government revealed that out of 40818 beneficiaries covered in survey, only 28979 were genuine beneficiaries. The irregular pension paid to such non-genuine beneficiaries as of June 2004 amounted to Rs.6.98 crore. Pension payment to 9327 non-genuine cases other than expired and bogus cases continued, as re-survey ordered by Government was not completed. (December 2004)**

(Paragraph 3.1.14)

- **Pension was not disbursed to 415 beneficiaries sanctioned during January 2002 to October 2002 for want of bank account details and Rs.48 lakh due to the beneficiaries was lying with LIC. Thus non disbursal of pension to the beneficiaries defeated the objectives of scheme and resulted in unintended financial benefit to the LIC in the form of undisbursed funds lying with them.**

(Paragraph 3.1.16)

- **Registers and books of accounts were not maintained by the Department. Reconciliation of accounts with LIC was not conducted. The scheme implementation suffered due to lack of internal controls.**

(Paragraph 3.1.18)

3.1.1 Introduction

The Government introduced the Dayanand Social Security Scheme (DSSS) with effect from 1 January 2002 under the Goa Dayanand Social Security Scheme Rules, 2001. The existing social welfare schemes viz. Dayanand Smriti Niradhar Madat Yojana, Scheme of Financial assistance to Young Widows and the Scheme of Grant of Family Pension to the Old, Destitute and the Handicapped persons were amalgamated into the new scheme, to provide financial assistance to the vulnerable sections of the society, i.e. the elderly, the disabled and women in difficult circumstances. It was provided that the per capita family income should be less than the assistance received under this scheme, and the applicant should not be in receipt of financial assistance from any other source. There were 54,855 beneficiaries under the scheme (19736[#] with LIC and 35119 with Mapusa Urban Co-op. Bank Ltd.) as of June 2004.

3.1.2 Programme objectives

The objective of the scheme was to provide financial assistance of Rs.500 per month with an increase of Rs.25 per annum to senior citizens above 60 years of age, widows, divorcees, deserted or judicially separated women above 18 years of age, unmarried women above 50 years of age and disabled persons above 21 years of age, whose per capita income is less than the amount of annual financial assistance under the scheme.

The scheme also envisaged insurance cover to women and disabled beneficiaries upto the age of 60 years, and also to traditional workers and unorganised labour, by payment of a premium at the rate of Rs.100 per member per annum by the Government of Goa to LIC.

3.1.3 Organisational set up

The scheme is implemented by the Department of Social Welfare, headed by a Secretary and is assisted by Director, Social Welfare. The applications received for the financial assistance were scrutinised by the Directorate of the Social Welfare and recommended for sanction to a committee constituted by the Government. Initially the committee was headed by the Minister, Department of Social Welfare. It was reconstituted in June 2002 with the Chief Minister as Chairman, and the Minister, Department of Social Welfare, the Leader of the Opposition and the Director of Social Welfare as the other three members. Disbursement of the financial assistance to the beneficiaries was made through the Life Insurance Corporation of India (LIC) and the Mapusa Urban Co-Op. Bank of Goa Ltd. (MUCB).

3.1.4 Scope of Audit

The scheme was reviewed with the following objectives:

- To ascertain whether the scheme objectives were achieved.
- Whether the benefits under the scheme were overlapping with any other existing schemes.
- Whether systems and procedures were in place to guard the financial interest of the government; and
- Whether any wasteful or avoidable expenditure occurred during the implementation of the scheme.

3.1.5 Audit Coverage

A review of implementation of the scheme since inception (January 2002) to June 2004 was conducted during May 2004 to July 2004.

[#] *After discontinuation of detected cases of expired, double, both spouses etc, from the sanctioned 21113 cases*

3.1.6. Financial outlay

The scheme is entirely funded by the State Government. The financial outlay on the scheme and the expenditure incurred for the period from 2001-02 to June 2004 were as under:

(Rs. in crore)

Year	**Budget Provision**	**Funds Released to**		**Expenditure**
		LIC	**MUCB**	**Total**
2001-02 (From January 2002)	Nil	20	--	20
2002-03	20	20	--	20
2003-04	40.34	24.54[♣]	13.48	38.02
2004-05 (Up to June 2004)	40.20	Nil	6.00	6.00
Total	**100.54**	**64.54**	**19.48**	**84.02**

3.1.7 Implementation of the scheme through LIC

For implementation of the scheme through LIC a Memorandum of Understanding (MOU) was entered into between the State Government and the LIC on 2 October 2001. The scheme had two different components viz., monthly payment of financial assistance in the form of monthly pension and providing insurance cover. As per the MOU, the Government purchased pension for each beneficiary by paying a purchase price computed by LIC according to the age of the individual beneficiary. The LIC in turn was required to pay pension to the beneficiaries for life with an annual increment of Rs.25. A running account of the scheme was required to be maintained by LIC where the sums released by Government were to be deposited and the payments were to be released to the beneficiaries by debit to this account. The MOU entered into between the Government and LIC stipulated that –

- The State Government would create a fund for the operation of the scheme by contributing a sum of Rs. 20 crore.
- The purchase price could be paid by the State Government in instalments provided that at least one fifth of the required purchase price is available in the Fund; the balance of purchase price along with interest at the rate decided by LIC would be payable in maximum of four annual instalments.
- LIC would pay interest to Government on the credit balance in the Running Account at the end of each year at the rate decided by them.
- LIC would pay monthly pension to the beneficiaries and on the death of beneficiaries to their surviving spouses or children (upto 21 years).
- The scheme also included an insurance cover for eligible beneficiaries aged between 18 and 59 years on payment of premium by Government at the rate of Rs. 100 per member per annum.

[♣] *Includes payment of Rs.4.10 crore on ad-hoc basis.*

The Department intimated 21113 sanctioned cases to LIC during January 2002 to October 2002 for which the total purchase price payable was Rs.122.04 crore.

3.1.8 Liability for payment of interest

The year-wise details of purchase price due to be paid during the year, interest on delayed payment of purchase price, amount of purchase price paid and interest earned by the Department, etc., as per account furnished by LIC were as under:

(Rs in Crore)

Year	Amount due to LIC					Amount paid and interest earned by Department		
	Total purchase price due during the year	Interest on delayed payment of purchase price instalments	Interest on outstanding purchase price	Insurance Premium/ expenses	Total	Purchase price and interest paid	Interest earned	Total
2001-02	6.59	0.10	0.54	0.01	7.24	20.00	0.38	20.38
2002-03	24.41	1.23	9.78	0.13	35.55	19.00	1.61	20.61
2003-04	24.41	1.14	11.09	0.08	36.72	21.44	0.74	22.18
Total	**55.41**	**2.47**♣	**21.41**	**0.22**	**79.51**	**60.44**	**2.73**♣	**63.17**

***Outstanding liability of Government towards purchase price and interest to LIC was Rs.73.01 crore, and further interest liability would amount to Rs.10.32 crore*.**

It was observed that as per the terms of MOU Rs. 20 crore was paid in the first year (2001-02) towards the purchase price in respect of 5735 beneficiaries whereas the outgo of LIC was to the tune of Rs.56.04 lakh. Similarly for the subsequent number of beneficiaries intimated, the outgo of pension from LIC for the period 2002-04 would be Rs. 26.64 crore (Rs 10.66 crore for 2002-03 and Rs 15.98 crore for 2003-04 based on Rs 500 per month and annual increment of Rs. 25) against which Government had paid Rs 40.44 crore.

Considering the outstanding purchase price and interest liability of Rs.83.01 crore[Ψ] as on 31 March 2004 and payments of Rs.10 crore made in August/September 2004, the outstanding liability of Government to LIC was Rs.73.01 crore as of September 2004. Further, Government is bound as per the MOU for an interest liability of Rs.10.32 crore from April 2004 on the outstanding purchase price liability, as per ***Appendix 3.1***.

The Department stated that the pension purchase price submitted by LIC was tentative and the same was yet to be finalised by LIC. However, the department had already made the payment to the LIC. Further, non-finalisation of financial arrangements even after two years of commencement of the scheme was not justifiable.

Secondly, as can be seen from the tables, there has been absolutely no net outgo from the LIC so far under the scheme and this was quite forseeable. The reason for the Government to enter into the MOU with LIC was not clear. It is interesting to note that the rate of interest paid by LIC on the amounts at credit in the running

♣ *Interest was charged whenever the amount in running account fell short to debit the purchase price due against pension cases vested with LIC and interest was allowed on excess amounts available in the running account. Payments were being released periodically by State Government.*

Ψ *Rs.122.04 (total purchase price) + Rs.21.41 crore (interest) – Rs.60.44 crore (purchase price plus interest paid).*

account of the scheme at the end of each year varied from 8.40 to 10.10 *per cent* whereas the interest charged from the Government was 13 *per cent.*

3.1.9 Excess liability on account of purchase price

Audit scrutiny revealed that the Government had accepted the purchase price calculations of LIC without detailed study. It was seen that out of 18285 senior citizen beneficiaries covered by LIC, 14182 were in the age group of 60 to 69 years. The benefit so far accrued to LIC is mainly because of the higher purchase price in respect of the beneficiaries aged 60 years and above.

Beneficiary's age	Purchase price per head (Rs.)	No. of beneficiaries	Purchase price payable to LIC *(Rs. In crore)*
60	62630	2945	18.44
61	61538	1784	10.98
62	60423	1754	10.60
63	59289	1406	8.34
64	58027	1203	6.98
65	56711	1993	11.30
66	55300	1034	5.72
67	53860	749	4.03
68	52356	777	4.07
69	50847	537	2.73
		14182	83.19

Further, it was noticed that there were 4103 beneficiaries aged between 70 and 99 years in respect of whom purchase price amounting to Rs.18.09 crore was payable. In view of the average life expectancy of 70 years[1] in the State, it is obvious that the LIC would derive benefit on the pension outgo in respect of above beneficiaries. Another reason for profit accruing to LIC is the payment of interest by State Government to LIC on outstanding purchase price which is quite exorbitant (13 *per cent*).

The Government while admitting the excess liability on account of purchase price stated (December 2004) that steps would be taken to rectify the financial clauses and the purchase price and the interest component would be negotiated.

3.1.10 Non adherence of provisions of MOU by LIC

Pension was not transferred to the spouses of 17 deceased beneficiaries as provided in the MOU with the LIC.

The MOU with the LIC provided for passing of the pension benefit to the spouse of a deceased beneficiary. It was noticed that in response to Department's request (December 2002) to LIC to commence payment of pension to the spouses of 17 deceased beneficiaries, LIC disputed (January 2003) its liability to continue the pension to the spouses stating that the purchase price calculated and communicated was on single life and continuation of pension to spouse would amount to a new beneficiary requiring re-computation of purchase price. The Department did not respond to the incorrect stand taken by the LIC, thereby depriving the beneficiaries.

The Government replied (December 2004) that though the initial decision was to purchase family pension, the Government decided to purchase pension for single

[1] *Health profile, Goa prepared by Director of Health Services, Goa in the year 2001.*

life and not for family due to high cost. The reply is not tenable as the MOU clearly provides for transfer of pension to the spouse on death of the beneficiary. Thus, LIC apparently did not honour the provisions of the MOU regarding payment of pension to surviving eligible members of the families.

3.1.11 Arrangements with Mapusa Urban Co-op. Bank of Goa Ltd. at a higher cost to the Government

In November 2002, LIC had demanded 30 *per cent* higher purchase price for the insurance scheme and the Government, in turn, had decided not to operate Phase-II of the scheme through the LIC. It was seen from the records that instead of paying higher purchase price the Government arranged payment of pension for new beneficiaries by placing the required amount of funds at the disposal of LIC without actually purchasing any pension from them. For such distribution of pension to the beneficiaries, LIC was charging 3 *per cent* as service charges besides Rs. 2500 as floppy charges (lump sum) and Rs. 6 per transaction. Since this was obviously a very hefty payment, Government decided to get the pension under Phase-II distributed through the Mapusa Urban Co-operative Bank Limited (MUCB).

As per the MOU entered into with MUCB in September 2003, the State Government was to route the payment of pension to the beneficiaries through MUCB as the nodal bank. For this a separate account was opened in MUCB where the funds released by the Government for disbursement of pension were deposited with provision of yearly accrual and credit of interest. The MUCB was to be paid a service fee of two *per cent* on the amount disbursed. As of June 2004, 35,119 beneficiaries were receiving financial assistance routed through the MUCB. The MUCB disbursed an amount of Rs.15.82 crore to the beneficiaries up to June 2004 and earned a service fee of Rs.31.65 lakh approximately.

While deciding on entering into the arrangement with MUCB for distribution of pension, the Government seemed to have been guided only by the rate charged by LIC which was clearly exorbitant. However, the Government did not invite offers from other institutions including Public Sector Banks. It may be mentioned that for undertaking Government transactions, the State Bank of India charges only 0.19 *per cent* as service fee.

Service charges paid to MUCB without seeking offers from Public Sector Banks.

The Government replied (December 2004) that the service fees charged by MUCB was less than the fees charged by LIC. In the absence of any offers from public sector banks it could not be ascertained if the fees charged by MUCB were the most competitive.

3.1.12. Overlapping benefits

As per Rules regulating DSSS, the applicant should not be in receipt of any other financial assistance from any other source. Scrutiny revealed that overlapping of benefits occurred due to lack of coordination by the Social Welfare Department with other State agencies through whom other similar schemes are implemented.

It was noticed that 27 beneficiaries who were recipients of financial assistance under a separate State scheme for former artists implemented through the

Directorate of Arts and Culture received pension under DSSS also for periods ranging from four to 33 months. Their pension under DSSS was cancelled after voluntary disclosure of the fact of getting assistance under both the schemes. Audit scrutiny revealed that before cancellation, pension of Rs.1.94 lakh had been paid to them and no attempts were made to recover the money paid or to verify the existence of other such beneficiaries.

3.1.13 Deficiencies and Irregularities in Scheme implementation

Sole affidavit of Beneficiary accepted as proof of income and cheques distributed by Ministers/MLAs

Income declared by the beneficiaries and countersigned by the MLAs was accepted without counter verification.

The application forms for grant of financial assistance were distributed initially through Ministers, MLAs and subsequently also through Block Development Officers, Mamlatdars and the Social Welfare Department. The applications were to be submitted to the Director of Social Welfare along with the documents in proof of age, affidavit by the applicant certifying income countersigned by a MLA, proof of residence, medical certificate in case of disabled persons, death certificate and marriage certificate in case of widows, etc.

The applications were to be scrutinised by the Department and recommended for sanction by the Committee constituted for the purpose. The affidavits indicating the income of the beneficiary countersigned by the MLAs were accepted without any supporting document or certification by local authorities. Thus, the most important criterion of the scheme viz. the income level was determined on the basis of countersignature of MLAs.

The sanctioned cases are communicated to LIC and MUCB for release of financial assistance. The first payment of financial assistance was made through cheques which were handed over to the beneficiaries by Ministers and MLAs at public functions and subsequent payments were to be paid on the first day of every month through bank accounts of the beneficiaries.

The Government replied (December 2004) that the procedure of accepting affidavit countersigned by MLAs had been adopted to avoid the cumbersome procedure of getting the certificates from the concerned authorities. However, a system for prior verification would be put in place for new beneficiaries.

Sanction of pension to ineligible persons

Test check of 1000 applications revealed payment of financial assistance to 52 ineligible persons.

As per eligibility conditions under the scheme, the per capita income of the beneficiary should be less than the amount of financial assistance. This means that the annual income of an eligible beneficiary should be less than Rs.6000. Besides, the beneficiaries under the senior citizens category should be above 60 years of age. While documentary evidence had to be attached along with application as proof of age, an affidavit sworn by the beneficiary countersigned by an MLA was accepted as proof of income.

Audit scrutiny of 1000 sanctioned applications randomly selected from eight talukas revealed that in 52 cases pension was granted under senior citizens category to ineligible persons such as those having income in excess of the prescribed limit (nine cases); those less than 60 years of age (18 cases) and persons whose documents were incomplete (five cases[ψ]). Further, 20 cases were also detected in audit scrutiny where age shown in the certificate such as ration card had been over written or the age as shown in the application form did not tally with the age as appearing in proof of age certificate. The cases were sanctioned by the Department without proper scrutiny of the applications. Thus there was irregular expenditure on recurring payment of pension amounting to Rs.3.12 lakh per annum to the above 52 ineligible beneficiaries found in the test checked 1000 applications. Thus, of the sample drawn of 1000 cases, cases of sanction to ineligible persons were 52 (five *per cent*) indicating high percentage of defective scrutiny.

Duplicate sanctions

Double payment of Rs.6.89 lakh due to duplicate sanctions. Test check in audit revealed 51 more duplicate sanctions.

The Department had noticed double sanction of pension to 231 beneficiaries and triple sanction to one beneficiary upto June 2004 by the LIC, which were subsequently cancelled. The total pension paid irregularly to the above 232 beneficiaries between February 2002 and June 2004 was worked out during audit and amounted to Rs.6.89 lakh.

Further, though instances of duplicate sanctions were noticed from as early as June 2002, the Department did not take any comprehensive action to detect and eliminate all such cases. Test check of the beneficiary list with MUCB for the month of June 2004 in audit revealed double payment to 51 beneficiaries due to duplicate sanctions involving recurring payment of Rs.25,500 per month. The total pension paid to these beneficiaries could not be quantified for want of details of sanction of first pension.

The Government replied (December 2004) that steps had been taken to detect the cases of double sanction.

Sanction of pension to both the spouses

Under the scheme, both the spouses were not eligible for receipt of separate pensions. Scrutiny revealed that pension was sanctioned to 142 beneficiaries whose spouses had also been sanctioned pension under the scheme and payments to both the spouses were made upto April 2003. The total amount thus paid irregularly was Rs.10.57 lakh to both husband and wife for periods ranging from 1 to 20 months, till stoppage of pension in April 2003.

The Government accepted the fact and stated (December 2004) that steps have been taken for resurvey and for cancellation of pension of one of the spouses and recovery of the pension wrongly paid.

3.1.14 Inaction on survey report

Since many cases of duplicate sanctions, sanction of financial assistance to ineligible beneficiaries, continuation of pension to expired beneficiaries etc. were noticed by the Government, they decided (June 2003) to conduct a survey of

[ψ] *Proof of age not attached (two cases), income certificate not attached (two cases) and residence certificate not attached (one case)* beneficiaries and appointed the Centre for Development Planning and Research (CDPR), Pune for purpose. The objective of the survey was to find out whether the beneficiaries fulfilled the criteria as per rules and received financial assistance in time. The methodology adopted by the agency for survey was to get the required information through questionnaires by visiting individual beneficiaries. The agency conducted the survey during July to December 2003 in respect of 40818 cases sanctioned up to June 2003, and submitted the report in January 2004 for which Rs.13.20 lakh were paid to the agency.

The Social Welfare Department did not take action on 11839 cases resulting in irregular payments of Rs.6.98 crores.

The survey report indicated that out of 40818 beneficiaries, only 28979 were genuine and the rest included doubtful cases (4584), cases of migration out of Goa (866), bogus cases (881), and expired beneficiaries to be paid (1631), beneficiaries not found at the recorded address (3877). The agency recommended stoppage of pension to all expired, bogus, migrated cases and detailed inquiries in case of doubtful beneficiaries. The Chief Minister ordered in May, 2004 to delete the non-genuine cases by end of June 2004 after verification.

Audit scrutiny revealed that the Department had taken action in April 2004 only to stop the pension in respect of 1191 expired beneficiaries out of 1631 cases reported, whereas no action was taken in respect of 10,648 non-genuine beneficiaries (July 2004), and the Department had not even obtained the names and addresses of such cases from the CDPR. Thus, irregular pension to the tune of Rs. 6.98 crore* was released as of June 2004, calculated at the rate of Rs. 500 per month.

The Government replied (December 2004) that a resurvey of cases categorised as doubtful, migrated and not found is being done by CDPR before stopping their pension, and as regards expired and bogus cases (2512), action has been initiated. However, action to stop the financial assistance in respect of 9327 beneficiaries categorised as doubtful, migrated, and beneficiaries not found is yet to be taken (December 2004).

3.1.15 Continuation of pension payment to the accounts of expired beneficiaries

Premium of Rupees 81.60 lakh paid in favour of expired beneficiaries. Such payment continues in 440 cases.

The Rules did not provide for production of Life certificate or opening of an exclusive Pension Account etc., as are mandatory for retired Government employees. As a result the pension disbursement continued until the members of the family voluntarily reported the death of the beneficiaries.

Audit scrutiny revealed that though the survey report indicated in January 2004 that 1631 beneficiaries had expired as of July 2003, the Department directed the LIC and MUCB to stop the pension payment to 1191 beneficiaries only in April 2004, and no action to discontinue payments was taken in respect of the remaining 440 beneficiaries.

The Department did not have any information on details of amount of pension disbursed, and amounts if any withdrawn from such accounts after death of beneficiaries and expected the LIC/MUCB bank to supply these details to them.

* *Pension paid to 11839 beneficiaries from July 2003 to April 2004 and to 10648 beneficiaries(11839 – 1191) from May to June 2004.*

Thus, pension amounting to Rs. 81.60 lakh (computed @ Rs. 500 per month) was paid to 1631 expired beneficiaries. The Department replied that reconciliation process with the banks was in progress.

3.1.16 Irregularities in Pension disbursement

Non-disbursement of pension by LIC for want of bank account details

Financial assistance to 415 beneficiaries was not disbursed by LIC due to non-receipt of bank account details also resulting in unintended financial benefit of Rs.48 lakh to them

The scheme envisaged payment of financial assistance by LIC through bank accounts. Up to June 2002 cheques were drawn by LIC in favour of the beneficiaries and handed over to the department for onward distribution to the beneficiaries. From July 2002 LIC was instructed to disburse pension through Electronic Clearing System (ECS), for which the department had to obtain bank account details of the beneficiaries and furnish the same to LIC.

It was noticed in audit that pension was not disbursed (as of June 2004), to 415 beneficiaries sanctioned during January 2002 to October 2002 for want of bank account details, as shown below:

Month and year of sanction[2]	**No. of cases**	**Since when unpaid**	**Total number of months for which disbursement pending as of June 2004**	**Amount of pension at the minimum rate of Rs.500 p.m.**
Jan. 2002	27	July 2002	24	324000
Feb. 2002	290	-do-	24	348000
Mar-2002	63	-do-	24	756000
April-2002	130	-do-	24	1560000
May-2002	34	-do-	24	408000
Oct. 2002	132	October 2002	21	1386000
TOTAL	**415**			**4782000**

The above instances of non-disbursement of pension not only defeated the objectives of the scheme but has also resulted in undue financial benefit to LIC as they had already received the payment from the Government as per the agreed terms.

Cheques issued by MUCB not encashed

Government had permitted disbursement of financial assistance by way of cheques issued by MUCB till such time as the beneficiaries opened bank accounts. It was noticed in audit that 3978 cheques issued during October 2003 to April 2004 by MUCB meant for distribution to the beneficiaries were not

[2] *Month and year of sanction indicates the month from which pension was to be paid.*

presented to the banks for clearance (August 2004). As such an amount Rs.19.89 lakh was lying with the MUCB as detailed below:

Month in which issued	**No. of cheques**	**Amount involved @ Rs. 500 per cheque**	**Service charges @ 2 *per cent***
October 2003	483	2,41,500	4,830
November 2003	532	2,66,000	5,320
February 2003	338	1,69,000	3,380
March 2004	2168	10,84,000	21,680
April 2004	457	2,28,500	4,570
Total	**3978**	**19,89,000**	**39,780**

Three thousand nine hundred and seventy eight cheques issued by MUCB during October 2003 to April 2004 were not encashed by beneficiaries as of August 2004. As such expenditure of Rs.19.89 lakh remained unfruitful.

Though the Director of Social Welfare stated that no cheques remained with the department for distribution to the beneficiaries, they did not have any records of handing over of the cheques to the beneficiaries. Thus, though the benefits in form of financial assistance had not reached the beneficiaries, the funds to that extent were shown to be expended from scheme funds in Government accounts while the amount remained in the bank account operated by MUCB. The cheques could be reissued as and when the beneficiaries claim the pension.

Further, neither the Department is aware nor audit could verify whether these beneficiaries have opened bank accounts subsequently and were getting regular pension payment through ECS.

The Government replied (December 2004) that as per assurance of the Government on the floor of Legislative Assembly, the first cheques issued in newly sanctioned cases were distributed to the concerned beneficiaries by organising public functions and the cheques sanctioned during March 2004 were not distributed till August 2004 due to the code of conduct enforced by Election Commissioner. However, no reason was furnished for non-clearance of 1353 cheques issued prior to March 2004. Action proposed either for cancellation of the cheques or verification of the genuineness of the beneficiaries was not stated by the Government.

3.1.17 Non implementation of provisions of MOU with LIC

Insurance Claim benefits not handed over to beneficiaries

Though the Government had paid LIC Rs.11.12 lakh towards premium, insurance benefit was not given to dependents of 29 expired beneficiaries.

The Rules regulating the DSSS and the MOU entered into with LIC provides for insurance coverage to eligible beneficiaries between the ages 18 and 59 years, against payment of premium of Rs.100 per month per beneficiary. Insurance benefit of Rs.30,000 was payable to the family if the beneficiary died an accidental death. Amount of Rs.20,000 was payable in case of permanent disability. Besides, Rs.20,000 each in case of natural death and accidental death of the beneficiary and Rs.30,000 on permanent disability arising due to accident of the beneficiary, were to be credited by the LIC to the Running Account of the scheme.

As of March 2004, the LIC has charged Rs.11.12 lakh towards premium for beneficiaries covered under the insurance clause. Audit scrutiny revealed that though 29 beneficiaries aged between 18 to 59 years had expired as of June, 2004.

The Department had not taken any action to claim the insurance benefit from the LIC thereby defeating the very objective of the insurance scheme.

3.1.18 Non-maintenance of accounts

Proper accounts of transactions with LIC and MUCB were not maintained by the Department.

The Department has not maintained any books of accounts for the implementation of the scheme. As a result the Department had to solely depend on LIC and MUCB for even basic data and information such as additions and deletions to the list of beneficiaries, the purchase price calculations, service fee payable and the interest charged/receivable etc. The department also did not have any record of cheques issued to the beneficiaries by LIC or MUCB, which had remained uncleared. The exercise to periodically reconcile the amounts released to LIC and MUCB with pensions disbursed by them to various beneficiaries, interest accrued etc, was not carried out (as of December 2004).

The department stated that all the records are computerised and computer generated reports are available. However, Audit scrutiny revealed that the Department was having a computer list of pensions sanctioned and thereafter had not updated its records with the death cases and cancellations of pension for various reasons. It continued to rely on LIC and MUCB for information pertaining to the implementation of its own scheme.

Weak Internal Controls

- A separate Monitoring cell should have been established in the Department for overall monitoring of the implementation of the scheme and periodic evaluation of the scheme considering the financial stakes of Government and the outreach of the Scheme. There was total absence of internal control mechanism as can be seen from the facts that registers were not maintained by the department for implementation of the scheme, due to which information was not readily available on issues such as details of sanctions and cases sent to LIC and MUCB for disbursement of pension; details of applications pending sanction; details of deletions of beneficiaries due to various reasons.
- Consequently the Department was solely relying on LIC and MUCB for getting the above details.
- Records of sanctioned applications and Accounts records were not maintained;
- There was no system to ensure proper scrutiny of pension claims, due to which applications of ineligible persons were also recommended for sanction.
- The Department solely relied on an affidavit sworn by the applicant and countersigned by an MLA without any cross check of income of the applicant from the revenue/local authorities.
- The Department did not issue any authenticated document for identification of beneficiary by the disbursing bank.

- There were no controls such as requirement of life certificate, exclusive pension account, etc., to ensure that the pension payment discontinued after the death of a beneficiary.

3.1.19 Conclusion

The State Government did not critically examine the terms and conditions of its MOU with the LIC for implementation of the DSSS, resulting in additional financial burden on the exchequer on account of purchase price as well as interest liability. There was no apparent advantage for implementing the DSSS through LIC considering the large amount of money deposited with them. The State Government did not continue the second phase with the LIC as they hiked the purchase price by more than 30 per cent to gain even more profits from the scheme. The State Government did not ensure implementation of the MOU with LIC regarding the clause of payment of pension to the eligible surviving members of the beneficiaries family. It also did not safeguard its financial interests by taking timely action for cancellation of non genuine cases and duplicate sanctions to same beneficiaries.

Besides, the scheme implementation suffered due to lack of adequate scrutiny before sanction of financial assistance, non-maintenance of database, records and accounts within the Social Welfare Department for effective monitoring of the scheme. Though it is a pension scheme it lacked all internal controls of pension schemes aimed at foolproof identification of beneficiary and periodic checking of survival of the beneficiary.

3.1.20 Recommendations

- Government should take immediate action to maintain proper accounts of the scheme within the Department and a separate monitoring cell should be established for overall monitoring and periodic evaluation of the scheme implementation including the cost of delivery of benefits.
- Social Welfare Department should ensure internal controls normally prevalent in a pension payment viz. provision for a yearly life certificate, separate pension bank account in place of any bank account permitted at present and provision of documentary evidence in the nature of an identity card to the beneficiaries.
- Government may consider merger of other similar old age pension schemes with DSSS to avoid overlapping of schemes and benefits.
- All pension cases where cheques have not been encashed by beneficiaries should be immediately cancelled by the Social Welfare Department.
- Government should take immediate action on the findings of survey report to recover the financial assistance given to non-genuine beneficiaries by involving the local Panchayat bodies/revenue authorities.

HEALTH DEPARTMENT

3.2 AUDIT OF HEALTH DEPARTMENT

Highlights

The Public Health Department provides health services through a network of hospitals, community and primary health centres, sub-centres, rural medical dispensaries, homeopathic and ayurveda clinics. The Secretary (Health), the Director and five Deputy Directors of Health Services, a Joint Director of Accounts, Director of Administration and a Vigilance Officer are the officials responsible for implementation of various programmes including Family Welfare and Reproductive and Child Health Care. A review of the functioning of the Health Department revealed that though the Department had achieved the targets under the family welfare and various disease control programmes it was slow in upgrading its infrastructure and facilities despite availability of funds. Its efficiency was adversely affected due to severe manpower shortage. Monitoring of the key areas of the Department such as upgradation of facilities and utilisation of Central funds was also poor.

- **In the absence of approvals for various works/purchase of machinery and delay in execution of works by the Public Works Department, the Department could not utilise budget provisions for capital expenditure to the extent of Rs.1.68 crore (88 *per cent*) in 2001-02 and Rs 4.05 crore (91 *per cent*) in 2003-04.**

(Paragraph 3.2.6)

- **Due to administrative delay in setting up of Regional Diagnostic Centre at Hospicio Hospital, Margao, the State Government did not receive grant amounting to Rs. 2.70 crore recommended by the Eleventh Finance Commission.**

(Paragraph 3.2.7)

- **Though Rs.1.42 crore were received in August 2002 from the Government of India for setting up a trauma and accident unit at Hospicio Hospital, Margao, the unit was not set up for want of a decision regarding the site and patients continued to be referred to the Goa Medical College.**

(Paragraph 3.2.7)

- **South Goa patients were deprived of intended benefits of the Mental Health programme which was not implemented effectively due to inadequate medical and support staff, lack of hospitalisation facilities and unspent funds of Rs 19.40 lakhs.**

(Paragraph 3.2.8)

- **There was underutilisation of infrastructure and facilities created by the Department as one hospital and several operation theatres in PHCs/CHCs were lying idle for upto 20 years. The infrastructure and other properties of the Leprosy Hospital,**

Macazana was underutilised for the last five years due to new trend of medical treatment.

(Paragraph 3.2.11)

- **Despite formation of the Drug Purchase Committee, purchases of medicines were not finalised by the Committee based on public tenders and annual rate contracts.**

(Paragraph 3.2.12)

- **The Health Department functioned with significant man power shortages as posts of medical practitioners/technical and support staff remained vacant in hospitals and health centres resulting in underutilisation of infrastructure/facilities created and also quality of services rendered.**

(Paragraph 3.2.13)

3.2.1 Introduction

The Directorate of Health Services (DHS), Panaji provides primary health care and family welfare services through various central and state health programmes. It has a network of five general and specialised hospitals, five Community Health Centres (CHCs), 19 Primary Health Centres (PHCs), 172 Sub-Centres, 29 Rural Medical Dispensaries, four Urban Health Centres (UHCs), 18 dental and two homeopathic clinics and one ayurveda clinic. There are also special clinics for implementation of various centrally sponsored programmes such as Family Welfare, Tuberculosis, Leprosy, STD, Malaria, other vector borne diseases, control of blindness, surveillance etc. The State also has an Institute of Nursing Education. Primary health care is administered through the primary and community health centers and sub-centres whereas the secondary level of health care is administered by the DHS through district hospitals and the tertiary level by the Goa Medical College.

3.2.2 Programme objectives

The objectives of the health care system in the state are:

- strengthening the infrastructure facilities at the CHCs, District Hospitals and tertiary care centres.
- providing quality health care services.
- Hundred *per cent* coverage of primary health service facilities.
- strengthening of referral services rendered by Goa Medical College and the district hospitals.
- Eradication, control and prevention of communicable diseases.

3.2.3 Organisational set-up

The Secretary (Health), Government of Goa is the overall in charge of the Health Department. The Director of Health Services implements the programmes with the assistance of two Deputy Directors cum Medical Superintendents of District Hospitals, three Deputy Directors (Public Health, Medical, Dental), the Joint Director of Accounts, the Director of Administration and a Vigilance officer. The Family Welfare programme including Reproductive and Child Health care is implemented by the Deputy Director (Public Health).

3.2.4 Audit objectives

Audit was conducted to assess:

- the extent of achievement of the objectives in implementation of the various health programmes including the quality of services rendered,
- the adequacy of the available infrastructure and facilities,
- the effectiveness of human resource management and
- efficiency of the system of financial management.

3.2.5 Audit coverage

Audit examination covered the District Mental Health Programme, Mediclaim, Family Welfare programme and other health schemes. The review was conducted during the period April to July 2004 by test checking the records of the Health Department, the Directorate of Health Services, the Central Medical Stores, five General and Specialised hospitals*, 20 CHCs/PHCs/UHCs and their sub-centres and the Institute of Nursing Education at Panaji for the period 1999-04.

3.2.6 Financial management

The details of the budget provision and expenditure of the Department for the last five years are given below:

(Rupees in lakhs)

Year	**Revenue Expenditure**				**Capital Expenditure**			
	Budget provision	Expenditure	Savings	% of savings	Budget provision	Expenditure	Savings	% of savings
1999-00	3699.71	3598.17	101.54	3	50.00	48.37	1.63	3
2000-01	4335.15	4055.25	279.90	6	50.69	33.36	17.33	34
2001-02	4491.74	4052.81	438.93	10	189.75	22.09	167.66	88
2002-03	5050.22	4535.77	514.45	10	189.75	134.12	55.63	29
2003-04	5425.61	4744.48	681.13	13	444.07	39.28	404.79	91
TOTAL	**23002.43**	**20986.48**	**2015.95**		**924.26**	**277.22**	**647.04**	

(Note: The above figures are from the Appropriation Accounts of the Health Department under Major Head 2210, 2211 and 4210 under Demand No. 48)

The percentage of savings under revenue heads during the period 1999-2004 was between three and 13 *per cent.* As stated by the Department, this was due to non filling of vacant posts, less number of incumbents opting for Voluntary Retirement Scheme than expected and savings in travel and medical

* Hospicio Hospital at Margao, Asilo Hospital at Mapusa, Cottage Hospital at Chicalim, Leprosy Hospital at Macazana and TB Hospital at Margao. A review of the effectiveness of the internal control mechanism at GMCH was carried out and the findings are reported in Chapter V of this report.

reimbursement expenditure. Though supplementary grant of Rs.3.46 crore was obtained during 2001-02, the final savings were Rs.4.39 crore defeating the very purpose of obtaining supplementary grant. The huge savings in capital expenditure which were as high as 88 and 91 *per cent* in 2001-02 and 2003-04 respectively were attributed by the Department to delay in approval of expenditure proposals by the Government and delay by the State PWD in completing the works. The total expenditure incurred on important schemes implemented by Director of Health Services during the period 1999-2000 to 2003-04 in the State is given below.

(Rs in lakhs)

Sr.No.	Centrally Sponsored schemes	Total expenditure
1.	Family Welfare Bureau	937.
2.	Malaria Eradication Programme	1183.
3.	Leprosy Control	247.
4.	Eye Clinic-Trachoma and Blindness	159.
5.	National T B Control Programme	125.
6.	National Mental Health Programme	36.
7.	National Programme for communicable diseases	28.
	Major DHS Schemes	
8	Hospital and dispensaries	7437.
9	Primary Health Centres	5595.
10	Mediclaim	2450.
11	Director of Health Services	532.
12	Dental Care	314.
13	School Health Programme	248.
14	Assistance to Voluntary organisations	202.
15	Community Health Centres	199.
16	Sexually transmitted diseases	160.
17	Medical Stores Depot	88.
18	Homeopathy	38.
19	Opening of Indian system of medicines	16.
20	Smallpox Eradication Programme	11.
21	Training	5.
TOTAL		**20019.**

3.2.7 Programme implementation

During audit of PHC/ CHC's, low occupancy of beds was generally observed. There was delay in setting up of diagnostic services and trauma and accident unit at the Hospicio Hospital at Margao and consequent non-utilisation of funds. Training grants and financial assistance under the Family Welfare Programme were not utilised and there was delay in setting up of the nephrology unit at GMC. The Mental Health Programme did not achieve its objectives. Several instances of non utilisation and underutilisation of infrastructure were also noticed during the review.

Low bed occupancy at health centres

As per national norms for plain areas one sub-centre for a population of 5000 had been prescribed and for tribal areas a sub-centre for a population of 3000. Similarly one primary health center had been prescribed for a population of 30000 for plain areas and 20000 for tribal areas and community health center for population of 1.2 lakh in plain areas and 80000 in tribal areas. The population of the State as per 2001 census is 13.48 lakh. As against

Government of India's norms, there is a shortfall of four PHCs/ one CHC, but an excess of 37 sub-centres.

Bed occupancy of the CHCs/PHCs ranged between three and 46 *per cent* during the period 1999-2000 to 2003-04 in respect of eight* PHCs/CHCs as test checked in July 2004. The Department replied that the low occupancy was mostly on account of non-availability of doctors thus defeating the objectives of facilities created for treatment of inpatients at these centres.

Delay in setting up the Regional Diagnostic Centre at Hospicio Hospital, Margao-South Goa resulting in non receipt of Finance Commission grant of Rs. 2.70 crore

***Central assistance for setting up Regional Diagnostic Centre and Trauma and accident Unit not utilised**.*

The Eleventh Finance Commission (EFC) (2000-2005) sanctioned grants-in-aid (GIA) of Rs.3 crore in September 2000 for setting up a Regional Diagnostic Centre at Hospicio Hospital, Margao, South Goa. As per the guidelines on utilisation of EFC grants, once a project has been sanctioned by the State Level Empowered Committee (SLEC), a time schedule for various stages of the programme and for requirement of funds was to be submitted to the Ministry of Finance, Government of India. The guidelines stipulated that 50 *per cent* of the provision for the year 2000-01 would be released "on account" during the year on receipt of detailed plans of action approved by SLEC and that the subsequent release of grants would be made in quarterly instalments depending on the utilisation of grants already released and submission of progress report to the MF/GOI.

It was seen that a budget provision of Rs.1.10 crore was decided by SLEC in December 2000 for 2001-02. In March 2001, the Ministry of Finance released Rs.30.16 lakh for the Diagnostic Centre, "on account" for the year 2000-01. This amount was not utilised and utilisation report was also not furnished by the Department. As of July 2004, tenders had not been invited for supply of certain machinery for nine departments (Department of Surgery, Clinical Pathological Laboratory, Anaesthesia etc). Thus due to delay in purchase and tendering procedures, except for the CT scan services, the patients of South Goa continued to be referred to Goa Medical College, Bambolim at North Goa for other specialised tests. The State Government had not furnished utilisation certificate to the Finance Commission till March 2004 and hence they had not received (July 2004) further grant of Rs. 2.70 crore from the Government of India.

There was no evidence of SLEC monitoring the utilisation of the EFC grant.

Delay in setting up of trauma and accident unit at Hospicio Hospital, Margao and non utilisation of Central funds of Rs. 1.30 crore

Government of India sanctioned (August 2002) Rs.1.42 crore as financial assistance to the State Government for upgradation and strengthening of the trauma and accident unit at Hospicio Hospital, Margao under the pilot project

* Madkai, Valpoi, Bicholim, Betki, Candolim, Cansaulim, Cansarvarnem and Pernem

for upgradation and strengthening of emergency facilities of State hospitals located on National Highways.

The details of the grants sanctioned are given below.

(Rupees in lakh)

Sr.No.	Purpose	Amount
1.	Ambulance (2 nos) with equipment	12.00
2.	Communication system	1.00
3.	Civil works	60.00
4.	Maintenance	3.00
5.	Equipment and furniture	60.00
6.	Maintenance	6.00
TOTAL		**142.00**

The entire amount of Rs.1.42 crore was received in August 2002 and as per the guidelines of the project for upgradation and strengthening of the emergency facilities, the expenditure was to be incurred during the financial year 2002-03. The department spent (March 2004) only Rs.12.21 lakh on purchase of ambulances. Estimates for civil works for Rs. 59.93 lakh, though drawn up (January 2001) by the State Public Works Department, were lying with the DHS as the Government was yet to decide the site for the setting up of the trauma and accident unit i.e., whether at Hospicio Hospital or at the T B Hospital at Monte Hill. The Government replied (December 2004) that the civil works were not taken up since a new district hospital was being set up for which land was being acquired and the trauma and accident unit would be set up as a part of the new hospital. Thus the delay of four years in taking decision resulted in non-utilisation of central assistance of Rs. 1.30 crore and depriving South Goa accident patients of emergency services. The patients continued to be referred to Goa Medical College, Bambolim at North Goa.

3.2.8 District Mental Health Programme

Mental Health Programme suffered due to insufficient training of medical staff and non provision of "in service" facilities to patients.

The District Mental Health Programme, under the National Mental Health Programme, launched in India in 1996-97, was to be implemented in the State in two phases, Phase I in 1999-2000 and Phase II from 2000-2004. The objective of the scheme was to provide sustainable basic mental health services to the community and to integrate these services with other health services besides early detection and treatment of the patients within the community, thereby taking pressure off the Mental Hospitals. Accordingly Hospicio Hospital was identified (February 1999) for implementation of the programme.

The following is the component wise break-up of funds allocated, received and spent.

(Rupees in lakh)

1999-2004	Staff	Medicines/ Stationery /contingencies etc	Equipment/ vehicles	Training	Information Education Communication	Total
Budget allocation	46	38.00	9.00	12.00	10.00	115.70
Amount received	17	12.00	9.00	10.00	4.00	52.28
Expenditure incurred	10	17.99	4.00	Nil	Nil	32.88
Unspent balance	**6**	**(-) 5.99**	**5.00**	**10.00**	**4.00**	**19.40**

Central assistance of Rs. 19.40 lakh was not utilised and State did not receive allocated grants amounting to Rs. 63.42 lakh due to non utilisation of earlier grants received.

The above table shows that out of Rs.52.28 lakh released during the period 1999-2001, Rs.19.40 lakh remained unutilised (March 2004). It was also seen that the State Government did not receive the balance of the allocated grants amounting to Rs.63.42 lakh (December 2004) for mental health since the Department had not furnished utilisation certificates and audited statements of accounts to the Ministry of Health, Government of India. Scrutiny of the records revealed that:

- Out of eight training programmes per year required to be conducted for the first three years for medical and non medical workers for creation of qualified mental health team to work at grass root level within the community, only two training programmes as against 24, were conducted in February-March 2002. The Government replied (December 2004) that the process of appointment of a psychiatrist was in process and thereafter the training programmes would be conducted.
- The scheme also envisaged setting up of a 10 bedded in patient facility, but despite supply of 10 beds by DHS (February 2000), the same could not be put to use as personnel, diet and other facilities were not provided (July 2004)

3.2.9 Family Welfare Programme

Financial assistance from GOI for upgradation of District Hospitals/Health Centres not availed.

Under the Reproductive and Child Health Programme, the Department of Family Welfare, Government of India launched a scheme in 1997-98 for strengthening of Primary Health institutions i.e. the sub-centres, PHCs and CHCs. Financial assistance of Rs.10 lakh per CHC and District Hospital was available for major civil works, based on a certificate by the State Government that the estimate was prepared by an authorized agency. As the State had two district hospitals and five CHCs, the total grants that could have been availed of under the scheme as on March 2004 was Rs. 70 lakh. The Ministry (Family Welfare) reminded (November 2003) that the Scheme was extended upto 2003-04 and requested Secretary (Health), Government of Goa for proposals.

An estimate for CHC, Pernem for Rs.10.02 lakh was prepared (December 2003) by the Public Works Department, but was not forwarded to the Government of India (December 2004). CHC Ponda submitted (February 2004) schematic drawing for proposed extension to Operation Theatre/Labour rooms but estimates were not prepared by PWD (December 2004). Thus the Health department did not avail of the Government of India funds for upgradation of health facilities approximately to the tune of Rs. 70 lakh and had also delayed action on the specific proposals mentioned above as no funds were received from GOI.

3.2.10 Goa State Illness Society

The Goa State Illness Society (GSIS) was registered (March 1999) and a corpus of fund for treatment of poor was also created. This was as per the GOI scheme wherein GOI was to contribute upto 50 *per cent* of the contribution made by the State Government subject to a maximum of Rs. two crore per annum. As per this scheme, assistance upto Rs. 1.50 lakh was available to BPL beneficiaries with effect from August 1999. It was noticed in audit that in disregard to the guidelines neither the cash book of the funds for the period 1999-2004 had been written nor the accounts were prepared. There accounts were therefore was also not audited by the Chartered Accountants and as such the UCs as also the proof of deposit of State funds were also not submitted to the GOI. Consequently the stipulated assistance to be received from GOI computed to the tune of Rs. 67.50 lakh was also not received for GOI as of March 2004.

3.2.11 Unutilised/under-utilised infrastructure

Infrastructure at many Primary Health Centres/ Community Health Centres underutilised/not utilised

- The Comptroller and Auditor General's Report for 1998-99 (Para 3.4) pointed out the under-utilisation of a spacious 30 bedded hospital building constructed in 1994 for Primary Health Centre, Madkai at a cost of Rs.60.04 lakh. The Department had replied that staff would be posted as per the approved staffing pattern for PHCs. Scrutiny revealed (July 2004) that only 12 beds were supplied and although rooms were constructed to accommodate an operation theatre (OT), an X-ray room, six wards, etc. equipment for O.T/X-ray were not supplied. The Health Officer replied (July 2004) that specialist medical officers like surgeon, anaesthetist, gynaecologist and radiologist were not provided as that did not fit in with the staffing pattern for PHCs. It is thus obvious that the Government created only the civil infrastructure but did not equip the centre to utilise the same. The reply is also not acceptable as originally a 30 bedded hospital was envisaged and not merely a PHC.

- A hospital with a carpet area of 429 square metres (11 rooms) was constructed in 1980-81 at Vaddem, Sanguem by the Irrigation Department at an estimated cost of Rs.3.89 lakh* for catering approximately to 483 persons rehabilitated from submerged areas of Salauli Irrigation Dam. The DHS was to provide the medical staff after

* *Tendered/actual cost not avaiable*

taking over the building with available equipment from Irrigation Department. Audit scrutiny revealed (July 2004) that the hospital is lying idle for over 20 years as the Health Department had not taken over the hospital and as such in hospital no medical staff had been posted.

- The Leprosy Hospital at Macazana was founded in 1932 (Portuguese regime). The total area belonging to this hospital is 25.70 hectares. In 1982, Government upgraded the hospital to bed strength of 190. The number of inmates had decreased to 38 in 1998, and in 2003-04, there were only 18 inpatients. The underutilisation of the hospital facilities was due to the new trend of not admitting patients due to 100 *per cent* domiciliary treatment being attempted on Multi Drug Therapy (MDT). Despite DHS apprising (October 2002) the Health Department regarding the vacancies, encroachments and non-utilisation of land, no action was taken by Government for alternative use of the hospital and the vast area of land.

- It was seen that the operation theatres at PHC/CHCs at Candolim, Shiroda, Casarvarnem and Valpoi having bed strength of 8, 12 and 30 respectively were non functional for periods ranging from 5 to 20 years due to non supply of equipment, trained medical officers for OT etc. this was despite the fact that large savings had occurred in the budget in the capital expenditure.

3.2.12 Purchase of Drugs: Non -functional Purchase Committee

Drugs purchased mostly through limited tenders as purchase committee though constituted was not functional

A review of the purchase of drugs and equipment for the period 1999 to 2004 revealed that procurement of drugs and equipment was made mostly by inviting limited tenders (LT) upto Rupees two lakh, instead of public tenders (PT). As against 137 LT only 10 PT were invited during 1999-2004; the total value of purchases made by Medical Stores Depot was Rs.9.27 crore of which

Rs.3.11 crore was spent through PT and Rs.6.16 crore through LT and purchases from the Government undertakings. Audit scrutiny revealed that though a Drugs Purchase Committee (DPC) was constituted by the Government (June 1999, February 2000, January 2004) to procure, select and purchase drugs, the DPC had not finalized the purchase of any drugs. There was nothing on record to explain the reasons why the DPC did not finalise any purchases.

The State Government replied (December 2004) that the Purchase Committee is now functional and medicines are being purchased from public sector units also.

3.2.13 Human Resource Management-Vacancies in medical and support services

The efficiency and the quality of the public health services is largely dependent on qualified and adequate health personnel comprising doctors, nurses and other support staff posted at the health centres. Audit scrutiny revealed that the hospitals, Community Health Centres, Primary Health Centres and sub-centres were inadequately staffed. Important posts were lying vacant as of July 2004 as per details given below.

Name of Hospital/ Centre	Post vacant	No. of posts sanctioned	No. of posts vacant	Date since when vacant
Hospicio Hospital, Margao	Sr. Gynaecologist	1	1	November 2002
	Sr. Ophthalmic Surgeon	1	1	February 2001
	Sr. Orthopaedic Surgeon	1	1	August 2002
	Sr. Physician	2	1	November 2003
	Jr. Anaesthetist	3	1	November 2003
Asilo Hospital, Mapusa	Sr. Gynaecologist	1	1	1999-2000
	Sr. Surgeon	2	1	1999-2000
	Jr. Ophthalmic Surgeon	2	1	1999-2000
	Medical Officers	23	19	For 2 to 3 years
Chicalim Cottage Hospital	Sr. Surgeon	1	1	November 2002
	Jr. Anaesthetist	1	1	April 2002
	Medical Officers	5	2	2002-03

The Community and the Primary Health centres were also functioning with inadequate staff. Comparison of posts sanctioned for medical practitioners, technical and other staff vis-à-vis men in position for the year 2003-04 indicated that out of 277 posts sanctioned, 82 were lying vacant, as per details below.

Sr. No.	Posts	Sanctioned strength	Vacant	Details of some of the vacant posts
1	Medical Practitioners	55	17	Lone posts of Sr.Surgeon at Valpoi and Pernem, Jr. Paediatrician at Pernem and Canacona, Jr.Gynaecologist at Valpoi & Pernem, Radiologist at Pernem, Jr. Physician at Ponda, Valpoi and Pernem, Homeopathic Physician at Pernem and Jr. Anaesthetic at Valpoi, Pernem and Canacona
2.	Technical Posts	30	5	Lone posts of Opthalmic Assistant at Pernem, Lab. Technician at Canacona, Dental attendant at Candolim X-ray Technician at Valpoi and Ponda
3.	Other staff	192	60	Lone posts of Public Health Nurse at Casarvanem and Canacona, Extension Educator at Valpoi, Cansaulim, Sanguem and Canacona, both posts of Sanitary inspectors at Pernem, Ponda.
	TOTAL	**277**	**82**	

The percentage of vacant posts to sanctioned posts of Auxiliary Nurse Midwives (ANMs)/Multi Purpose Health Workers (MPHW) (Male/Female) and *Ayah* at sub-centres under Community/Primary Health Centres was between 13 to 23 *per cent*.

The non-availability of medical/nursing staff vis-à-vis the sanctioned strength contributed to the shortfall in bed occupancy in the hospitals/Community and Primary Health Centres. Besides, on account of this shortfall the existing doctors and other support staff were under additional work pressures as they were deputed to the deficient centres/hospitals, in addition to their regular charge.

The State Government in their reply (December 2004) admitted the vacancies and have stated that Government has modified the recruitment rules enabling recruitment of medical doctors.

3.2.14 Regulatory Functions

Deficiency in system of issuance of No Objection Certificate

Section 29 of the Goa Public Health Act 1985 provides that prior permission (NOC) has to be obtained from Health Officers at the commencement of construction of any building, house, cesspool, any structure and also for occupancy of such premises. The Director of Health Services issues NOCs for commercial and industrial establishments as referred by Health Officers. All such permissions are to be issued on payment of fees notified by the State Government. The objective behind issue of NOCs is to ensure proper sanitation facilities.

Audit scrutiny revealed that the Government notification (April 1996) did not specify the jurisdiction of various Health Officers. Thus the sub-centres of the PHCs were under the jurisdiction of different Health Officers and some areas like Agassaim, Bogmalo, Miramar, Caranzalem, Dona Paula had not been

Lack of clear guidelines by DHS to health Centres indicating jurisdiction for issue of NOCs and non co-ordination between DHS and local bodies resulted in defective implementation of the regulations.

allotted against any health centre and residential/commercial NOCs were not being issued in these areas. Further the Urban Health Centre (UHC), Panaji/Director of Health Services did not issue any construction/commercial NOCs in the Panaji/ Miramar/Dona Paula/Taleigao area belt, on the grounds that the Panaji Municipal Council and Village Panchayat, Taleigao (w.e.f 1.4.2003) had not referred any cases to them. The fee structure was inadequate as grading for complex buildings/apartments/five star hotels had not been done and they were issued a single NOC as in the case of smaller structures/establishments. It was noticed that the BITS PILANI, Sancoale with plinth area of 39,106.80 square metres was issued a single construction NOC @ Rs.50. A test check of PHCs/DHS records revealed that due to lack of clear guidelines and non-co-ordination between DHS and local bodies, the centres had charged rates ranging from Rs.10 to Rs.5000 vis-à-vis Rs.50 prescribed, while other had charged Rs.50 vis a vis Rs.300/Rs.500 prescribed. Further, the CHC (Curchorem) having a jurisdiction of one municipality and eight village *Panchayats* with high density of buildings and establishments had only issued seven NOCs as of March 2004. As consolidated/chronological records with serial number for each NOC were not maintained at any health centre, audit could not ascertain the number of NOCs issued and whether fees prescribed were collected in all cases. It was also observed that proper records with distinctive serial number of each NOC issued had also not been maintained by any of the Health centers. In absence of which the extent to which proper fees had been prescribed and collected would not be ascertained in audit as also the loss suffered by the Government in short collection of prescribed fee due to deficiencies in the system and because of lack of proper co-ordination.

3.2.15 Internal Controls

Non functional Internal Audit

Internal audit of only one DDO out of 45 DDOs conducted during 1999-2004.

A good system of internal control requires that the internal auditor be independent of accounting functions for review of work of one individual by another, to minimize fraud or error and the Inspection section be adequately staffed with proper allocation of functional responsibilities. The DHS has an Accounts cum Inspection Section (Internal Audit wing) consisting of an Assistant Accounts Officer and supporting staff under the supervision of a Joint Director of Accounts. This unit is required to carry out the internal audit of the Drawing and Disbursing Officers under the DHS keeping in view the Finance Department's instructions of 1996 on internal audit. Though the DHS has 45 DDOs, no internal audit was carried out and no Inspection Reports were shown to audit for the period from 1999-2000 to 2003-04, except that the Inspection Cell had visited one unit viz. PHC Casarvanem in 2001-02. Due to lack of internal audit, deficiencies in the activities/financial transactions of the sub-offices/health centres, were not brought to the notice of the Government for timely remedial action. Further, the DDO in DHS was never inspected by the Internal Inspection Cell of the Director of Accounts, which was necessary considering the huge budget of the department.

3.2.16 Comprehensive report of properties of Hospicio Hospital, Margao and Asilo Hospital, Mapusa not prepared as directed by Government.

The Hospicio Hospital, Margao was a charitable institution until it was taken over by the Government in December 1976. All its properties vested in the State Government w.e.f 1st January 1977. Hospicio Hospital properties (mostly donated to the Trust) included large tracts of land comprising paddy fields, coconut gardens, salt pans, khazan lands etc. and some houses under occupation of lessees. These lands are situated in Gaulimola/Goa Velha in Tiswadi Taluka, Bicholim (Navelim village) besides Margao and Salcete talukas. All these lands were leased out by Hospicio authorities during 1960-1968, on payment of annual rent fixed in each case, initially for three years renewable for subsequent periods. Most of the lessees had not renewed their contracts after taking over of Hospicio Hospital and its assets and liabilities by the Government (1977) nor were they paying any rent to Hospicio since then.

Comprehensive report of properties of DHS hospitals not prepared, despite Government order of November 1997

In 1997, Government constituted a committee to prepare a comprehensive report of all the properties of Hospicio, Margao and Asilo, Mapusa. As per its terms of reference (November 1997), though the committee under the chairmanship of the Collector (North), Panaji was required to submit its report within three months, till July 2004 no report had been prepared as survey of all these properties had not been completed.

3.2.17 Conclusions

The State Government delayed implementation of upgradation of facilities and infrastructure despite availability of funds. Infrastructure created for administering health care remained underutilised due to manpower shortages and equipment. Regulatory measures to ensure sanitary conditions of buildings were not adequately prescribed or implemented. The system of Internal Audit was weak.

3.2.18 Recommendations

- Effective monitoring of utilisation of Government of India funds needs to be done by the Secretary, Health.

- Proposals for strengthening of infrastructure and equipping the State hospitals with modern diagnostic facilities needs to be attended to urgently.

- Provision of specific clause in the notification for levy of fees for issue of No Objection Certificates under the Goa Health Act, vis-à-vis the existing general category of 'NOCs for private purpose'.

- The drugs purchase committee constituted by the Government should be revitalised.