

STUDY
ON
MONITORING THE FINANCIAL
ASPECTS RELATING TO SARVA
SHIKSHA ABHIYAN IN TAMIL
NADU

SPONSORED BY

MINISTRY OF HUMAN RESOURCE DEVELOPMENT
(DEPARTMENT OF ELEMENTARY EDUCATION AND LITERACY)
GOVERNMENT OF INDIA

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A. Ministry of Human Resource Development (Department of Elementary Education and Literacy), Government of India

Shri S.C. Tripathi	Secretary
Ms. Vrinda Swarup	Joint Secretary
Shri Amit Kaushik	Director
Shri K.J.D. Prasad	Under Secretary

B. Tamil Nadu State

Dr. S. Chandra Sekaran	State Project Director, Sarva Shiksha Abhiyan (upto 30.6.2004)
Shri T.K. Ramachandran, IAS	State Project Director, Sarva Shiksha Abhiyan (From 1.7.2004)
Shri R. Palanisamy	Jt. Director, State Project Office
Shri S. Rangaswamy	Consultant (Finance) SPO
Shri S. Kannappan	Chief Educational Officer, Villupuram District
Shri M. Thanasekaran	Assistant District Project Co-ordinator, Villupuram

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PROFILE OF THE INSTITUTE OF PUBLIC AUDITORS OF INDIA

The Institute of Public Auditors of India (IPAI) is a registered society of Professionals. Its main aims and objectives are to:

- Promote education in the disciplines of auditing, finance, accounting in public bodies.
- Suggest ways for effective accounting and auditing in the Central and State Governments, Public Enterprises, Public Institutions, Government aided voluntary organization and local bodies.
- Undertake and conduct studies, workshops, consultancy and research in these disciplines.
- Organize, finance and maintain schemes for studies and for conduct of professional examinations for the grant of diplomas, certificates, and awards in these disciplines.
- Promote, plan and assist actively with the Governments and its agencies for development of sound systems of accounting auditing and financial accountability of Panchayati Raj Institutions (PRI) and municipalities and;
- Promote the highest standards of professional competence and practices in disciplines of auditing, accounting and public finance.

The Comptroller and Auditor General of India is the Patron of the Institute.

CHAPTER-I

TERMS OF REFERENCE FOR STUDY

1.1 The Government of India, Ministry of Human Resource Development (Department of Elementary Education and Literacy) New Delhi vide Ministry's letter No.1-1/2003-EE-11 dt.18th Nov 2003 assigned to the Institute of Public Auditors of India, New Delhi, to undertake study of the implementation process of the programme "Sarva Shiksha Abhiyan" (SSA) which inter-alia included:

- (a) Its financial aspects and such operational aspects as had linkages with financial aspects.
- (b) Financial management, fund flow and auditing arrangements.
- (c) Monitoring and utilization of funds released to the State Societies and financing of various activities at the State, District, and School levels during 2002-2003 and 2003-2004.
- (d) Accounting of funds and maintenance of records.
- (e) Timely release of State share by the State Government and maintenance of expenditure level by the State Governments.

CHAPTER-II

INTRODUCTION

2.1 Government of India, Ministry of Human Resource Development, engaged the Institute of Public auditors of India, New Delhi to conduct a study of monitoring of finances especially the utilization of funds released to the State Implementation Society, district project office and BRC/ VEC of SSA in Tamil Nadu. The Institute conducted the study selecting 'Villupuram' district for detailed visits and analysis.

2.2 Methodology

A team was constituted to undertake the studies in Tamil Nadu (TN) and the selected district "Villupuram", a DPEP district. The team visited the State Project Office (SPO) and District Project Office (DPO) and the study was record based in addition to discussions with the District functionaries and State level functionaries viz., Project Director, Financial Consultant and the team assisting them. In the field the team visited 52 schools, located in 10 blocks, which included 2 schools in Tribal area (Kalrayan Hills). In addition to scrutiny of basic records at the schools, team carried out limited interviews based on a structured questionnaire with the Village Education Committee (VEC) Chairmen, Headmasters, Teachers, Parents and Students. The names of schools visited are indicated in Annexure-1. The findings of the study on the above basis are contained and analyzed in the succeeding paragraph.

2.3 Sarva Shiksha Abhiyan (SSA)

SSA is an effort to universalize Elementary education by community ownership of the school system. The SSA programme has a clear time frame, responding to the demand for quality basic education, effectively involving the participation of the community in management of schools. The programme aims to provide useful and relevant elementary education to all children in the 6-14 age group by 2010. The objective of the scheme is to enroll all children in school, Educational Guarantee Centre, Alternate school, back-to-school by

2003, enable all children to complete five years of primary schooling by 2007 and enable all children complete Eight years of elementary schooling by 2010. The SSA is financed by both the Government of India and Government of Tamil Nadu in partnership in the ratio of 85:15 (IX Plan), 75:25 (X plan) and 50:50 thereafter.

CHAPTER-III

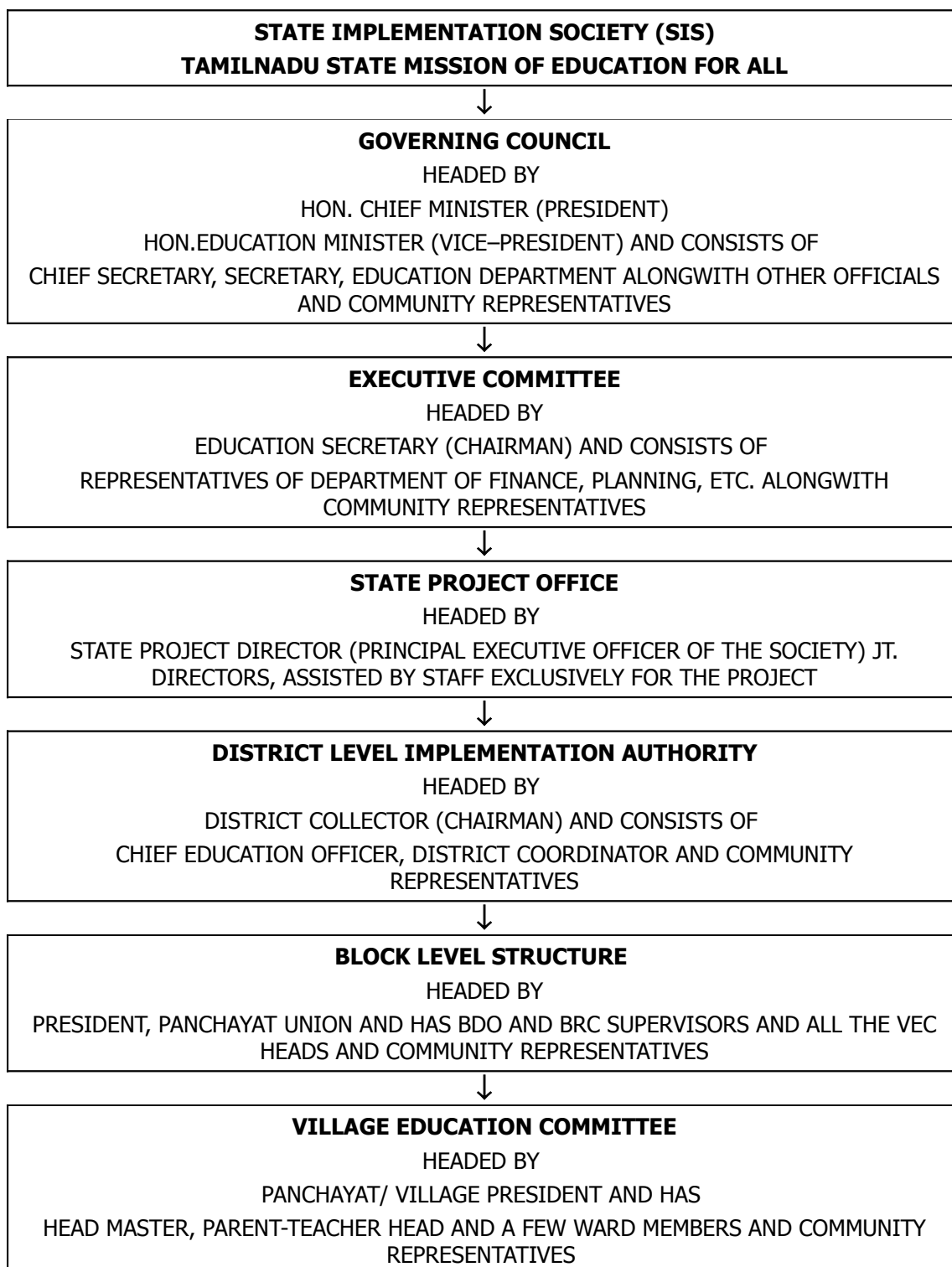
ORGANISATIONAL SET UP/ MANAGEMENT STRUCTURE

3.1 As per the framework drawn for implementation of SSA Programme, there would be a State Mission Authority for Universal Elementary Education (UEE). The States have to set up the "State Level Implementation Society (SIS)". In DPEP States, the existing Society suitably modified would meet the needs of UEE. The SIS will carry out monitoring and operational support tasks. The District and sub district units will be set up by the State.

3.2 The Tamil Nadu Government, established on 19th January 1994, a registered Society named "TAMILNADU STATE MISSION OF EDUCATION FOR ALL" as an autonomous and independent body for implementation of the Tamil Nadu Elementary Education Project and to function as a societal mission for bringing about a fundamental change in the basic education system. The implementation of SSA in the TN State was entrusted to this State Mission. The authorities of the Society are the Governing Council and the Executive Committee. The Governing Council is headed by the Chief Minister, with Education Minister as Vice-President. The Executive Committee, which administers the affairs of the society, is chaired by the Secretary to Government, School Education department. The State Project office is the most crucial unit for implementation of the Programme, which has links with District and sub-district level structures, NGOS, State Government, National Bureau and all others concerned. The District Level Implementation Authority is headed by the District Collector, which implements and reviews the progress of the Programme. After the district level, there are Block level structures to provide academic support and supervision, monitor implementation at gross root level and act as a vital link between the field and the District Project Office. At the bottom, the Village Education Committee (VEC) prepares plans for local needs and monitors school level interventions and works towards community ownership of the school.

3.3 The organizational chart (visual representation) depicting the flow of authority from the State Mission to School level for successful implementation of the scheme is placed as under:

ORGANISATIONAL CHART



3.4 Working of State Implementation Society/ District Level Implementation Authority/ Block Level Structure

(a) Governing Council

As per the amended clause 16 (a) of the Memo of Association of the SIS, the General Council shall meet at least twice in a year. Against this the Governing Council met only once in 2001-02 (22-2-2002). No meetings of the Governing Council were held in 2002-03 and 2003-04.

(b) Executive Committee

Clause 24 (d) of the Memo of Association of the SIS stipulates that the executive Committee shall meet at least once in every quarter of the year. Against this, the Executive Committee met only twice each in 2002-03 and 2003-04 (13-6-02, 15-11-02, 19-5-03 and 9-12-03).

(c) District Level Implementation Authority (DLIA) – Selected District – Villupuram

The DLIA shall meet once in a month, and thus should have met 24 times during 2002-03 and 2003-04. As seen from the minutes book, the DLIA had met only twice in 2002-03 and had not met even once in 2003-04.

(d) Block Level Structure – Selected Block – Thayadurgam (District Villupuram)

As against monthly meetings, no meeting was held in 2002-03 (except selection of members of the Committee on 10.6.03) and only seven meetings were held in 2003-04. It was observed that community participation gradually reduced (from 12 to 4). The Chairman participated only in four meetings.

(e) Statutory Requirements (SIS)

The following statutory requirements as per Tamil Nadu Societies Registration Act 1975/ Rules 1978 were not followed by the State Implementation Society.

- (a) Yearly renewal of registration by Registrar of Society
- (b) Non-filing of audited Annual Accounts of the Society to the Registrar.

The Project Director stated that the Society being a Government Organisation, the statutory requirements were not insisted and the practice continues.

CHAPTER-IV

DEMOGRAPHIC DATA

4.1 The demographic and educational profile of the State of Tamil Nadu and the district Villupuram is given below:

Sl. No.	Particulars	Tamil Nadu	Villupuram District
1	Area	1,30,058 Sq.Km.	7222 Sq.Km.
2	Population	6.21 Crore	0.29 Crore
	Male	3,12,68,654	14,92,442
	Female	3,08,42,185	14,67,931
	Total	6,21,10,839	29,60,373
3	Villages	17,371	1490
4	Village Panchayats	12,619	1104
5	Blocks	385	22
6	Habitations	64,846	2806
7	Literacy Rate – 2001 Census	Male 82% Female 65%	Male 76% Female 53%
8	No. of Primary Schools	32,833	1,723
9	No. of Upper Primary Schools	12,657	670
10	No. of Teachers: Primary Upper Primary	1,29,262 1,03,082	5,429 4,967
11	Profile of Children between 6-14	Boys 49.14 lakhs Girls 46.69 lakhs Total 95.83 lakhs	Boys 2.64 lakhs Girls 2.51 lakhs Total 5.15 lakhs
12	Profile of enrolled children	Boys 46.78 lakhs Girls 44.39 lakhs Total 91.17 lakhs	Boys 2.59 lakhs Girls 2.43 lakhs Total 5.02 lakhs

Sources: Census 2001, District Information System for Education (DISE) 2002, School-mapping 2002.

CHAPTER-V

FUND FLOW

Funding Pattern and norms

5.1 SSA is financed by the Government of India and Government of Tamil Nadu, in partnership, in the ratio of 85:15 during IX plan upto 2002, 75:25 during X plan upto 2007 and at 50:50 thereafter upto 2010. The State Government will have to maintain their level of investment in elementary education as in 1999-2000. The contribution of state share for SSA will be over/ and above this investment. Preparation of District Elementary Education plans, perspective as well as Annual Working Plan, appraisal of plans, approval of plans and financial outlay by the Project Approval Board (PAB) precede release of funds by Centre. The Ministry would release the funds approved in two instalments every year viz. April and September subject to certain conditions which inter-alia include the following:

- (i) Written commitment by State Government regarding its contribution towards SSA
- (ii) Commitment of the State Government to release its matching contribution to the SIS within 30 days of release of funds by Government of India.
- (iii) Supervision visit of the programme implementation in districts by National Mission before processing the second instalment.
- (iv) The progress of expenditure is at least 50 per cent of funds released before release of second instalment and the quality of implementation justified its release.
- (v) Utilization Certificate of funds released in the first instalment is furnished before release of 1st instalment of subsequent year.
- (vi) The State share of SSA to be over and above the level of expenditure on Elementary Education incurred by the State for the year 1999-2000.

5.2 Both the Central Government and the State Government release the funds directly to SIS, which in turn release funds to the District Project Offices (DPO). The DPO releases funds to BRCs, and to the VEC (Schools) through BRC excepting funds relating to civil works, which are sent directly to VEC.

5.3 SSA not an extension of the ongoing State Scheme

The PAB while approving the Annual work plans of 2002-03 and 2003-04 had directed the Government of Tamil Nadu to maintain the level of expenditure on elementary education as in 1999-2000 and give details of this to Government of India before release of second instalment.

The level of investments (actuals) invested by Government of Tamil Nadu (Head 2202.01) in Elementary Education in 1999-2000 and thereafter is as below:

Year	Actuals (in crores of Rs.)		
	Plan	Non-plan	Total
1999-2000	72.55	1886.51	1959.06
2000-2001	66.00	1817.07	1883.07
2001-2002	41.19	1789.93	1831.12
2002-2003	59.07	1686.83	1745.90

Source: *Finance Accounts of respective years*

The level of investment by Tamil Nadu Government in Elementary Education as in 1999-2000 was not maintained in subsequent years, which showed decreasing trend. While approaching the Centre for release of funds for second instalment, details of investments by State Government was not furnished to the Centre. **Thus the basic Condition of the Tamil Nadu State maintaining level of investment in Elementary Education at 1999-2000 level was not fulfilled. The Ministry may consider as a practice obtaining the level of this expenditure in each year, duly certified by the State Accountants General before release of second instalment.**

5.4 Funding Profile

The funding profile of Tamil Nadu is summarized below:

(Rupees in Crores)

Year	Approved Annual Outlay	Release by			Expenditure	Balance	Amount not released by Centre/ State
		Centre	State	Total			
2001-02	77.71	33.03	5.83	38.86	NIL	38.86	38.85
2002-03	184.22	135.27	45.09	180.36	104.27	76.09	3.86
2003-04	401.84	190.69	63.56	254.25	243.45	10.80	147.59
2003-04 NPEGEL 14 th Element of SSA	3.09	0.58	0.19	0.77	1.92	(-) 1.15	2.32

5.5 The funds released for 2001-02 were received by the Society (SIS), in end March 2002 and the expenditure was Nil in 2001-02. In 2002-03, there was an unspent balance of Rs.76.09 Crores. Similarly in 2003-04, there was a balance of Rs.10.80 Crores. **Huge unspent balance, despite short release of funds clearly indicates that the outlay was over-pitched and the implementation of the programme was tardy.**

5.6 Delay in flow of funds

Table below depicts the extent of delay in release of funds by Centre/ State of their respective shares:

Central Share			State Share			DELAYS	
Date of Sanction (A)	Amt. (In Crores)	Date of receipt by SIS (B)	Date of Sanction (C)	Amt. (In Crores)	Date of receipt by SIS (D)	A to B	A to C
A		B	C		D	Sanction to Receipt	Centre to State (Sanction)
2001-02							
11.1.02	27.80	28.03.02	20.03.03	4.91	28.03.02	2M17D	2M9D
15.1.02	3.86	21.05.02	31.07.02	0.68	12.11.02	4M6D	6M16D
15.3.02	1.37	28.11.02	21.08.02	0.24	21.11.02	8M8D	5M6D
2002-03							
2.8.02	27.80	21.09.02	11.01.03	9.27	05.03.03	1m19D	5m9D
24.10.02	41.28	4.12.02	03.02.03	13.76	05.03.03	1m10d	3m10 d
31.3.03	65.67	17.04.03	03.06.03	21.89	24.06.03	17d	2m3d
31.3.03	0.52	17.04.03	30.03.04	0.17	30.03.04	17d	1 Yr

Central Share			State Share			DELAYS	
Date of Sanction (A)	Amt. (In Crores)	Date of receipt by SIS (B)	Date of Sanction (C)	Amt. (In Crores)	Date of receipt by SIS	A to B	A to C
A		B	C		D	Sanction to Receipt	Centre to State (Sanction)
2001-02							
2003-04							
2.9.03	64.48	19.09.03	12.01.04	21.49	23.1.04	17d	4m10d
4.2.04	40.00	26.02.04	18.03.04	13.33	27.3.04	22d	1m 14d

5.7 The above table reveals

- In none of the three years, Centre released the funds in April and September as per framework.
- In 2001-02, there was a time lag of 2 to 8 months in actual receipt of funds by SIS from date of sanction. The position had improved in 2002-2003 and practically negligible in 2003-2004 since the funds were sent directly to the Society.
- The time lag between date of sanction of Central share and date of sanction of State share ranged from one month to one year. Not a single instalment was released by Tamil Nadu State within 30 days.
- The State share of Rs.17.27 lakhs matching to central share of Rs.52 lakhs released in March 2003 was released by the State in March 2004, after a lapse of ONE YEAR.
- The amount of Rs.17.27 lakhs released by the State on 30.03.2004 for 2002-2003 was taken as received during 2002-2003 itself and shown as unspent. This had resulted in incorrect exhibition of unspent balance i.e. excess by Rs.17.27 lakhs for 2002-2003. The State Project Director stated that anticipating the receipt from State Government, the same was shown as received and included in unspent balance. Anticipated receipt cannot be shown as amount received.

5.8 Fund flow from Government to Schools

A flow chart indicating the flow of funds from Government of India and Government of Tamil Nadu for the years 2002-03 and 2003-2004 to the SIS and subsequent release of funds to DPO/ Schools is furnished below:

Fund Flow Chart SSA Tamil Nadu 2002-2003 and 2003-2004

2002-2003

(Rs in lakhs)

Date of Submission of AWP & Budget	Date of approval by PAB	Amount sanctioned	Govt. of India Share		Govt. of TN Share		Balance due Rs.		Release of funds to District		Date of release of fund by DPO Villupuram to BRC/VLC	
			Date of Release	Amount	Date of Release	Amount	GOI	GOTN	Date	Amt.	Date	Amt.
16.08.2002	12.09.2002	18422.49	02.08.2002	2780.13	11.01.2003	926.71	289.96	96.66	03.05.2002	1000.00	05.08.2002 to 31.03.2003 in 33 instalments to VEC	
			24.10.2002	4128.30	03.02.2003	1376.10			17.05.2002	750.00		
			31.03.2003	6566.66	03.06.2003	2188.89			24.06.2002	1000.00		
			31.03.2003	51.81	30.03.2004	17.27			07.10.2002	500.00	S.G.	4.00
									18.10.2002	2612.00	Civil Works	100.60
									24.12.2002	700.00	TLE	24.50
									27.12.2003	3343.00	T.G.	07.70
									10.01.2003	215.00	MRW	94.80
									15.02.2003	543.00		
									13.03.2003	100.00		
						24.03.2003	470.00					
						26.03.2003	714.50					
TOTAL		18422.49		13526.90		4508.97	289.96	96.66		11947.50		

2003-2004

(Rs in lakhs)

Date of Submission of AWP & Budget	Date of approval by PAB	Amount sanctioned	Govt. of India Share		Govt. of TN Share		Balance due Rs.		Release of funds to District		Date of release of fund by DPO Villupuram to BRC/VLC		
			Date of Release	Amount	Date of Release	Amount	GOI	GOTN	Date	Amt.	Date	Amt.	
26.4.03	7.5.03	40183.77	2.9.2003	6447.84	12.1.2004	2149.28			17.4.03	1088.20	24.4.03 to 31.3.04 in 30 instalments to VEC		
				8621.06	Spill over plus unspent balance	2873.69			28.4.03	5690.00			
			4.2.2004	4000.00	18.3.2004	1333.33	11068.93	3689.64	3.6.03	150.00			
									30.7.03	20.00		C.W.	453.88
												TLM	43.64
29.9.03	3.11.03	309.26	4.2.04	58.00	26.3.04	19.33	173.95	57.98	25.8.03	1860.00	TLE	25.40	
Supply. Plan (NPEGEL)									18.9.03	750.00	SG	44.92	
National Programme for Education of Girls at Elementary Level									3.10.03	4215.00	MRW	95.65	
									13.10.03	1950.00			
											NPEGEL	14.94	
									30.12.03	450.00			
									2.1.04	50.00			
									21.1.04	250.00			
									28.1.04	1930.00			
									11.3.04	3760.00			
30.3.04									1256.00				
11.3.04 (NPEGEL)	58.00												
TOTAL		40493.03		19126.90		6375.63	11242.88	3747.62		23477.20			

2002-2003

5.9 It is noticed that the SIS submitted the AWP&B for 2002-2003 belatedly in August 2002 as against the due date of March. (5 months delay). The second instalment of Central share of Rs.6618.47 lakhs was released on 31.03.2003. The corresponding State share was released in June 2003 (Rs.2188.89 lakhs) and March 2004 (Rs.17.27 lakhs) after a delay of 3 months and one year. Also the SIS released funds to the Districts in 12 instalments of which Rs.12.85 lakhs was released in second half of March 2003.

5.10 The SIS has to release funds to Districts within 15 days of its receipt from Centre/ State. While the Centre/ State release funds in two instalments the SIS released funds in 12 instalments; and the District (Villupuram) released it to VEC in 33 instalments. As against a receipt of Rs.130.97 Crores (actual receipt during the Financial Year) the distribution to districts was only Rs.119.54 crores. Consequent to delayed releases, the implementation of the Programme in 2002-2003 was tardy and could be launched only in the last quarter, and there was an unspent balance of Rs.76.09 crores.

2003-2004

5.11 Though the PAB approved the AWP &B in May 2003, the first instalment from Centre was released only in September 2003, after a delay of four months. The second instalment was released by the Centre only in February 2004 and by the State in end of March 2004. The SIS again released funds to the Districts in 14 instalments and the District (Villupuram) in 30 instalments to VEC. As against a receipt of Rs.227.38 Crores (F.Y) the SIS distributed funds to the extent of Rs.234.77 crores to the Districts, but the release in March 2004 alone was Rs.50.16 crores, of which Rs.12.56 crores were released on 31.3.2004. Obviously, funds released at fag end do not serve the intended purpose. Further, as against the approved outlay of Rs.404.93 Crores (including NPEGEL), the release by the Centre and State was only Rs.255.02 crores.

5.12 Bank Balance

Huge bank balance was held both in SPO/ DPO. In 2002-2003, a sum of Rs.9.44 Crores remained undistributed. The bank balances at SPO/ DPOs at the end of 31.03.2003 was as under:

	(Rs. In Crores)
SPO	12.84
DPO	12.56
BRC	03.89
Total	29.29

Bank interest earned on these balances was Rs.1.18 crores. As on 31.03.2004, the bank balance at SPO was Rs.6.04 Crores, which included interest of Rs.32.20 lakhs. The district level information as on 31.03.2004 is not known.

5.13 Utilisation Certificate (U.C)

As per the framework of implementation of SSA, utilization certificates from Districts to States and to the National Mission for the funds released in the first instalment of a particular year would become due at the time of release of the first instalment of the subsequent year and further release would be stalled if utilization certificates are not submitted as per schedule. This aspect has been reiterated while sanctioning Central shares in the sanction orders viz., "the grant of Central share is subject to the condition that the audited statement of accounts along with a Certificate of Utilisation (in prescribed format) of the grant for the approved object duly signed by a Chartered Accountant and authorized signatory of the SIS should be submitted within 3 months from the close of the financial year."

5.14 Our study revealed that Utilisation Certificate has not been received from any of the Districts for any of the year by the SIS. The Utilisation

Certificate for 2001-2002 alone (Nil expenditure) has been sent to the Ministry by the SIS. The SIS is in regular receipt of first and second instalment of the Central shares despite non-submission of Utilisation Certificate.

5.15 Also the DPO at Villupuram could not show the Utilisation certificate sent to the SPO. In our visits to 52 schools, no school could produce to us the office copy of the Utilisation Certificate sent to BRC. The SIS informed that Utilisation Certificate for 2002-2003 had not yet been furnished and the same would be furnished to Ministry shortly and that for 2003-2004 the same would be furnished after completing the audit of Annual Accounts.

5.16 Quality of Implementation of Programme to release funds – Supervision visits

One of the conditions for further release of funds by Government of India is that the quality of implementation justifies the release. The SSA framework for implementation envisaged visits of supervision teams by the National/ State Missions once in six months for overall assessment before processing the second instalment. The teams would be constituted by the National Mission in partnership with the States. As per norms four visits were to be conducted in 2002-2003 and 2003-2004. The SPO informed us that no supervision teams of National/ State Mission visited the Tamil Nadu State during 2002-2003 and 2003-2004. In the absence of the visit of the supervision teams, the quality of implementation could not have been assessed before release of funds. The project Director informed that the Supervision teams are to be constituted by Government of India and Government of Tamil Nadu and that Government of India will decide the issue.

CHAPTER-VI

BUDGET AND ACTUALS

6.1 The table below indicates activity wise outlay approved and the expenditure against each for the years 2002-2003 and 2003-2004 both for the State of Tamil Nadu and the selected district Villupuram.

TABLE – 1

(Rupees in Lakhs)

Sl. No.	Year Activity	TAMIL NADU			
		2002-2003 Rs.		2003-2004 Rs.	
		Approved AWP	Actual	Approved AWP	Actual
1	Salary of Teachers	2183.58	1283.29	5139.96	2704.14
2	School Grant	651.38	505.48	834.56	745.02
3	Teachers Grant	1000.52	726.71	968.61	805.41
4	TLE Grant	489.10	288.20	744.30	333.70
5	A & I Education	75.80	24.13	4281.34	533.36
6	Education of disabled	270.68	79.69	756.79	419.75
7	VEC Training	195.19	107.81	200.29	90.97
8	CRC	192.86	119.20	517.07	460.89
9	BRC	2452.80	1930.47	5398.68	3859.03
10	Research, Evaluation & Monitoring	488.54	114.39	584.19	286.29
11	Civil works	5972.35	2775.70	13976.18	9556.04
12	Maintenance/ Repairs	1744.80	1621.70	1676.10	1604.07
13	Trg. Of Teachers	840.00	361.71	2712.11	822.01
14	MGT Cost	559.88	288.85	943.59	730.11
15	Innovation	1305.00	199.40	1450.00	1394.58
16	NPEGEL	-	-	309.26	191.93
TOTAL		18422.48	10426.73	40493.03	24537.30

TABLE-2

(Rupees in Lakhs)

Sl. No.	Year Activity	District: Villupuram			
		2002-2003 Rs.		2003-2004 Rs.	
		Approved AWP	Actual	Approved AWP	Actual
1	Salary of Teachers	190.68	37.43	497.70	122.01
2	School Grant	10.38	4.00	45.26	44.92
3	Teachers Grant	22.57	7.07	45.47	43.64
4	TLE Grant	61.40	24.50	65.30	25.40
5	A & I Education	2.11	1.21	342.45	21.44
6	Spl. focus group	8.36	0.00	34.30	15.97
7	VEC Training	10.68	0.81	10.86	5.51
8	CRC	12.35	2.18	14.87	11.05
9	BRC	-	-	231.97	198.62
10	Research, Evaluation & Monitoring	19.21	0.14	15.84	15.84
11	Civil works	150.00	143.00	601.25	453.88
12	Maintenance/ Repairs	106.70	94.80	96.40	95.65
13	Trg. Of Teachers	18.95	18.95	127.32	37.94
14	MGT Cost	3.30	2.15	31.99	21.64
15	Innovation	45.00	0.00	50.00	48.82
16	NPEGEL	-	-	28.33	14.94
TOTAL		661.69	336.24*	2239.31	1177.27*

**Actuals of the District as projected by SPD in the expenditure return sent to Ministry.*

6.2 Non-approval of AWP&B by Executive Committee (EC)

The Executive Committee of the SIS administers the affairs of the Society, and it is the responsibility of the Executive Committee to ensure that the objects of the society are achieved. The AWP&B is a major planning exercise based on which funds are approved and released. It is essential that the AWP&B needs to be finalized and approved by the Executive Committee before it is transmitted to the Ministry (EE Bureau).

It was noticed that the Executive Committee did not discuss the plan of 2002-2003 and 2003-2004 and the Project Director did not get approval of Executive Committee before transmission to the Ministry. The plans were discussed by the Executive Committee after the plan outlay had already been

approved by PAB. The plans for the two years were sent to Ministry on 16.08.2002 and 26.04.2003 without approval by the Executive Committee. As regards 2002-2003, the PAB approved the plan on 12.09.2002 but the Executive Committee formally discussed and approved the same in its meeting held on 15.11.2002, i.e., 2 months after approval by PAB. Similarly AWP&B for 2003-2004 was approved by PAB on 07.05.2003, but the Executive Committee formally discussed the same in its meeting held on 19.05.2003.

Discussion and approval of plans by the Executive Committee should precede its despatch to Ministry, as any discussion by the Executive Committee after approval by PAB is superfluous and inconsistent with the scheme of things.

6.3 Expenditure Statements

It was noticed that the expenditure of Rs.104.27 Crores in 2002-2003 reported to Ministry is in variance with the audited figure of Rs.101.84 Crores (excluding the pre-project expenditure) and the difference of Rs.2.43 Crores needs reconciliation. Also our study of the expenditure figures in the district Villupuram revealed that the expenditure as booked by the district DPO is at variance with that exhibited by the SPO as under:

Year	Expenditure reported by DPO	Expenditure as per SPO sent to Ministry	Difference
2002-2003	311.09 lakhs	336.24 lakhs	(+) 25.15 lakhs
2003-2004	1160.68 lakhs	1177.26 lakhs	(+) 16.58 lakhs

Variation was noticed in almost all the interventions and the excess booking results in reducing the unspent balance and enables the SIS to get more grants in subsequent year. To illustrate, in 2003-2004, the reported expenditure under REM was Rs.6.84 lakhs but shown by SPO as Rs.15.841 lakhs and under innovation (Education of girls), the expenditure reported was Rs.4.72 lakhs but shown by SPO as Rs.15.00 lakhs. Similar position in other

districts can not be ruled out. The above reflects incorrect reporting of expenditure by SPO.

6.4 In 2002-2003, in most of the activities (vide Sl.Nos.5, 6, 10, 11, 13 and 15) the expenditure was not even 50% of the approved AWP&B though these interventions were “priority components”. Further scrutiny revealed that the expenditure was NIL in some districts on these priority components as under:

(a)	Research, Evaluation and Monitoring	Nil expenditure in Chennai, Coimbatore, Erode, Thuthukudi, and Vellore. Against Rs.56.170 lakhs approved
(b)	Special focus group Education of Disabled	Nil expenditure in 12 out of 29 districts. (Coimbatore, Cuddalore, Kanyakumari, Namakkal, Perambalur, Ramanad, Tirunelveli, Thiruvallur, Thuthukudi, Vellore, Villupuram, Tiruchirapalli against Rs.120.98 lakhs approved.
(c)	Innovation	Nil expenditure in 19 out of 29 districts against Rs.525 lakhs approved.

6.5 Similarly in 2003-2004, the expenditure under activity Sl.No.4, 5, 7, and 13 was less than 50 per cent of the approved Budget. In respect of teacher’s salary, the expenditure was not appreciable compared to Budget, which is indicative of non-posting of teachers, despite the fact that salary to teachers was paid in excess of SSA norms discussed separately. In Kanyakumari district an amount of Rs.15 lakhs approved for implementation of Early Childhood Care and Education (ECCE) remained fully unspent due to procedural delays.

6.6 In the district Villupuram the expenditure was less than 50 percent in respect of following activities.

(a)	2002-2003	Activity Sl. Nos, 1, 2, 3, 4, 5, 6, 7, 8, 10 and 15
(b)	2003-2004	Activity Sl. Nos.1, 4, 5, 6, 13

Huge unspent balance is indicative of excess projections in the annual plans compared to actual requirements.

6.7 Budgetary Control

The approved AWP&B gives intervention wise financial outlay, which was taken as "Receipts" in the expenditure statement. It was noticed that there were variations in almost all interventions between approved Budget and Expenditure Statement. The difference ranged between (+) or (-) 0.24 lakh to 60 lakhs. To illustrate, in 2002-2003:

Activity	Approved Budget (Rs. In lakhs)	Expenditure Statement (Rs. In lakhs)
IED	270.684	330.684
BRC	2452.80	2472.80
Training of Teachers	839.99	814.99
Innovation	1305.00	1245.00

These variations between one intervention and another needs re-appropriation sanction by authority empowered. The basic principles of re-appropriation are that grants given for a specific purpose shall not be appropriated without previous sanction, and re-appropriation cannot be done to meet expenditure not sanctioned. The Central/ State share together actually released has been less than that approved by PAB. The State Project office while releasing the funds does not distribute the amount intervention wise. Monitoring of expenditure, therefore, is done with reference to the approved budget in aggregate which is not realistic; as funds received are less than that approved. In the present monitoring system the unspent balance is worked out with reference to PAB approved budget and reported expenditure. It is not a realistic figure, as the same includes spillover as well as amounts not released (Rs.3.86 crores in 2002-2003 and 147.59 crores in 2003-2004). No re-appropriation sanction had been accorded by the Executive

Committee, which formulates the State Work Plan for submission to Government of India.

There is a need for better Budgetary Control with reference to actual funds made available. Also intervention-wise break up of funds received needs to be indicated and expenditure monitored intervention wise. Re-appropriation sanctions are to be accorded wherever necessary prior to incurring the expenditure. The spillover and amount not released, which is presently included in unspent balance, needs to be indicated separately.

CHAPTER-VII

OPERATIONAL/ IMPLEMENTATION ASPECTS WITH VITAL LINKAGE TO FINANCIAL ASPECTS

Opening of new Schools

7.1 The number of schools to be opened approved by PAB is arrived at after household survey, habitation plans, etc. Any shortfall is an indicator of either incorrect projection in excess of requirement or lack of preparedness. In other words, number of schools projected for opening in Plans were not based on realistic factors.

7.2 The number of Primary and Upper primary schools approved for opening by PAB during 2002-2003 and that actually opened are as under:

	Approved	Opened	Shortfall
Primary	676	304	372
Upper primary	843	479	364

7.3 The number of schools opened was far below that approved. There were wide variations in almost all the districts. The major variations are tabulated below:

District	Primary		Upper Primary	
	Approved	Opened	Approved	Opened
Villupuram	184	10	86	47
Pudukottai	117	34		
Nilgiris	45	1		
Dharmapuri	140	104		
Ramnad	28	14	48	05
Tanjavur	15	01	65	01
Coimbatore			70	41
Cuddalore			68	21
Karur			58	05

7.4 In the selected district Villupuram, non-opening of 174 Primary Schools was analyzed. Based on Household Survey, 2001/ DISE 2002-03, VIS 2002-03, the total number of habitations in the District was 2806.

7.5 As against the requirement of 11 (12 proposed in perspective plan) primary school eligible for opening a new school, in the AWP&B for 2002-2003, opening of 184 new Primary school were proposed and approved by PAB. Thus projection of 184 schools was not supported by survey conducted in the field. The actual number of schools opened in 2002-2003 was only 10 against 184. Villupuram is a DPEP district. The excess projection proposed and approved was 15 times higher than the requirement. The impact on financial terms due to excess projection not backed up with reference to actual requirement in AWP&B was as given below:

(a)	Teachers salary excess drawn for 2002-2003 @ Rs.84000 per teacher for 348 teachers (368-20) for six months only	Rs.146.16 lakhs
(b)	Teachers salary excess drawn for 2003-2004 @ Rs.84000 per teacher for 348 teachers (368-20) for full year	Rs.292.32 lakhs
(c)	TLE Grant excess drawn @ 10,000 for 174 schools	Rs.17.40 lakhs

7.6 As on 31.03.2004, the spill over under TLE was Rs.16.90 lakhs, which will never be utilized till 2010, as General Access Rate (GAR) for primary in the district was already 100 per cent. Other items excess drawn remained unspent. A study of the perspective plan of Villupuram district revealed that salary for 368 teachers including 306 appointed under DPEP (under the SIKSHA KARMI) was projected apparently to accommodate salary of teachers appointed under 184 DPEP schools were wrongly projected. The excess flow of funds for schools approved but not opened in Tamil Nadu State was Rs.19.22 crores vide details below:

(Rs. in Crores)

No. of Schools	No. of Teachers	2002-03		2003-04	
		Salary	TLE	Salary	Total
372 Primary	744	3.13	0.37	6.25	9.75
364 Upper Primary	364 in 02-03 and 728 in 03-04	1.53	1.82	6.12	9.47
TOTAL					19.22

Plans need to be worked out according to actual requirements.

Deviations

7.7 In 2003-2004 though the number of schools opened was as per approved plans, 356 Primary and 399 Upper primary; there were deviations in 13 districts (Primary) and 21 districts (Upper primary).

District	Primary schools		Upper Primary schools	
	No. approved	No opened	No. approved	No opened
Coimbatore	36	35	25	28
Dharmapuri	51	55	45	56
Erode	10	11	15	10
Karur	14	08	10	05
Nagapattinam	10	11	15	17
Perambalur	10	11	20	19
Pudukottai	13	20	17	24
Nilgiris	15	10	0	05
Tiruvannamalai	16	17	04	06
Tiruvallur	10	14	21	20
Tiruchirapalli	18	05	15	12
Vellore	08	09	11	13
Villupuram	09	11	45	48
Cuddalore	-	-	20	17
Namakkal	-	-	15	14
Ramanathapuram	-	-	40	14
Salem	-	-	05	08
Sivagangai	-	-	10	11
Tanjavur	-	-	10	11
Thiruvarur	-	-	04	06
Tirunelveli	-	-	04	07

It is felt that the deviations from approved plans needs to be ratified by PAB.

7.8 Excess drawal of funds for existing teachers

The number of Teachers sanctioned for new schools opened in 2001-2002 and 2002-2003 for whom salary can be claimed in 2003-2004 are as under:

	Primary		Upper Primary	
	Schools	Teachers	Schools	Teachers
2001-2002	452	904	197	591
2002-2003	304	608	479	958
Total		1512		1549

During 2003-2004 salary for existing teachers was to be limited to this number only. However, as against 1512 and 1549 teachers in position, in the AWP&B for 2003-2004, it was noticed that salary for existing teachers was projected (Rs.37.92 Crores) for 2237 and 2277 teachers respectively. The excess projection was for 1453 teachers (725 for Primary Schools and 728 for Upper Primary Schools) not in position, involving an unnecessary drawal of funds to the tune of Rs.12.20 Crores.

7.9 Excess Payment/ Re-imburement of Salary of BRC Staff/ existing teachers over and above SSA Norms

As per approved Annual work plan and budget for 2003-2004, the unit cost towards the salary of existing teachers including BRC Staff was 0.84 lakh per annum (@ Rs.7000 pm). The states may adopt payments less than the State pay scale as an interim measure but not more. New teachers are to be recruited under SSA for new project schools. The number of schools opened and number of posts sanctioned under SSA is as under:

Year	Primary		Upper Primary	
	School	Posts	School	Posts
2001-2002	452	904	197	591
2002-2003	304	608	479	958

2003-2004	356	712	399	399
Total	1112	2224	1075	1948

7.10 In Tamil Nadu, salary of teachers is initially met by the State and later reimbursed by the SIS from SSA funds. A scrutiny of the Annual Expenditure Report of the various districts for 2003-2004 revealed that the expenditure on existing teachers had exceeded the Unit Cost of Rs.84000 per annum approved by PAB. In 15 districts, the excess amount of salary reimbursed on account of existing teachers (728) alone worked out to Rs.1.32 crores. (Reimbursement of Rs.7.44 crores minus eligible amount of Rs.6.12 crores for 728 teachers @ Rs.84000 per annum). The excess expenditure on new teachers and additional teachers for 2002-2003 and 2003-2004 could not be worked out, as the details of salary payment and the period during which the new teachers were employed were not available in the State Project Office. The State Project Director stated that senior teachers were posted against the posts sanctioned for project schools and their pay and allowances are higher than the unit cost of the project teachers and therefore excess reimbursement were made, which will be adjusted in due course.

7.11 For the selected district Villupuram, the reimbursement of teachers/ BRC Staff salary was analyzed in detail with reference to reimbursement claims and acquittance rolls in respect of teachers/ BRC Staff to ascertain the excess payments made beyond Rs.7000 pm for the years 2002-2003 and 2003-2004. The excess salary due to posting of senior teachers has to be borne by the State Government under State Budget. The Salary of BRC Staff was paid directly by the DPO from SSA funds. In respect of teachers of Primary and Upper primary schools the salary is being drawn from the treasury by the AEEO and disbursed to the schools. The reimbursement is claimed by the DEEO Villupuram and the DPO remit the full amount to the DEEO.

7.12 The excess salary beyond Rs.7000/- paid to BRC Staff/reimbursed towards teachers salary for 2002-2003 and 2003-2004, which should have been borne by the Tamil Nadu State Government is worked out as under:

Category	Period	Excess Payment/ reimbursement
BRC Supervisors	4/03 to 3/04	Rs.25,26,171
BRC teacher education	4/03 to 3/04	Rs.26,29,436
Primary School teachers	9/02 to 3/04	Rs.7.35,230
Upper Primary School teacher	9/02 to 3/04	Rs.12,35,877
Total excess		Rs.71,26,714

7.13 The excess payment/ reimbursement of Rs.71.27 lakhs needs to be either refunded to SSA account by the State Government or adjusted against future reimbursement to State. Also the excess payment/ reimbursement in respect of all the 29 districts needs to be worked out for 2002-2003 and 2003-2004. **Ministry may consider taking up with State Government for refund/ adjustment against future releases.**

7.14 Payment of salary to BRC Staff under SSA after closure of DPEP

Government of India have issued clarification on the sustainability of DPEP interventions under SSA after its closure on 30.06.2003, according to which no salaries can be provided under SSA for BRC Staff appointed under DPEP. The expenditure has to be borne by State Government from 01.07.2003. Teacher Educators at the rate of four per BRC were appointed on deputation in 105 BRC in seven DPEP districts of Tamil Nadu. After implementation of SSA, eight teacher educators were appointed in each BRC in all the 29 districts including seven DPEP districts. The salary of four teacher educators in 105 BRC of seven DPEP districts has to be borne by the State

Government from 01.07.2003 under sustainability plan. Only salary of Teacher Educator deployed in excess of those already created under DPEP shall be borne by SSA. It was, however, seen in Villupuram district that the DPO is making payment of the entire BRC staff under SSA. In the annual plan for 2003-2004, salary of staff for 360 BRP was claimed and approved for Villupuram district. In respect of the seven DPEP districts with 105 BRCs, the salary of 420 Teacher Educators (@ 4 per BRCs) created under DPEP has to be borne by the Government of Tamil Nadu, but was met from SSA funds. The excess payment @ Rs.84,000 per annum for 420 BRPs for 9 months (01.07.2003 to 31.03.2004) works out to Rs.26.40 lakhs.

Ministry may consider to take up with State Government for adjustment of this amount and proper charging to SSA from April 2004 onwards.

7.15 Framework for implementation of SSA programme provides for salaries of newly recruited teachers only in newly created schools. It does not permit to accommodate salaries of in-service teachers deployed or transferred to posts created under SSA. In other words the salaries of in-service teachers shall continue to be the liability on the regular budget of the State, while that of the newly recruited teachers as per SSA norms alone is to be met out of SSA funds. In practice in Tamil Nadu, salaries of in-service teachers deployed or transferred from their regular posts to vacant posts under SSA are being drawn every month, even without restricting it to Rs.7000 pm. The practice followed indirectly amounts to irregular transfer of the financial burden of the State on SSA funds.

Ministry may consider reiterating instructions to the States to follow the correct procedure and adjust the excess payments made so far.

Interest

7.16 The Government of India sanctions issued for the release of each instalment of grant under SSA, stipulates execution of a bond for the full

amount in the prescribed form by the SIS to the Ministry of Human Resource and Development. Only on receipt of this bond funds are released. The bond conditions stipulate that "If a part of the grant is left unspent after expiry of the period within which it is required to be spent, the obligators agree to refund the unspent balance along with interest at 6 percent per annum, unless it is agreed to be carried over". The unspent balance at the end of a financial year is not allowed to be carried forward, but fully adjusted from out of the first instalment released for the subsequent year. The unspent balance of Rs.5187.32 lakhs of 2002-2003 was fully adjusted from the first instalment of 2003-2004 and only the balance amount of Rs.6447.84 lakhs was released under two sanctions of Ministry of Human Resource Development issued on 2nd September 2003. As the unspent balance is not allowed to be carried forward; but reduced from subsequent years outlay, the bond conditions are attracted. The interest on the Central share (75%) of the unspent balance of Rs.5187.32 for 2002-2003 for the period from 1.4.2003 to 31.8.2003 (first instalment for 2003-2004 released on 2.9.2003) amounting to Rs.97.26 lakhs was not, however, adjusted from the first instalment of 2003-2004.

Ministry may like to consider follow up of this condition with Government of Tamil Nadu as well as other States.

7.17 The grants received from the Centre and State are deposited in bank account by the SPO/ DPO. The undistributed amounts therefore earn interest. For the year ending 31.3.2003, the Bank interest earned by the SIS was Rs.1.18 Crore as seen from the finalized Annual Accounts of 2002-2003. As per the SSA framework, funds received by the SIS are to be distributed to the Districts within 15 days and the districts should distribute the same to BRC/ VEC, for expenditure against various interventions. Since interest earned is out of Government funds it is natural that interest is also taken into account and adjusted while releasing the first instalment of the subsequent year. Details in the prescribed utilization certificate include bank interest also.

A clarification on the treatment of interest earned and its adjustment is called for comprehensive accounting of all the amounts available for SSA activities.

Training of Teachers

7.18 To ensure professional development of teachers, SSA provides in service training viz.

20 days for all teachers

60 days refresher course for untrained teachers

30 days orientation course for fresh recruits

The Tamil Nadu Government did not project in its AWP&B for 2002-2003 and 2003-2004 any funds for 60 days refresher course for untrained teachers and 30 Days orientation course for fresh recruits. Only in-service training was contemplated. The Project Director informed that the programme of 30 days training for new teachers and 60 days training for untrained teachers did not arise in Tamil Nadu as experienced teachers are only posted in project schools and there is no system of appointing untrained teachers.

7.19 In Tamil Nadu SIEMAT has not yet been established. The existing state organization DIERT/ DIET is also not associated and there had been no direct funding to these agencies. The role of DIET is restricted only to train the teacher educators of BRC. The training of teachers in schools are undertaken by the BRC resource persons. The DPO pays advance to DIET and the actual expenditure is adjusted against the advance.

7.20 In-service training to teachers approved in annual plan and achievements were as under:

(Rs. in lakhs)

Year	Approved		Actuals	
	Physical	Financial	Physical	Financial
2002-2003	60,000	839.99	33,729	361.71
2003-2004	1,93,722	2712.11	1,50,241	822.01

In Villupuram District, all the 9044 teachers proposed and approved in AWP&B were trained in 2003-2004; but expenditure on training was only Rs.37.94 lakhs against approved outlay of Rs.127.32 lakhs (at the rate of Rs.70/- per day per teacher). Obviously only 6 to 7 days training could have been imparted against 20 days prescribed. The training time table at BRC revealed that 13 short-term courses of duration 1 to 5 days were planned and conducted. The number of days each teacher was trained was not available at the DPO office. Our study of the training imparted to teachers at BRC, Thyadurgam revealed that the number of days each teacher was trained ranged between NIL to 23 days and an average of 6 to 7 days per teacher. No training modules were developed to impart training to in-service teachers for 20 days as per SSA norms.

The training programme is to be carried out with a total cost of Rs.70/- per teacher per day. The unit cost is indicative of the fact that the free boarding and lodging would have to be provided for all. However, as ascertained from BRC, no lodging facilities were provided as the training programmes were conducted in the BRCs. The expenditure figure for 2002-2003 and 2003-2004 indicates that unit cost for non-residential training would be lower.

7.21 It is suggested that the in-service training may be given at one stretch instead of piecemeal. The short-term disruption could be managed by guest teachers. The unit cost for non-residential training needs downward revision.

7.22 Shortage of Teachers (Villupuram District)

In 2003-2004 as against the requirement of 42 teachers for Primary and 142 teachers for Upper Primary for the new schools opened, the number of teachers posted was 31 and 94 with a shortage of 11 and 48 respectively (Total 59).

7.23 Out of School children

One of the main objectives of SSA is that all children are in school by 2003. Besides formal school, SSA provides support to out of school children in the form of EGS Centre in unserved habitations and setting up of alternate schooling like Bridge Courses/ Residential Camps (BC/ RC). In Tamil Nadu, these were 741 habitations not served with Primary School and 1845 not served with Upper Primary. These were 4,66,069 out of school children (2002-2003). Approved outlay and actuals for out of school children were as under:

(Rupees in lakhs)

Year	Approval		Actuals	
	Physical	Financial	Physical	Financial
2002-2003	EGS – 359	75.80	247	23.20
2003-2004	EGS – 359	75.84	249	40.03
	B.C – 4,53,169 Children	3833.50	1,37,754	470.56
	R.C – 12,400 Children	372.00	778	22.77
Total		4281.34		533.98

7.24 In 2002-2003, the PAB deferred the proposal for Bridge Courses and Residential Camps for want of details. In 2003-2004, the funds for BC and RC were to be released only after the state submitted details of habitations where these are to be opened. The unspent balance under this priority intervention was huge; Rs.52.60 lakhs and Rs.3747.98 lakhs for 2002-2003 and 2003-2004 respectively. As on 2003-2004, 3.27 lakhs out of school children were not covered.

7.25 In the selected district Villupuram against an amount of Rs.2.112 lakhs approved (2002-2003) only Rs.1.211 lakhs was spent in opening 10 EGS Centers. For 2003-2004, against an amount of Rs.342.45 lakhs approved, only an amount of 21.44 lakhs were spent leaving a balance of Rs.321.01

lakhs. Only 6441 children were covered against 39,992 children for Bridge Courses and no residential camps were organized (100 approved).

7.26 The position of out of school children in Villupuram District was as below:

No. of out of school children (30.9.2003)	22,128
No. of Children engaged	6,441
Balance left	15,687
Further additions	1,249
Total out of School Children	16,936
No. enrolled in BC/ EGS Centres	4,909
To be enrolled	12,027

While the number of Out of School children was 15,687 in 2003-2004, in the AWP&B, 39922 children were projected and funds sought/ approved (Rs.337.34). The excess fund flow for 24,235 children at the rate of Rs.845 per child was Rs.204.70 lakhs. The projections were unrealistic.

7.27 Shortfall was attributed by the Project Director due to constraints in identifying, enrolling and mainstreaming of Street children, Working children, Migrant children, Slum children, SC/ST children, Disabled children and Girl children in remote and scattered habitations. To over come the situation, Tamil Nadu Government have decided to involve NGOs for conducting BC/ RC.

Innovation – Early Childhood Care and Education (ECCE)

7.28 The allotment for ECCE, for Tamil Nadu State was Rs.435 lakhs for all the 29 districts. The Social Welfare department of Government of Tamil Nadu approved up gradation of 5000 Anganwadis in September 2003 at a cost of Rs.153.8 lakhs and further 5000 Anganwadis on 30.3.2004 at a cost of Rs.153.8 lakhs (Total 307.6 lakhs). As against this the reported expenditure under this innovation for Tamil Nadu was Rs.419.49 lakhs with an unspent balance of Rs.15.51 lakhs (Kanyakumari District). **Release of funds of**

entire 15 lakhs in each district (except Kanyakumari) in March 2004 was resorted only to show it as expenditure without actually incurring it, since 5000 Anganwadis for which orders were issued on 30.3.2004, could not have been opened on 31.3.2004. Also against the total sanctioned amount of Rs.307.6 lakhs by the Social Welfare Department, the release of funds under SSA was Rs.419.49 lakhs and the excess release was to the tune of Rs.111.89 lakhs.

Innovation - Education of Girls (Arts and Crafts)

7.29 Under innovation (Education of Girls - Arts and Crafts) in Villupuram district, the expenditure against the allotment of Rs.15.00 lakhs in 2002-03 was nil. In 2003-2004, against an allotment of Rs.15.00 lakhs, the expenditure was Rs.4.72 lakhs in 46 Centres. This amount of Rs.4.72 lakhs have been disbursed to the Centres but actual expenditure details were not available/ received from the Centres and recorded in DPO Office. While the DPO has released only Rs.4.72 lakhs and a balance of Rs.10.28 lakhs was available as unspent, the SPO in the consolidated expenditure statement for 2003-2004, sent to Ministry had shown an expenditure of Rs.15.00 lakhs. The expenditure of Rs.10.28 lakhs was neither supported by any voucher nor was charged off from Cash Book.

Innovation – Computer Literacy Programme (CLP)

7.30 In 2002-2003, there was no expenditure on CLP at Villupuram District and the entire amount of Rs.15.00 lakhs remained unspent. In 2003-2004, the expenditure was Rs.14.59 lakhs. As per SSA norms, CLP is to cover students of Class 6, 7 and 8. In the Villupuram district, number of children in Upper Primary Schools is approximately 1,74,193. The students in class 6 and 7 were 63,000 and 64,000 respectively. As the number of children was more in 2003-2004 only class VI students (Level I) in rural area was covered under this innovation. Eight Computer agencies were engaged to give 40 hours training in selected schools. In 21 out of 22 blocks, 29107 children of Class VI were covered. This was hardly 50 percent of VIth standard students.

Level II (VII standard) and Level III (VIII Standard) were proposed to be covered in subsequent years. In the existing method, which is adopted in all districts of Tamil Nadu, only 50% of class VI students could be covered and there would be progressively reduction each year since level II and III are to be added. A student who got level I training may not get the training in higher levels.

7.31 The CLP Programme is meant for expenditure on provision of computers, its accessories, and training to teachers and stationery. In the present method, the agencies take the Computer, give demonstration and take them back.

Some effective way of long term continuing Computer Education through school teachers is called for. Perhaps arrangement with private institutions providing their Computers on hire plus maintenance basis in the school under a suitable contract on a long term can be a better idea.

Education of the disabled (IED)

7.32 During 2002-2003, the expenditure on IED at Villupuram district was Rs.1.21 lakhs against Rs.8.36 lakhs indicative of tardy implementation of the scheme. In 2003-2004, 2558 children were identified as disabled and completely covered. The expenditure incurred was Rs.16.70 lakhs against the approved amount of Rs.34.29 lakhs with an unspent balance of Rs.17.59 lakhs. The programme was implemented through NGOs. A perusal of the vouchers indicated the following:-

Salary of Special Teachers of NGOs	Rs.10.82 lakhs (65%)
Supply of Aids and appliances	Rs.4.26 lakhs (25%)
Contingencies awareness Camp etc.	Rs.1.58 lakhs (10%)

Thus only 25% of the expenditure directly benefits the disabled and 65% benefit goes to the teachers appointed by NGOs. In BRC Thyagadurgam, out of 136 disabled children identified, 29 were found eligible to assistance by

way of supply of 'aids and appliances' but assistance was not extended to them so far i.e. assistance does not reach the needy persons.

7.33 Since all the 2858 children were covered, the repetition of the benefit to the same children at the Unit rate of Rs.1200 needs re-consideration. The provision in subsequent years could be based on actual requirement of each such child in the relevant year. This may enable the children to get the actual assistance they require. **There is a need to streamline the implementation of the system and high expenditure on salary of teachers needs re-look.**

Diversion of Funds

7.34 A perusal of the expenditure details under the intervention Research, evaluation and monitoring for 2002-2003 revealed that an amount of Rs.21.87 lakhs was paid (March 2003) as advance to the Director of School Education for preparation of Text Book for standard VIth to Xth. No funds were projected and approved by PAB for Text Book preparation in 2002-2003. Under SSA framework research study and survey will have following objectives.

- (i) to provide inputs (qualitative and quantitative) data for plan formulation
- (ii) to assess the processes adapted in the implementation of plan.
- (iii) To evaluate the impact or the outcome of interventions.

Evaluation can be undertaken only when the project has been implemented for sometime. At initial stages research studies, which help the planning and obtaining relevant information regarding process of implementation is to be undertaken. As such preparation of text books does not fall under the category of REM of the SSA framework and the expenditure should be borne by the State. The SPD stated that payment from SSA was made as per Tamil Nadu Government orders. Incidentally, supply of free Text books was introduced by Tamil Nadu Government right from 1985-86 and no funds were projected by the State under the intervention "Text Book". As

such the expenditure on preparation of text book is not an authorised and approved item of expenditure under SSA (REM) and can only be treated as diversion from SSA funds to the State. The advance of Rs.21.87 lakhs needs to be refunded to the Society by the Director of School Education.

7.35 Similarly in 2003-2004 a sum of Rs.2.76 lakhs was paid (September 2003) to the Director of School Education for disbursement towards the honorarium etc for the High Level Committee for revision of "The Educational Manual for Tamil Nadu". The cost of revision of the manual is to be borne by the State Government. **The release can only be treated as Diversion of SSA Funds to State.**

Research Monitoring and Evaluation (REM)

7.36 Under the intervention REM, 2003-2004, an amount of Rs.15.84 lakhs was approved for Villupuram District against which the SPO booked an expenditure of Rs.15.84 lakhs with 'nil' unspent balance. However, the actual expenditure in 2003-2004 as seen from the records of DPO (Expenditure statement for March 2004) was only Rs.6.84 lakhs. The excess booking of Rs.9.00 lakhs by SPO, without actual expenditure/ supporting vouchers resulted in inflation of Expenditure figures.

7.37 Perusal of the voucher (36) revealed that an expenditure of Rs.3.009 lakhs was incurred on 'TADA of DPO Office, printing charges, contingent expenditure of DPO, Telephone charges, electricity charges, daily wages fuel charges, advertisement etc, which are to be met from Management Cost and not under REM. For the balance amount of Rs.3.830 lakhs booked under REM, no vouchers could be produced by DPO, who stated informally that this pertained to TA/DA spent by BRCs. The SPD in November 2003 issued directions to DPO that if sufficient funds are not available under management, expenditure can be met from REM. The procedure adopted by SPD is irregular. In Tamil Nadu, the expenditure on REM against approved amount in

both the years was too low. Also, the expenditure shown was not a legitimate expense under REM, but only Mgt. Cost/ Diversion of funds.

Reporting the amount (Rs.6.84 lakhs) spent on MGT under REM was not correct.

Ministry may consider reviewing the norm of allotment under REM.

Maintenance Repair Work (MRW)

7.38 The maintenance and repair works grant at Rs.5000/- per school amounting to Rs.94.80 lakhs in 2002-2003 and Rs.95.65 lakhs for 2003-2004 was released by the DPO to the various schools.

7.39 MRW is to be released by the DPO only on specific proposals from the VEC. There is no system in DPO to verify the community participation. A test check of the village plans at Villupuram Block, showed that in 10 schools no proposal for repairs was made by VEC.

Role of DTERT/ DIET

7.40 In the area of research evaluation and monitoring, the emphasis is to develop capacities through DTERT/ SIEMAT/ DIET. These Government owned agencies in the State are concerned with REM and curriculum development, etc. In Tamil Nadu SIEMAT has not yet been established and there has been no direct funding to DTERT and DIET except training of BRC teacher educators.

7.41 The DTERT Chennai had in early December 2003 (8.12.2003) proposed 137 SSA research programmes from various DIET faculty members (District Specific) along with fund required and time schedule and approached the SPD to expedite approval of the research work at district level. In December 2003, five more proposals were added totaling studies on 142 subjects. The executive committee in its Meeting dated 19.05.2003 stressed the need of DIET faculty members being entrusted with the work on research activities

especially the causes of dropouts immediately. Of the 142 proposals, 89 district specific proposals were considered (January 2004) relevant and appropriate. The proposals are yet to be approved by the SPD and are still under consideration. Despite an unspent balance of Rs.297.90 lakhs in 2003-2004 the proposals of DTERT have not been finalized.

Early action is called for so that the potential and expertise of DIET could be exploited for the success of the scheme.

CHAPTER-VIII

NATIONAL PROGRAMME FOR EDUCATION OF GIRLS AT ELEMENTARY LEVEL (NPEGEL)

8.1 The new programme NPEGEL is a part of SSA to be implemented with a distinct identity. The scheme is applicable in Educationally backward blocks where the level of rural female literacy is less than the National level and the gender gap is above the National average.

8.2 In Tamil Nadu 13 blocks in 8 districts were identified on the above basis and a supplementary plan for NPEGEL was projected. The PAB on 3.11.2003 considered the supplementary plans and approved an outlay of Rs.309.259 lakhs for Tamil Nadu. As against an amount of 115.97 lakhs (75% of 50% of 309.259) the Government of India sanctioned only an amount of Rs.58 lakhs in February 2004 since it was the last Quarter of the financial year. Presumably the intention of the Ministry was to restrict the expenditure for 2003-2004 at Rs.58.00 lakhs plus the matching State share. The matching State share of Rs.19.33 lakhs was released by the Tamil Nadu Government on 26.3.2004. The total amount released by the Centre/ State was therefore Rs.77.33 lakhs.

8.3 The Ministry of HRD in December 2003 prior to release of funds in February 2004 intimated that the implementation of the scheme should start immediately as approved and pending release of grants from Government of India resources for the purpose may be drawn out of the funds available under SSA intervention. The funds so drawn were to be adjusted subsequently on receipt of funds under NPEGEL head. Since in February 2004, Government released only Rs.58.00 lakhs due to shorter implementation period (2 Months), it is obvious that the expenditure should have been limited to Rs.77.33 lakhs (including matching share of the State). Against the actual receipt of Rs.77.33 lakhs the expenditure in 2003-2004 was Rs.191.93 lakhs in addition to a spill over under civil works of Rs.29.90 lakhs.

The excess expenditure of Rs.114.60 lakhs was met from SSA interventions. However, the SSA interventions from which funds were re-appropriated for NPEGEL are not known to SPO/ DPO, since there is no system at present of issue of re-appropriation sanctions by SPO.

8.4 As per guidelines, SIS shall open a separate Bank Account for operating the funds of NPEGEL. Also separate accounts will have to be maintained at District/ Sub-district levels. Contrary to the guidelines, the receipt of Rs.77.33 lakhs was accounted by the SIS in the SSA bank Account. Similarly DPO Villupuram also did not operate a separate bank account for NPEGEL. A separate bank account has to be opened for NPEGEL and refund Rs.114.60 lakhs to NPEGEL.

8.5 Out of Rs.77.33 lakhs, only a sum of Rs.58 lakhs was distributed to the 8 districts on 11.3.2004. The State share of Rs.19.33 lakhs was retained by the SPO without distribution to 8 districts even though the entire outlay of 309.259 lakhs was meant for the districts. Thus, available funds was also not released to districts by SIS, which resulted in more drawal of SSA funds to NPEGEL by the districts.

8.6 As per Para 2.2 of the guidelines of scheme, selection of blocks for implementation was to be modified according to 2001 census data. The Supplementary plan and selection of 8 districts and 13 blocks in Tamil Nadu was based on 1991 census. At the time of preparation of the supplementary plan in September 2003, the female literacy rate at National level and district level as per 2001 census were available as seen from District AWP&B for SSA. Though block level literacy rates are not published the data was available with the census department. The scheme also envisaged that the coverage of the programme will be revised based on 2001 census data.

8.7 2001 census data: female literacy rates had gone up as under:

	Literacy level (female)	
	National	State
1991 Census	39.42	52.29
2001 Census	56.46	64.50

District Level (8 districts)	Literacy level (female)	
	1991 Census	2001 Census
Dharmapuri	34.23	49.10
Cuddalore	45.21	60.86
Villupuram	35.38	53.16
Salem	41.31	55.61
Karur	42.59	57.30
Perambalur	38.57	54.26
Tiruchirapalli	57.59	71.19
Dindigul	43.94	59.30

As the female literacy rate has gone up at all levels, it is obvious that in the 13 blocks of the 8 districts selected for implementation in Tamil Nadu, the literacy levels might have gone up and the coverage may need modification or change of District/ Block. The Ministry of HRD also instructed the States to prepare 2004-2005 plan and selection of blocks as per 2001 census data, which was available. But the SIS prepared the 2004-2005 plan also by adopting 1991 census data.

Ministry may consider reviewing the NPEGEL plans with reference to 2001 census data of block level before release of further funds under the Scheme.

8.8 As against approved outlay of Rs.28.326 lakhs, only a sum of Rs.5.30 lakhs was released by the SPO in 2003-2004 for Villupuram district. The expenditure was Rs.14.94 lakhs, which included Rs.2.00 lakhs for civil works. The construction of Master Cluster School (MCS) for which final payment was

made in 3/2004 was completed and completion certificate issued by the District Engineer (Civil Works). Despite completion, the same has been shown as spill over (Rs.2.30 lakhs). The actual spill over is only Rs.0.30 lakh. While the expenditure of Rs.2 lakhs was included in spill over, the same was included under expenditure also. This reduced the unspent balance and increased spill over apart from incorrect exhibition.

The accounting system needs to be streamlined for correct exhibition of expenditure figures.

8.9 Under the NPEGEL Scheme, the girl students in the schools of Thirunavalur blocks were supplied stationery items like Note books, Pencil Rubber, Scale, sharpener, Pencil Box, School bags, etc.

During visits to schools in the block, it was noticed that boys perceived it as a denial to them. Financial implication being small, this aspect may be considered by the Ministry.

CHAPTER-IX CIVIL WORKS

Overall progress

9.1 The following table indicates the progress made on civil works both in physical and financial terms for the years 2001-2004 under SSA in the state of Tamil Nadu.

(Rs. in lakhs)										
Type of Construction	Approved PAB	Physical					Financial			
		Actual Executed as on 31.3.04	Difference(+) or (-)	Completed as on 31.3.04	In progress 31.3.04	Percentage of Non Completion	Rs.Approved 2001-2004	Rs.Expenditure 2001-2004	Rs.Spillover 31.03.04	Spillover Physical as per Expenditure Statement
Block Resource Centre	168	168	-	107	61	36.30	1008.00	777.50	230.50	59
Cluster Resource Centre	473	482	+ 9	232	250	51.87	946.00	652.70	293.30	237
Two Classroom School	1902	1990	+ 8 8	1213	777	39.05	5706.00	4376.69	1329.31	703
Three Classroom school	1501	1521	+ 2 0	986	535	35.17	6754.50	5260.82	1493.68	520
Drinking Water	5396	4910	(-) 4 8 6	2997	1913	39.96	809.40	436.13	346.27	2652
Toilet	7639	5981	(-) 1 6 5 8	3062	2919	48.80	1527.80	800.69	727.11	3978
Master Cluster School	13	13	-	-	13	100%	29.90	-	29.90	

9.2 Administrative approval for the construction of 168 BRCs was issued by the SPD, in November 2002 and June 2003 at a cost of Rs.10.08 Crores. The work was entrusted to Tamil Nadu State PWD. The probable date of completion (PDC) as per administrative approval was January 2003 (35 BRC) March 2003 (52 BRC) and December 2003 (81 BRC). The CRCS, 2 CR, 3 CR, Toilet and DW facilities were to be constructed by the respective VEC. Though the probable date of completion of 168 BRCs had expired in December 2003, as on 31st March 2004, 61 BRCs are yet to be completed by the PWD department.

9.3 The table above indicates the number of CRCs, 2 CR, 3CR, DW and toilet approved by PAB for construction during 2001-2004, and the actual number being executed by the SIS. There were wide variations between that approved for construction and that being executed. There were excess construction of 9 CRC (5 distt), 88 two CR (15 distt) and 20 three CR (18 distt) at a cost of Rs.372.00 lakhs which is irregular as construction cannot exceed the sanction accorded by the PAB. In respect of DW and toilet the actual construction was too low compared to the approved number. The savings on reduction of 486 DW (25 distt) and 1658 toilet (27 distt) was to the tune of Rs.404.50 lakhs. The savings due to reduction of number of toilets and DW to be constructed cannot be appropriated for excess construction of CRS, 2CR and 3CR. It was observed that the Project Director issued periodical Orders reducing the number of Toilet/DW to be constructed and utilize that money for additional construction of 2 CR/ CRC/ 3 CR and vice versa. To illustrate

District Karur

Date of issue of Order	17.7.2003
Reductions	Toilet From 352 to 85 DW from 200 to 56
Increase	25 CR

In the selected district Villupuram the variations were:

	2 CR	DW	Toilet
Approved by PAB	110	91	158
Executed	104	139	212
Reduction	(-)6	(+)48	(+)54

9.4 In view of this periodical deviations in almost all districts on different dates over two years, the team could not exactly co-relate the approved

numbers with reduced/ increased construction. Also in financial terms the approved cost, expenditure and spill over in 2002-2003 and 2003-2004 could not be matched with the revised cost, expenditure and spillover based on the periodical deviations. It was also not possible to compare the actual physical/ financial position as indicated in the expenditure statement for 2002-2003 and 2003-2004 with reference to approved cost and expenditure and spill over.

Ministry may like to look into details for suitable directions.

9.5 Out of 52 schools visited by the team, in 12 schools civil works was completed but no handing/ taking over has been effected nor assets taken in asset registers. Interaction with DPO/ SPO revealed that none of the CRC, two CR, three CR, DW and toilets completed were handed over to the respective Panchayat Unions.

9.6 The percentage of uncompleted work ranged between 36.30 to 48.80 percent though funds were not the constraints, since huge unspent balance was available under SSA funds. Technical guidance and support from department was lacking since there was only one Engineer to supervise the Construction works for whole of Villupuram district. As in the case of BRCs, there was no time schedule fixed for completion of Civil works by the VEC.

9.7 Under NPEGEL, 13 Master Cluster schools were approved for construction in 13 blocks of 8 districts at a cost of Rs.29.9 lakhs. The entire amount has been shown as spill over. In Villupuram district it was observed that the expenditure of Rs.2.30 lakhs on construction of MCS was booked under expenditure as well as under spill over which is not correct. Infact, buildings were completed, completion certificate issued and final payment made. Similar position may exist in other districts as well.

CHAPTER-X

PRE-PROJECT ACTIVITIES (PPA)

10.1 To achieve the objectives of SSA, the Ministry of Human Resource Development launched upon PPA before implementing the SSA scheme. For this purpose, the Ministry of HRD sanctioned to the SIS of Tamil Nadu, a sum of Rs.3.62 crores in four instalments as follows:

Sl. No.	Letter reference GOI, M/o HRD, Dept. of Elementary Edn. And Literacy New Delhi	Amount sanctioned Rs.	Date of receipt by SIS
1.	No.72-52/ 2000 Desk (EE) dt.4/1/2001	1,59,00,000	9/2/2001
2.	No.72-52/ 2000 Desk (EE) dt.22/1/2001	1,59,00,000	10/2/2002
3.	No.F4-8/ 2001 DPEP – 5 dt.24/7/01	26,78,000	15/4/2002
4.	No.F4-8/ 2001 DPEP – 5 dt.4/2/02	17,24,000	5/3/2003
TOTAL		3,62,02,000	

10.2 Balance available as on 31.3.2004 was Rs.1.09 crores.

10.3 Our study revealed that the Procedure prescribed by the Ministry in the sanctions were not followed and various deviations made while handling the grants which are listed below:-

- (a) On receipt of first instalment of Rs.1.59 Crores in February 2001, the society invested in fixed deposit, a sum of Rs.1.55 Crores in March 2001 with 10B without releasing the funds to Districts for expenditure on PPA.
- (b) Despite availability of funds from February 2001, expenditure on PPA between May 2001 to August 2001 amounting to Rs.15.93 lakhs was incurred from DPEP funds, which was later reimbursed in October 2001. This was avoidable but for investment in fixed deposits.

- (c) Funds for PPA were released to Districts to the extent of Rs.1.19 Crores, only on 11.3.2003 i.e. two years after the receipt of funds in February 2001. Implementation of the programme itself had preceded PPA.
- (d) A separate account was not maintained exclusively for PPA at State level as spelt out in sanctions.
- (e) Annual Audited Statement of accounts (2001-2002) along with utilization certificate due in July 2002 was sent belatedly in April 2004 after a delay of 22 months that too without utilization certificates in prescribed form.
- (f) For 2002-2003 expenditure on PPA was merged with SSA project accounts and no separate account prepared. The accounts were sent only in April 2004 after a delay of 9 months.
- (g) The unspent balance of Rs.1.09 crores as on 31.03.2004 has not yet been refunded to the Ministry of HRD as per sanction orders together with interest at 6% per annum.
- (h) Though Ministry in their sanction dated 24.7.2001 released funds of Rs.26.78 lakhs for four DPEP districts in Tamil Nadu i.e. Cuddalore, Dharmapuri Tiruvannamalai and Villupuram for expenditure on meeting, school mapping Household survey, etc, no funds were distributed to these 4 districts by the SIS and the entire amount retained by the Society. Similarly an amount of Rs.17.24 lakhs released in February 2002 for three DPEP districts viz. Pudukottai, Perambalur and Ramanathapuram for PPA was not distributed to these districts.

CHAPTER-XI

ACCOUNTS

11.1 The study revealed that the SIS of Tamil Nadu had not developed any Financial Rules or Regulation and delegation of Financial Powers. The SIS has no coding system for accounting of expenditure at the State/ District level and as such accounts are not rendered to GOI in Codal Accounting. At the State Project Office, there is one Finance and Accounts Officer and a Consultant (Finance) engaged on contract basis. The SPO has two Superintendents and two Assistants and in the District level there is only one upgraded Superintendent. All of them were drawn on deputation from the Directorate of School Education. There is none at staff level in the SPO/ DPO with sufficient accounting background. None of the staff was imparted any orientation training on accounting during the last two years.

11.2 Following deficiencies in accounts were noticed.

(a) Cash Book

At SPO, there were four Cash Books instead of a single Cash Book. The entries were not attested by Authorised Signatory every day nor the daily closing balance was authenticated. The imprest cash balance was not taken into account and there were no physical verification/ surprise verification of cash balances conducted at any time. At DPO, Villupuram, details of uncashed cheques issued and unrealized cheques remitted had not been furnished in the Cash Book to verify the correctness of cash balance held. No Bank Reconciliation Statement was prepared. In our field visits to schools we came across encashment of cheques issued in November 2003, in March 2004. Barring one, none of the schools maintained the Cash book.

(b) Accounting Records

The following registers/ books of accounts were not maintained by SPO/ DPO.

Journal Register, Register of Temporary Advances, Register of Money Orders and Bank Drafts, Registers of remittance made to Bank, Cheque issue register, Register of Money Orders, Postal Orders and Drafts despatched, Bill Register, Register of Works, Register of Advances to Agencies/ NGOs, Fixed Asset Register, Register of Investments, Classification Accounts of Projects, Temporary Advance Register for staff, Contractors etc., TA/ DA advance Register, File Register.

Asset Registers were not maintained by SPO/ DPO and extract/ certified copy sent to Ministry every year. The value of fixed assets of the society as at 31st March 2003 was Rs.16.67 crores. Stock items were not physically verified annually nor issue/ receipts authenticated.

11.3 As per the Manual on Financial Management, the funds released by SIS to districts are to be initially classified as Advances and indicated as such in Accounts, which are adjusted based on expenditure/ Utilisation Certificate. Advances not adjusted are to be shown as Advances and not as expenditure. This practice is not being followed by SPO.

11.4 The entire accounting system from voucher level to finalisation of accounts needs to be streamlined and revamped to ensure that proper accounting systems are introduced. It is also recommended that the accounting system may be computerised.

Internal Audit

11.5 Scope and extent of internal audit etc are given in the "Manual on Financial Management and Procurement" which has since been made mandatory. The reports of the internal audits are to be placed before the Executive Committee. Occasional administrative supervision visits of Headquarters staff to certain districts for a day or two cannot be termed as internal audit as envisaged in the scheme.

11.6 A regular internal Audit Wing has not so far been created in the SPO/ DPO in the last 2 years of implementation of SSA programme, despite huge expenditure of Rs.104.26 crores in 2002-03 and Rs.245.37 crores in 2003-04. The SPD stated that proposals for internal audit are under consideration.

Constitution of a competent internal Audit Team to guide various levels and to conduct regularity check of account/ records on sample basis is recommended for early action.

Annual Accounts (2002-03)

11.7 As per the sanctions issued for the release of funds under SSA, by GOI, the Annual audited statement of the accounts along with the utilization certificate will be submitted to the GOI, Ministry of HRD within three months of the close of the Financial Year i.e., by June 2003 for the Accounts of 2002-03. Also an annual Administrative report of the society will be submitted to the Ministry within 9 months from the close of the financial year i.e., 2002-03. However, the audited accounts for 2002-03, was completed by the CA only on 31/03/2004 adapted by the Executive Committee, and sent to the Ministry belatedly in April 2004, after a lapse of 9 months. The Annual Administrative Report due on 31.12.2003 is yet to be sent by the Society.

11.8 It is seen from the Income and Expenditure Account for the year ended 31.03.2003, that the entire expenditure of various SSA interventions, totaling Rs.69.75 crores has been charged off against the interest income of Rs.1.18 crores alone. The funds released have been taken as Capital Receipt. Debiting the entire expenditure of Rs.69.75 crores against a credit of Rs.1.18 crores (interest) had resulted in Excess expenditure over income of Rs.68.57 crores. If the grants except Civil Works (Maximum 33% of Outlay) and Furniture are taken as income, the Income and Expenditure Account would show excess of Income over Expenditure. The method of preparation of accounts adopted by the SIS does not sound logical.

Ministry may take a final view on the issue to distinguish between Capital and Revenue Receipts/ Expenditure and of a

desirability distinct standard format of accounts for SSA. General format of accounts laid down in the Society's Act may not serve the purpose for specific nature of SSA activities.

11.9 General observations on the Accounts

- (a) The receipt and payment account is for the year ending 31.03.2003, but the balance sheet includes receipts of pre-project activities received in previous years as well i.e., Rs.3.18 crores in 2000-01 and 2001-02. There is no opening balance in Balance Sheet.
- (b) Excess of expenditure over income is Rs.68.57 crores as per income and Expenditure Account, but the same is Rs.69.18 crores as per Balance Sheet. The difference is not explained.
- (c) Other receipts of Rs.62.84 lakhs shown in R&P account does not figure in I&E account.
- (d) There are no supporting schedules to Balance Sheet attached in respect of each item of Asset/ Liability
- (e) In respect of 13 interventions, there were variations between the expenditure statement and Annual Accounts (R&P account).
- (f) The annual accounts 2002-03 were not prepared by the SPD by 30th June 2003. Accounts were finally prepared and audited by the Chartered Accountants in March 2004 and submitted to EC on 16th April.
- (g) The Utilization Certificate given by the Auditor states only the total grants received and the total expenditure whereas the prescribed format of one page states the break up of receipt/ expenditure alongwith details of unspent balance, etc.

11.10 The Manual on Financial Management does not prescribe the format for preparing the Annual Accounts. There is also no clarity on accounts keeping by Schools, Blocks, Districts and by the Society. A uniform format for their guidance will be helpful for the accounts

stream/ staff. Ministry may like to initiate suitable steps on priority basis.

It is suggested that Ministry may consider insisting from SIS the audited annual accounts of previous year before the release of 2nd instalment in September. It will enable the Government to satisfy that State has transferred its matching share in previous year and the requisite expenditure has been incurred. The phrase in the para 1.8, framework for implementation 3rd item could be expanded to “..... the further instalments would be released to the Society only after the State Government has transferred its matching funds to the society and expenditure of atleast 50 per cent of the funds (Centre and States) transferred has been effected **as evidenced by the audited annual accounts of previous financial years**”.

CHAPTER-XII

FIELD VISITS

12.1 In the selected District Villupuram, the team visited 52 schools, 20 upper primary and 32 primary schools in 10 Blocks. (Kolianoor, Kanai, Thirunavalur, Sankarapuram, Mylam, Olakkur, Gingee, Thirukovilur, Vanur and Villupuram). This included 2 schools in tribal areas situated at Kalrayan hills. The team also visited one BRC at Thayagadurgam, and one CRC at Poonthotam (Villupuram). The Team had extensive interaction with the VEC Chairmen, the Headmasters, Teachers, around 266 students and 241 parents. Interviews were conducted with the Parents, Students, VEC Chairmen, Teachers/ HMs based on a structured questionnaire. In addition, the basic records maintained by the Schools viz. Village Education Registers, Household Population survey, Bank Pass Book, Vouchers, etc. were scrutinized. Physical verification of construction activities was also carried out. The results of field study not covered earlier are summarized below.

Community Participation

12.2 In 4 villages out of 52, the VEC were not constituted. The participation of VEC members except the VEC Chairman and HM was poor. In none of the schools, a core planning team was constituted. The schools could not produce the village plans initiated at the grass root level. Plans are apparently drawn by BRC in consultation with VEC.

Though the VEC was expected to meet twice in a month, only one meeting is held on an average. The participation of all members was not satisfactory, since all members do not attend. In the selected BRC of the 7 meetings held in 2003-04, the Chairman participated only in 4 meetings and there was gradual reduction in member's participation from 12 to 4.

Parent-Teacher's meetings were stated to be held, but majority of schools (36) could not produce any records. The SSA norms provide for VEC meetings, but SIS, Tamil Nadu did not project any funds under this intervention. Only VEC training was projected. If funds are provided for VEC

meeting, it may encourage more participation. The VEC decisions in the meetings were stated to be communicated to BRC/ DEEO/ AEEO but office copy/suitable remark of the same was not produced in any of the 52 schools.

Training to VEC Members

12.3 The AWP&B provides for training of 8 members from each VEC for 2 days. In Tamil Nadu, the actual expenditure on VEC training was only 29 percent and 45 percent of the approved allotment in 2002-2003, 2003-2004 respectively. As against this, in physical terms, the achievement was 43 percent and 92 percent in these two years. Only conclusion is that sufficient number of persons (8) were not trained or only one day training was given. Our interaction with VEC Chairman/ HM in 52 schools revealed that

- Only 2 to 6 members were trained for one day in 31 VECs
- 2 to 8 members under went training for 2 days in 7 VECs
- No member was trained in 14 VECs

The shortfall in training results in lack of awareness of SSA objectives and norms among the VEC members affecting the very functioning of VECs. Incidentally we were also given to understand that VEC members (except the HM/ Teachers) are not taking keen interest in training.

Remedial measures may be considered by SIS.

12.4 Primary Records

(i) VER

To track the progress of each and every child in the 0-14 age group, preparation of Village Education Register (VER) on the basis of household survey is prescribed under SSA. In 12 out of 52 schools VER was not maintained though household survey was conducted.

(ii) Bank Accounts

Separate Bank accounts were maintained by schools for civil work grants and other grants. The pass book for civil works grant was held by VER President and could not be produced by 3 schools out of 22 schools. In villages, Banks debit substantial amounts from the grants

received towards commission for outstation cheques. This deprives the schools of their full entitlement of grants/ money for Civil works to the benefit of the banks.

Ways and means to avoid this needs to be thought over by negotiation with Banks Regional Offices.

(iii) Cash book and balance held

Except in one school, cash book was not maintained in 51 schools. In none of the 52 schools Annual Accounts were prepared and submitted to the VEC. No bank reconciliation was prepared in the absence of Cash Book. The cash balances held by schools were as under:

Year	No. of Schools	Cash balance (Rs.)		
		In bank	In hand	Total
2002-2003	24	4,52,732	2,69,270	7,22,002
2003-2004	34	5,24,908	2,02,121	7,27,029

The grants given to the schools are treated as final expenditure by DPO and charged off. But huge amounts are held at the end of the year as unutilized in the schools. The Annual Accounts prepared by the SIS also does not take these cash balance in the asset side of accounts. In 5 schools of Thyagadurgam block, funds released for MRW/ SG amounting to Rs.14640 were withdrawn from Bank and kept by the Headmaster. Keeping SSA funds as Cash-in-hand by HM is not a healthy and safe practice.

(iv) Asset Register

Asset Register was not maintained in 46 schools and Stock Register not maintained in 21 Schools for purchase of material out of TLE/TLM/SG.

(v) Accounting of Cheques

The cheques received from DPO towards various grants have not been credited in Bank account immediately on receipt. The delay ranged from one month to six months in 35 cases.

Civil Works

12.5 Out of 22 schools where civil works were carried out, works were not completed in 10 schools. Copies of completion certificates were not available at the schools and handing/ taking over is yet to be done. The assets created were also not taken on charge in Asset Registers.

Transparency

12.6 The school display board has to show all investments being made in the schools to highlight transparency in programme. Display boards were not available in 16 out of 52 schools. Details of grants received and expenditure incurred were not exhibited in 51 schools out of 52 schools.

Mid day Meal

12.7 Distribution of free noon meal to the children of standards I to VIII was started in Tamil Nadu in 1982. The scheme is being implemented and monitored by the Department of Rural Development. The number of beneficiaries per school is fixed by the Divisional Development Officers. Out of 52 schools, in 9 Primary schools, 503 students were not provided with mid day meals. In 18 upgraded middle schools 3200 students of class VI to VIII were not provided with mid day meals. They were adjusted from within the provision for 4115 students of class I to V. Adjustments naturally deprive the children sufficient quantity of food and the students generally complained of the inadequate quantity. It is taking normally one to two years for introducing noon-meal scheme in newly opened Primary Schools and upgraded middle schools, as the scheme is implemented by Rural Development Department. It is essential that the scheme should be made applicable from the date of opening/ up gradation of the schools, but there is no system for such a synchronized arrangement. The DPO has to co-ordinate with BDO well ahead of opening of the schools and ensure implementation simultaneously with the opening of school. This is feasible since BDO is also a member of the Block Level Management Structure and the District Collector is the chairman of District Level Committee. **Since noon meal scheme at village attracts**

enrolment, and eliminates dropouts, urgent action is needed to organize a system improvement so as to provide noon meals to all children since their enrolment.

At the school level the scheme is implemented by an organizer with the assistance of two Ayas, who are not under the administrative control of the Headmaster. This poses several practical problems.

It is suggested that the organizer should be made accountable to Headmasters. This could be done in consultation with the Rural Development Department/ BDO through the Collector.

Text Books

12.8 Free distribution of text books to all school children of age group 6 to 14 was introduced in Tamil Nadu right from 1985-86 onwards. Only in one school, the text book was not supplied to 35 students. In another 16 schools, the supplies were partial. Generally, the teachers manage to get the books from other schools where supply is slightly in excess or by making use of old books. The problem again is interconnection of mid day noon meals scheme and free textbook issue. Only those children who are getting noon meals are eligible for free textbooks. In the newly opened primary schools and upgraded middle schools, where some children do not get noon meals, they are denied the free issue of textbooks also. In towns and urban areas, where some children who do not avail of the noon meals, are denied free text books.

It is suggested that the matter may be reviewed with the State Government to de-link the mid day meals scheme from free issue of text book.

Infrastructure facilities

12.9 The essential facility of toilet, drinking water and playground is denied to the students by and large. Our study revealed that out of 52 schools.

- Toilet facility was not available in 29 schools.
- Drinking water facility was not available in 16 schools
- Playground was not available in 31 schools.

In schools where toilet facilities were available, its maintenance was poor making it unusable. Availability of sufficient water was another general problem. At some places children stated that they use open space in the village or go home for the purpose. In one of the High schools, which is in existence for over 17 years, there was no toilet facility, leave alone separate toilet for girl students. Three teachers (female) and over 60 girl students of class IX and X, expressed their grief over the issue. In another school, which had completed 50 years of existence, there were no toilet facilities. While this is the ground situation, the SPD had resorted over the past 2 years, to reduce the construction of toilet and drinking water facilities, approved in the AWP&B and use the savings for construction of 2 CR, 3 CR and CRCs. (In Villupuram it was however vice versa). Also the percentage of non-completion of drinking water and toilet facilities under execution was 40 per cent and 49 per cent respectively. Electricity is not available in many schools.

Training Learning Equipments (TLE)

12.10 The SSA framework provides TLE of Rs.10,000 to newly opened primary schools and Rs.50000 to newly opened upper primary schools. During the year 2002-03 and 2003-04, the number of primary and upper primary schools opened in Villupuram District was 21 and 95 respectively. Under instruction from SPD, the DPO finalized the list of items to be purchased for Rs.50000 for upper primary school based on quality and price, and selected 7 firms on whom the orders are to be placed by the Headmasters of the School. The list, however, did not specify the technical configuration for high value items. The Headmasters, while releasing the grant, were instructed by DPO to contact these 7 firms, who will supply the materials against which payments from TLE grant could be paid to these firms. During the visit of the schools, the vouchers in support of the purchase revealed printed cash bills by these firms including the price, only leaving the name of the school and place to be filled in. Some of the schools had not spent the amount in full since these firms had no stock of the items. It was ascertained that similar procedure was followed in respect of TLE for primary schools as well.

While the list of items to be purchased under TLE can be suggested by a team of experts at SPO/ DPO level, identifying the firms with cost and making it mandatory to purchase the items only from the circulated list of 7 firms does not appear to be a transparent action. In the procedure adopted, the VLC/ HM have no scope to plan the requirements based on their actual needs. To illustrate, MP3 players 5-in-1 at a cost of Rs.6,177 was purchased by all schools including those who had no electricity connection.

Tribal Schools

12.11 The Kalrayan hills in Shankarapuram block in Villupuram district has a dense tribal population and 45.5 per cent of the population is below poverty line. Natural barriers such as hills, valleys, affect educational facilities in Kalrayan hills. This area has 170 habitations, of which 3 and 10 habitations were not served with primary and upper primary schools. At Kalrayan Hills, the Gross enrolment ratio (GER) and the Net enrolment ratio (NER) were the lowest in the district. Also, completion rate (CR) was poor in this tribal area. No new upper primary or primary schools were opened under SSA in this area, despite unserved habitations. Inconvenience was experienced by the project staff to collect data from schools in Kalrayan hills due to lack of transport facilities and manpower. There are 48 schools in Kalrayan hills out of which 39 are Government tribal residential schools. All the schools are under the control of Adi-draavidar Welfare Department since there is no BRC/ CRC in Kalrayan Hills. Thus, there is no agency for SSA in the hills and it was very difficult to collect information and data regarding implementation of SSA activities.

12.12 The team visited two schools in this tribal area both of which were residential. There were no proper VECs functioning in these villages, and the primary record viz. VER was not maintained. Both the schools lacked infrastructure facilities like toilet and drinking water. In one school, without a compound wall, there were encroachments for residential purpose. The school buildings were in dilapidated condition. Separate residential accommodation for the children was not available; the class room itself being used after school hours. Our interaction with students revealed that the teachers attend the school only for a day or two in a week. There are no provisions for residential accommodation to the teachers and also teachers cannot commute from plains due to poor transport facilities. The students have to walk 2 to 4 kilometers to reach the school. A visit to a private school in the same area revealed vast difference in terms of facilities where the students and teachers are provided with a residential accommodation. The surroundings were neat and clean with healthy atmosphere to the children.

In our opinion, there is an urgent need to open a BRC with more number of teacher educators in Kalrayan hills and implement SSA activities to the benefit and upliftment of the tribal children, with special focus on them. The BRC staff and the teachers need to be provided with residential accommodation.

Annexure –I
LIST OF SCHOOLS VISITED BY THE TEAM

Panchayat Union Primary Schools	Panchayat Middle schools
<p>a) Kolianoor Block</p> <ol style="list-style-type: none"> 1. Maragathapuram 2. Alathur 3. Nathamedu 4. Subbampattai 5. Maragathapuram Kudiyiruppu 6. Indranagar West 7. Siddarthathirukkai 8. Sannanthope 9. Sundaripalayam 10. Pilayarkuppam 11. Melapathy 	<ol style="list-style-type: none"> 1. T. Mettupalayam
<p>b) Kanai Block</p> <ol style="list-style-type: none"> 1. Mangalapuram 2. Annaiyur Kudiyiruppu 3. Anniyur 4. Kedar 	<ol style="list-style-type: none"> 1. Govt Middle School, Udaiyarnatham
<p>c) Thirunavalur Block</p> <ol style="list-style-type: none"> 1. Paddur (Gandhi Nagar) 2. P. Killanur 3. Irundai 4. Madapattu 	<ol style="list-style-type: none"> 1. T. Orathur 2. Devianandal 3. Koovagem 4. Aiyanvelur 5. Korattur 6. Karuvepilai Palayam
<p>d) Sankarapuram Block (Kalrayan Hills)</p> <ol style="list-style-type: none"> 1. Residential School, Serapattu 	<p>Govt. Tribal Middle School, Kalakadu</p>
<p>e) Mylam Block</p> <ol style="list-style-type: none"> 1. Perani Colony 	<ol style="list-style-type: none"> 1. Sendur 2. Asoor

Panchayat Union Primary Schools	Panchayat Middle schools
f) Olakkur Block 1. Mangalam 2. Saram 3. Melapakkam	Vairapuram
g) Gingee Block 1. SiruveliKuppam 2. Girls School, Ananthapuram 3. Boys School, Annathapuram 4. Konalur	1. Thachampattu 2. Karai
h) Tirukoilur Block	1. Govt. High School, Ponnianthal 2. Middle School, Thunijipattu
i) Vannur Block 1. Tiruvakarai 2. Ottai	1. Ranganathapuram 2. Sengamedu
j) Villupuram Block 1. Kilperumpakkam 2. Kamalanagar	1. Nataraja Aided Middle School, Villupuram 2. Poonthottam