

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

SPONSORED BY

MINISTRY OF HUMAN RESOURCE DEVELOPMENT
(DEPARTMENT OF ELEMENTARY EDUCATION AND LITERACY)
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PROFILE OF THE INSTITUTE OF PUBLIC AUDITORS OF INDIA

The Institute of Public Auditors of India is a registered society of professionals. Its main aims and objectives are to:

- Promote education in the disciplines of auditing, finance and accounting in public bodies;
- Suggest ways for effective accounting and auditing in the Central and State Governments, Public Enterprises, Public Institutions, Government aided voluntary organisations and local bodies;
- Undertake and conduct studies, workshops, consultancy and research in these disciplines;
- Organise, 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-1

SSA MISSION IN KERALA

1.1 INTRODUCTION

1.1.1 Sarva Shiksha Abhiyan (SSA) launched by Government of India in partnership with State Governments, and local self Governments, is a comprehensive and flagship programme to attain Universal Elementary Education (UEE) within a definite timeframe, in a mission mode. It aims to provide useful and relevant education to all children in the 6-14 age groups by 2010, effectively involving the participation of community in management of schools. Due stress is also given on improving the quality of basic education by modernizing the teaching techniques and by providing necessary infrastructure and other amenities. The programme envisages enrolment of all children in regular or alternative schools by 2003, completion of their primary schooling by 2007 and completion of 8 years of elementary education by 2010, thus bridging all gender and social category gaps and attaining universal retention by 2010.

1.1.2 Government of India, Ministry of Human Resource Development, engaged the Institute of Public Auditors of India, New Delhi, to conduct a study of by implementation process of SSA specially its financial aspects including the release and utilization of SSA funds to the State Implementation Society (SIS), District Project Offices (SPO) and other sub district units in Kerala. The Institute conducted the study selecting Kollam and Palakkad districts for detailed analysis.

1.1.3 Methodology

The team carried out the study at the State Project Office (SPO) and the District Project Office (DPO), Kollam and Palakkad. The team also visited 9 BRCs and 50 schools located in 11 blocks including 3 schools in a tribal area (Attappady-Palakkad). The study was record based, in addition to discussions with State, District and Block level Officers. In addition to scrutiny of basic records in schools the team carried out limited interviews based on a structured questionnaire with Panchayat Presidents/ Ward Members, Headmasters, students and their guardians. The names of schools and BRCs

visited are given in Annexure-I. The findings of the study are contained in the succeeding paragraphs.

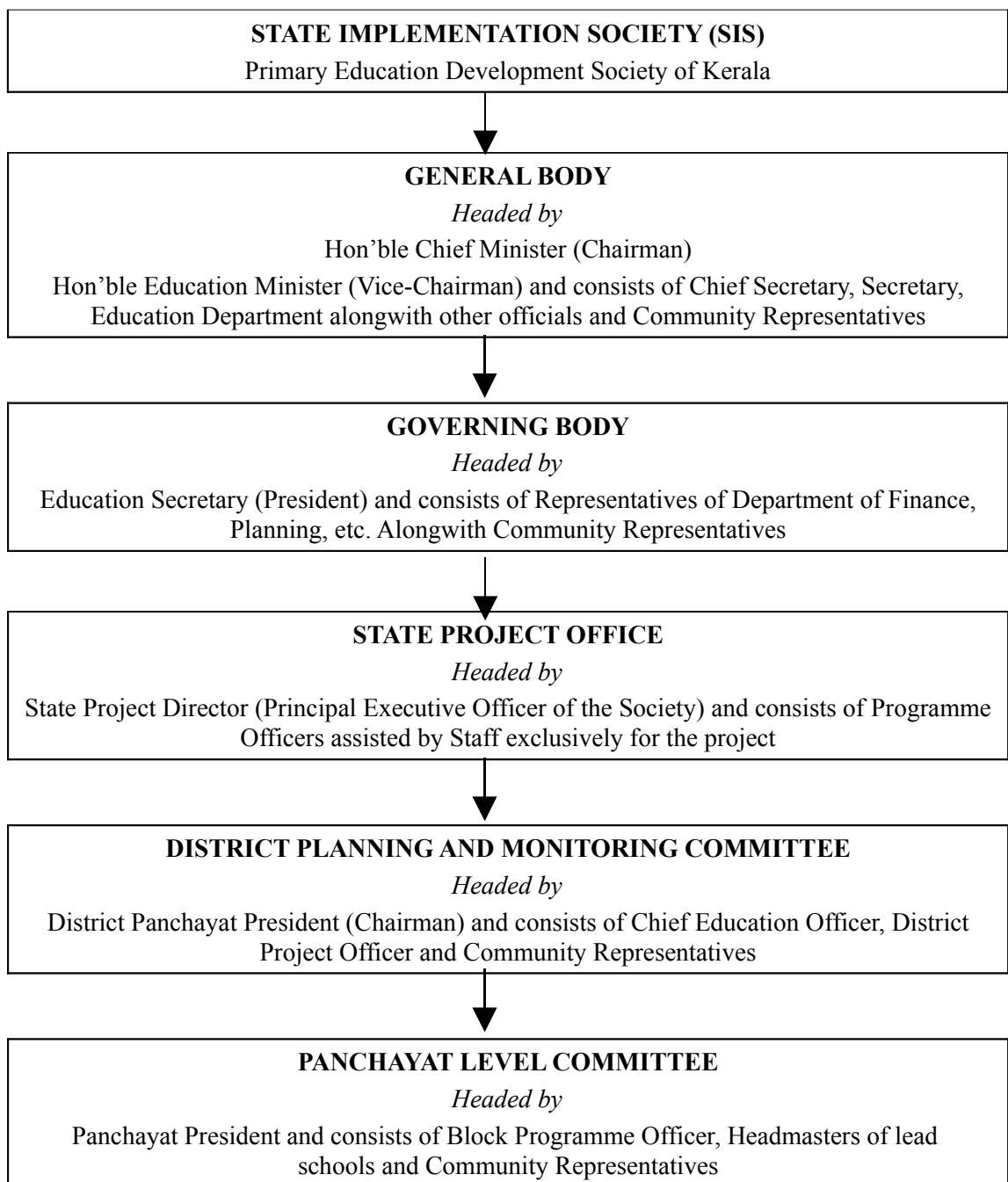
1.2 ORGANIZATIONAL SETUP

- 1.2.1** According to the framework drawn for implementation of SSA, there would be a State Mission Authority for 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 would carryout the implementation and monitoring of the programme including all operational support tasks. The district and sub district units will be set up by the states.
- 1.2.2** The Government of Kerala had established on 4th March 1994, a registered society named “Primary Education Development Society of Kerala (PEDSK)” as an autonomous and independent body for implementation of the District Primary Education Programme (DPEP). The PEDSK was designed to function as a societal mission for bringing about a fundamental change in the primary education system. The implementation of SSA was entrusted to PEDSK in January 2001. The society with its headquarters at Thiruvananthapuram was to undertake all activities necessary for implementation of the programme. The society consists of (i) a General Body headed by the Chief Minister, with Education Minister as Vice-Chairman and (ii) a Governing Body with Secretary to Government, General Education Department as President and the State Project Director as Secretary. While the Governing Body administers the affairs of the society, the State Project Office has the primary role in implementing and executing the programme and it has in this process close links with its district and sub district level structures as well as the State Government, National Mission and other organizations. The District Level Implementation Committee headed by the District Panchayat President is responsible for the preparation of the District Plans as well as execution of various components of the programme. The sub district level i.e. The Block level committees serve as vital link between the District level structure and the bottom level planning and implementation unit i.e. Village Education Committees (vecs). However, the above structure was slightly modified by Government in November 2004 who dissolved Block level committees and

instead the Panchayat level committees were formed to plan and monitor the activities of SSA in respect of all the schools within their panchayats.

1.2.3 The organization chart (visual representation) depicting the flow of authority from the State Mission to School level for successful implementation of the scheme is given below:

ORGANISATIONAL CHART



1.2.4 Working of SIS and District Level Implementation Authority

- (i) As per the Rules and Regulations of the SIS the meetings of the General Body shall be held at least twice a year (Rule 13) and those of the Governing Body shall be held at least once in each quarter of a year or as often as necessary (Rule 31). The General Body did not hold any meeting during the period 2002-2003 to 2004-2005. The Governing Body held four meetings in 2002-2003, three in 2003-2004 and two in 2004-2005. The gap between the meetings on 3 occasions was more than three months.
- (ii) A State Level Monitoring Committee with Hon'ble Minister for Education as Chairman was constituted (September 2003) by State Government for planning and monitoring the activities under SSA. The committee was to meet once a month to analyse the progress of implementation. However the committee met only thrice since its formation
- (iii) The District level Planning and Monitoring Committee under the Chairmanship of District Collector upto November 2004 and District Panchayat President thereafter was also to meet once in a month. The committees of the selected districts Kollam met four times each in 2003-2004 and 2004-2005 and Palakkad met twice in 2003-2004 as well as in 2004-2005.
- (iv) Continuity of the top-level officers in the State as well as district level offices is an essential factor for the smooth implementation of the programme. However, during the period 2002-03 to 2004-05 the incumbents in the posts of State Project Director, Administrative Officer and Finance Officer at SPO were changed twice i.e. Three officers held charge of each of the posts. In Kollam District there were three changes in the posts District Project Officer, Programme Officer and Accounts Officer during the period. Frequent transfers of other staff including Block Resource Persons, on deputation, were also noticed.

1.3 DEMOGRAPHIC DATA

The demographic and educational profile of the State of Kerala and the districts Kollam and Palakkad is given below:

		Kerala	Kollam	Palakkad
Date of formation		1 st November 1956	1 st November 1956	1 st January 1957
Area (in Sq. Km.)		38863	2491	4480
Population 2001	Total	31838619	2584118	2617072
	Male	15468664	1248616	1265794
	Female	16369955	1335502	1351278
Literacy rate 2001	Total	90.92	91.49	84.31
	Male	94.20	94.63	89.73
	Female	87.86	88.60	79.31
Revenue Villages		1452	104	156
Municipal Corporations		5	1	0
Municipalities		53	2	4
Block Panchayats		152	13	13
Grama Panchayats		991	69	90
Educational Institutions				
LP Schools		6712	473	556
UP Schools		2951	208	235
High Schools		2608	213	153
Schools for the Handicapped		43	1	4
Number of students 2002-2003	Total	5001761	366975	454494
	Boys	2549536	186322	231260
	Girls	2452225	180653	223234
Number of Teachers 2002-2003	Total	176620	12229	15216
	Male	56372	3005	4678
	Female	120248	9224	10538
Number of Educational Districts		36	3	2
Number of Educational Sub Districts		161	12	12

CHAPTER-2

FUNDING ARRANGEMENTS

2.1 FLOW OF FUNDS

2.1.1 SSA is financed by the Government of India and the State Governments in the ratio of 85:15 during IX Plan up to 2002, 75:25 during X Plan upto 2007 and 50:50 thereafter upto 2010. The State Government was to maintain their level of investment in elementary education as in 1999-2000 and the contribution of State 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 and 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 i.e. In April and September subject to certain conditions which inter-alia included 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 district 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) Utilisation certificate of funds released in the first instalment is furnished before release of first instalment of subsequent year.

2.1.2 Both Central and State Governments are to release the funds directly to SIS, (except in 2001-02 when it was sent to State Government) which in turn releases funds to the District Project Offices (DPO). The DPO releases funds to brcs and to the vecs (Schools) through BRC excepting funds relating to civil works, which are sent directly to VEC.

2.1.3 The PAB while approving the Annual Work Plans of 2002-03 and 2003-04 had directed the State Government 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 by Government of Kerala in Elementary Education in 1999-2000 and thereafter was as follows:

(Rs. In crore)

Year	Actual Expenditure		
	Plan	Non-Plan	Total
1999-2000	10.19	1224.32	1234.51
2000-2001	11.10	1180.11	1191.21
2001-2002	8.36	1037.70	1046.06
2002-2003	11.28	1224.36	1235.64
2003-2004	7.41	1277.32	1284.73

Thus there was reduction in the level of expenditure during 2000-01 and 2001-02 compared to that of 1999-2000. While the investment, excluding contribution to SSA, during 2002-03 fell short of that in 1999-2000, it was maintained during 2003-04.

2.1.4 Funding profile

The funding profile of SSA Kerala is summarised below:

(Rs. In crores)

Year	Approved annual outlay	Release by centre	Release by State	Total	% of release to outlay	Expenditure	Balance	Amount not released by Centre/ State	% of expenditure to
									Outlay
2001-02	23.73	10.08	--	10.08	42.48	Nil	10.08	13.65	Nil
2002-03	89.03	22.51	3.13	25.64	28.80	24.86	0.78	63.39	27.92
2003-04	127.43	49.66	22.80	72.46	56.86	60.78	11.68	54.97	47.70
2004-05	167.90	89.39	7.22	96.61	57.54	93.84	2.77	71.29	55.89

There was substantial reduction in release of funds compared to the approved annual outlay and, even these smaller releases of funds had not been fully expended in all the years. Government of India had released the Ist Instalment only after taking in to account the balance at the beginning of the years 2002-03, 2003-04 and 2004-05.

Information regarding the visit of National Mission before processing second instalment each year and their findings were not made available to the Study Team.

2.1.5 Delay in flow of funds and short release of State funds

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

Central Share			State Share		
Date of sanction	Amount (Rs. In crore)	Date of receipt by SIS	Date of sanction	Amount (Rs. In crore)	Date of receipt by SIS
2001-02					
14.03.2002	1.07	03.07.2002			
20.03.2002	9.01	05.11.2002 & 31.12.2002			
2002-03					
03.12.2002	22.51	26.12.2002	21.05.2002	3.13	31.12.2002
			25.03.2003	7.50	03.04.2003
2003-04					
24.06.2003	24.66	09.09.2003	30.09.2003	4.30	29.10.2003
29.01.2004	25.00	28.02.2004	26.12.2003	1.92	10.03.2004
				0.21	17.03.2004
				1.79	31.03.2004
2004-05					
24.05.2004	10.00	04.06.2004	16.11.2004	2.15	05.01.2005
09.08.2004	49.39	03.09.2004	31.03.2005	2.15	Not received upto 18.04.2005
02.03.2005	30.00	16.03.2005			

It can be seen from the above that the funds did not flow as per the prescribed timeframe but the delay in receipt of funds from State Government was marked.

Short release of funds by State

The details of receipt of funds from Central and State Governments are given below:

(Rs. In crores)

Year	Ratio	Central share	State share due	State share released			Balance State share due
				By Govt.	Remitted by local bodies	Total	
2001-02	85:15	10.08	1.78	---	---	---	1.78
2002-03	75:25	22.51	7.50	3.13	---	13.13	4.37
2003-04	-do-	49:66	16.55	15.72	7.08	22.80	6.25(-)
2004-05	-do-	89.39	29.80	4.30	2.92	7.22	22.58
Total			55.63			33.15	22.48

No amount was released by the State Government during 2001-02 towards its share and an amount of Rs.10.08 crore received by the State Government from the Central Government in March 2002 was released to the SIS along with state share of Rs.3.13 crore on 3.7.2002 (Rs.7 crore), 5.11.2002 (Rs.3 crore) and 31.12.2002 (Rs.3.21 crore). The proportionate share of the State for 2002-03 amounting to Rs.7.5 crore was sanctioned on 25.3.2003 and was received by the SIS only on 3.4.2003. The State share for 2003-04 and 2004-05 was released in instalments and the requirement regarding release within 30 days had not been observed.

Against Rs.89.39 crore released by Central Government in 2004-05 the State Government share release (April 2005) fell short of its due share – SIS received only Rs.2.15 crore (5.1.2005). Another amount of Rs.2.15 crore sanctioned for release on 31.03.2005 towards the state share had not been received by the close of the year.

During the years 2002-03 and 2003-04, Rs.3.17 lakh and Rs.708.49 lakh was shown as local bodies' contribution towards SSA and reckoned by the State as State's share (see para 2.1.8 below) While indicating the financial status of the society for the period 2002-03 to 2004-05 in Annual Plan for 2005-06, the funds released during 2004-05 by State Government were shown as Rs.722 lakh. The grant released by State Government being Rs.430 lakh, the balance is presumably Local Bodies contribution (details not available). There is some doubt about an amount of Rs.1914 lakh being trainer's cost incurred by the State Government directly and claimed as State Governments' share of grants for SSA. As reasoned out in para 7.6 below. There are doubts about the

corrections of this figure and also the eligibility of this to be reckoned as payment towards State share of grant to SIS.

2.1.6 Release of funds to Districts

The table below indicates the details of receipt of funds by SIS and release of funds to Districts:

(Amount in lakhs)

	Receipt of funds by SIS		Release of funds to districts	
	Date	Amount	Date	Amount
2002-03	03.07.2002	700.00	30.07.2002	458.00
	05.11.2002	300.00	04.01.2003	1400.00
	26.12.2002	2250.78	05.02.2003	1450.00
	31.12.2002	321.00	18.03.2003	125.00
			31.03.2003	40.00
2003-04	03.04.2003	750.00	21.06.2003	100.00
			03.07.2003	100.00
			03.09.2003	400.00
	09.09.2003	2466.00	16.09.2003	1400.00
			14.10.2003	700.00
	29.10.2003	430.00	06.11.2003	400.00
			08.12.2003	200.00
			03.02.2004	300.00
	28.02.2004	2500.00	01.03.2004	1600.00
	10.03.2004	192.00	11.03.2004	800.00
	17.03.2004	20.82	23.03.204	50.00
	31.03.2004	179.18	17.04.2004	100.00
2004.05	04.06.2004	1000.00	11.06.2004	851.00
			01.07.2004	50.00
			20.08.2004	50.00
	03.09.204	4939.00	14.09.2004	4090.00
	05.01.2005	215.00	22.12.2004	600.00
	16.03.2005	3000.00	17.03.2005	1920.00
29.03.2005			69.00	

As can be seen the funds were released in several trenches every year. A system of releasing the funds to the Districts within 15 days of receipt from Centre/ State as required under the scheme is yet to evolve, with the result that substantial amounts were retained at the Directorate (SPO) from time to time.

The table below indicates the bank balance with the SPO at the close of the year:

As on	Cash balance with bank (Rs. In lakhs)
	Account No. 76205
31.03.2002	56.92
31.03.2003	119.06
31.03.2004	506.15
31.03.2005	1118.28

2.1.7 Unutilised balances with District Project Offices

The following table gives details of the cash and bank balances with the District Project Offices as per certified accounts for 2002-03 and 2003-04:

(Rs. In lakhs)

District	Cash & Bank balances	
	2002-03	2003-04
Thiruvananthapuram	53.67	142.15
Kollam	105.79	110.08
Alappuzha	165.54	120.08
Pathanamthitta	78.22	97.80
Kottayam	154.05	267.46
Idukki	61.95	138.14
Ernakulam	68.95	204.61
Thrissur	35.13	8.77
Palakkad	67.45	171.98
Malappuram	17.15	373.32
Kozhikkode	243.21	237.66
Wayanad	58.49	59.19
Kannur	154.50	38.34
Kasargod	73.56	115.86
Total	1337.66	2085.44

Withholding of large amounts with the SIS and by the DPOs obviously affected the implementation of the programme and achievement of targets set in the AWPB.

As per SSA norms the funds required are to be sent to the vecs directly from the District Office. In Kerala, however, the cheques for school grant, maintenance grant and teacher grant related to the schools coming under a BRC are issued to the BPO's concerned who issue cheques to the individual schools to be credited to the combined account of HM & PTA President. This results in avoidable delay in receipt of funds by the schools. In 20 schools out of 25 schools visited by the team in Palakkad district such delay ranged from 27 to 120 days in 2003-04 and from 8 to 76 days in 2004-05. The delay in receipt of funds (in November 2003 and August 2004) affected the programmes adversely.

The bank accounts of the schools were opened in various Nationalized and Service Co-operative Banks. Considerable amount is spent on commission charges. The SIS needs to look in to banking arrangements to avoid bank commission charged by the Banks.

2.1.8 Contribution from Local Bodies

In March 2003, the State Government ordered that with effect from 2002-03, 25 percent of the plan funds allocated to local bodies should be transferred to the SIS towards contribution for implementing the SSA activities. The amount of allocation of plan funds to various local bodies and the amount due from each of them had not been ascertained by the State Project Directorate or the District Project Offices. As per the certified accounts for 2002-03 and 2003-04, the local fund contributions received were Rs.3.17 lakh and Rs.708.49 lakh respectively. In the absence of details of amount due from various local bodies and actual remittance and balance due, the short fall in realization of such contribution could not be quantified.

During the visit of the study Team to the District Project Office, Kollam it was noticed that an amount of Rs.1 crore was remitted by the District Panchayat on 31.03.2003 towards its contribution for 2002-03. No other remittance was made during the year. During 2003-04, the District Project Office received a total amount of Rs.76.09 lakh from various local bodies. Most of the remittances were stated to be towards the contributions for 2002-03. The arrears in remittance for 2002-03 and 2003-04 had not been ascertained. During 2004-05, the District Office worked out the dues from local bodies as Rs.219.78 lakh, on the basis of allocation of fund for SSA activities to the

respective panchayats. However, the action for realization of the amount due was not effective.

2.1.9 Diversion of funds

- (i) In October 2004 Government of Kerala sanctioned a proposal to impart training and other awareness programmes to the entire 45000 High School Teachers for implementation of grading system for 10th Standard Public Examination 2005. The share of SSA for training the Teachers was fixed as Rs.70 lakh. Accordingly the State Project Director instructed the DPOs to make advance payments to the District Educational Officers who were responsible for arranging the Training. A sum of Rs.8.04 lakh was spent in the two selected Districts of Kollam and Palakkad and debited to SSA. The detailed accounts of the training were due from the DPOs (March 2005). Since the SSA programme and the AWP&B do not provide for such a training to High School Teachers the expenditure incurred thereon cannot form part of SSA activity. Across the State, the implementation of this activity would have resulted in debiting a significant amount to SSA. Account needs further enquiry by Ministry of Human Resource Development.
- (ii) The State Project Office decided (February 2004) to prepare a Pupil Data Base of all students studying in I to VIII standard in the state. The work was completed (January 2005). It was informed that the information would be useful for tracking dropouts, verifying veracity of enrollment and supply of books and equipments. The details of expenditure (40 ps per student), total number of pupils etc. Were not made available. The estimated cost of Rs.12 lakh (30 lakh pupils) thus remained unfruitful as most of the details collected were being compiled by Director of Public Instruction separately and the information collected was not updated or put to use so far.

2.1.10 Appropriation Control

An anomaly noticed was that the sanction for release of funds do not mention the limits of spending under each intervention at the District level. Resultantly, the priorities are not set and it left to the districts to allocate the funds to interventions as per their choice. The anomaly arises since the releases are much less than the AWPB provisions.

2.2 FUNDING THE PRE-PROJECT ACTIVITIES

2.2.1 In order to carry out the preparatory activities for implementation of SSA in the State, Govt. Of India sanctioned a grant-in-aid of Rs.185.74 lakh during January 2001 to March 2002.

The amount of Rs.112.99 lakh sanctioned in January 2001 to cover 8 Non-DPEP districts was released directly to the SIS on 16.4.2001 while Rs.40.50 lakh sanctioned on 20.7.2001 and Rs.32.25 lakh sanctioned on 14.3.2002 to cover the 6 DPEP districts were released to the State Govt. On 23.8.2001 and 21.3.2002 respectively. The amount of Rs.72.75 lakh thus received by State Govt. Was made available to SIS only in July 2002. The society released Rs.173.75 lakh to the Districts in 4 instalments i.e. In December 2001 (Rs.55.50 lakh) May 2002 (Rs.44 lakh) June 2002 (Rs.50 lakh) and in July 2002 (Rs.24.25 lakh).

The delay in release of funds to districts was in the range of 8 to 15 months.

2.2.2 The State Project Director was to maintain the accounts of pre-project activities separately and furnish quarterly statements of expenditure. The annual audited statement of expenditure along with a certificate of utilisation duly signed by a CA was to be sent to Government within 3 months from the close of the year. However, the amount received by DPOs were kept in a combined account. A statement of expenditure on pre-project activities was prepared and furnished on 23.5.2003, based on which the Chartered Accountants prepared a consolidated accounts and certified the same on 22.1.2005 along with a utilisation certificate. As per the condition of grant, the amount should have been utilised for undertaking the activities as approved by the Government of India. The table below compares the actual expenditure as accounted for against Government of India sanction for pre-project activities.

(Rs.in lakhs)

Sl.No.	Item	Goi sanction	Expenditure
1.	Participatory planning and atmosphere creation (DPEP districts)	14.25	3.23
2.	School based activities and Display Board (all districts except Phase II DPEP Districts)	64.00	0.05
3.	Community mobilisation (Non-DPEP Districts)	19.50	2.35
4.	Workshops (Non-DPEP Districts)	10.70	2.31

Sl.No.	Item	Goi sanction	Expenditure
5.	Strengthening of AEO/DEO/DD Offices (Non-DPEP Districts)	18.79	3.30
6.	Survey (all Districts)	51.50	161.33
7.	Study (all Districts)	7.00	1.35
8.	Participatory planning and atmosphere creation (SPO)	----	8.01
Total		185.74	181.93

The wide variations in spending as per Government of India sanction and actual is obvious. The variation is much more in the case of survey (Rs.161.33 lakh), which accounted for 88.69 per cent of total expenditure curtailing the availability of funds to meet the expenditure on other components.

- 2.2.3** It is interesting to note that while in the meeting of the Governing body held on 5.4.2002 it was suggested that in the Kerala context it may not be essential to conduct household survey for the entire State for preparation of Annual Plans/ Perspective Plans for SSA and the same may be confined to tribal/ coastal belts, this decision was not implemented. A sum of Rs.9.67 lakh was diverted from normal SSA Fund for pre-project activities. Similarly an amount of Rs.8.01 lakh was spent for participatory planning and atmosphere creation in State Project Office, which was not included in the sanction. Orders of Government of India for diversion of funds from one activity to another or for an activity not originally envisaged had not been obtained.
- 2.2.4** As per the accounts prepared and certified by the Chartered Accountants, there was a closing balance of Rs.16.22 lakh which included unutilised funds, amounts refunded by Assistant Educational Officers and Deputy Director of Education, interest earned on deposits with bank, etc. According to Government of India sanction, the unspent balance was to be refunded to Government of India but no steps had been taken to assess the unspent balance and to refund the same to Government of India.
- 2.2.5** A sum of Rs.5 lakh was paid to SCERT on 3.9.2002 as advance for preparation of Teacher Training Module. The advance has not been adjusted so far (April 2005). Similarly an advance of Rs.1.22 lakh paid to Deputy Director of Education, Kottayam in 2002-03 was also pending adjustment.

CHAPTER-3

ACCOUNTS AND AUDIT

3.1 ANNUAL ACCOUNTS

3.1.1 Para 101 of the Manual of Financial Management and Procurement stipulates that SIS should maintain proper accounts and other relevant records and prepare annual accounts comprising the Receipt and Payment Account and Statement of Liabilities. The Project Director should cause the annual accounts of the society prepared and immediately after the close of the financial year and after approval by the Executive Committee (Governing Body) should get the accounts audited annually by a Chartered Accountant Firm appointed with the approval of the EC, by April every year.

The preparation of consolidated Receipts and Payments accounts, Fund Utilisation Statement, Balance Sheet etc. Were entrusted each year to the same Chartered Accountants, who audited these accounts. This is not correct. The CA Firm for the work on the accounts for 2001-02 and 2002-03 was appointed on 5.12.2003 and they completed the work on 7.1.2004. The work for 2003-04 was entrusted to another Firm on 5.8.2004 and they completed it on 9.11.2004. The accounts for 2002-03 and 2003-04 were approved by the Governing Body in their meeting on 26.2.04 and 2.3.05 respectively. The dates of submission of accounts and Audit Report to State/ Central Governments were not intimated to the study team.

3.1.2 As per paragraph 103 of the Manual, the society has to submit to Government of India every year an Annual Report of the working of the Society and the work undertaken by it during the year together with consolidated Annual Financial Statement, Balance Sheet, Income and Expenditure Account and Receipt and Payment Account as approved by the Executive Committee and audited by the Chartered Accountant. Consolidated Annual Financial Statement (Annexure XVIII), consolidated Balance Sheet (Annexure XIX) and Consolidated Receipt and Payment Account (Annexure XXI) were not prepared in the prescribed format giving intervention-wise details of expenditure. Consolidated Income and Expenditure Account (Annexure XX) was not prepared at all during 2002-03 and 2003-04. A consolidated Financial

Statement had not been prepared and certified by the Auditors during 2002-03. Annual Report on the activities and working during 2003-04 has also not been prepared yet.

3.1.3 For the year 2003-04, the Chartered Accountant had certified (Annexure to Auditor's Report Cl. 7) that they had verified the Receipt and Payment Account and Bank Reconciliation Statement of Project Directorate and all DPOs and BRCs. However, the closing balance available with BRCs are not included in the Accounts. The cash balances with six BRCs visited by the Study Team in Kollam District out of the total of 12 BRCs, alone amounted to Rs.13,10,794 and Rs.11,08,800 as on 31st March 2003 and 31st March 2004 respectively.

Similarly the cash and bank balances with the schools as at the end of the financial year 2002-03 and 2003-04 were also not shown as such in the accounts with the result that the entire amount released to BRCs/ Schools had been accounted for as expenditure. The amount of cash balance with 25 schools in Kollam District visited by the study team was Rs.0.94 lakh as on 31.03.2003 and Rs.7.00 lakh as on 31.03.2004.

3.1.4 As per paragraph 101.14 and 101.15 of the Manual, a utilization certificate prepared in the format in Annexure XVII strictly on the basis of the Receipts and Payments Account and the opening and closing balances in the Receipt and Payments Account has to be furnished to the Government of India along with the Annual Statement of Accounts. The utilization certificates prepared by the Society and certified by the Chartered Accountants were not in the prescribed format.

3.1.5 Deficiencies noted in the Certified Accounts

We noted some areas of weaknesses even in the certified accounts for the years 2002-03 and 2003-04. These are given below:

(a) 2002-2003

(i) As per the certified Utilisation Certificates, unutilized fund as on 31.03.2003 was Rs.10,86,22,376 as follows:

SSA fund receipt	Rs.35,72,03,000
Total expenditure (booked in Directorate and 14 Districts)	Rs.24,85,80,624
Unutilised fund as on 31.03.2003	Rs.10,86,22,376

The cash balance as per balance sheet was Rs.13,37,66,204. In the consolidated balance sheet, the sum total of the balances of 14 District Offices alone has been included and the Bank balance of Rs.1,19,05,771 pertaining to the Directorate was omitted. Adding this amount, the balance would be Rs.14,56,71,975. The difference between the actual balance available and the certified unutilised amount (Rs.3,70,49,599) was not explained.

- (ii) A Balance Sheet showing the actual liabilities and assets created was not drawn after preparing the Income and Expenditure Account.

(b) 2003-04

- (i) The Opening Balance as per receipt and payment account (consolidated) does not agree with the figures as per previous year's closing balance as follows:

	CB as per 2002-03 Account	OB as per 2003-04 account
	Rs.	Rs.
Cash balance	3,89,303.34	5,59,968.34
Bank balance	14,52,82,671.50	15,07,91,017.00
	14,56,71,974.84	15,13,50,985.34

Difference in cash balance (Rs.1,70,665) was explained as balance in one of the "Bank Account" of Alapuzha District Project office (Rs.1,69,665) not included in the closing balance for 2002-2003 and Rs.1,000 kept under suspense by DPO Malappuram since adjusted. The difference in the bank balance (Rs.55,08,345.50) was stated to be due to segregation of pre-project fund balances and adding certain balances omitted in 2002-03 accounts.

- (ii) As in the case of previous year, Income and Expenditure Account and a proper Balance sheet were not prepared.

- (iii) Rs.25,72,63,155 spent on Civil Works was accounted as expenditure without segregating advance payments where completion certificates are due.

3.1.6 During the years 2002-03, 2003-04 and 2004-05 interest earned on balances of SSA funds available in bank accounts amounted to Rs.1,25,16,989 as follows:

2002-03		
Directorate	Rs.17,27,832	Rs.26,71,797
District Offices	Rs.9,43,965	
2003-04		
Directorate	Rs.19,26,047	Rs.72,93,605
District Offices	Rs.53,67,558	
2004-05		
Directorate	Rs.25,51,587	Rs.25,51,587
District Offices	Not available	
		Rs.1,25,16,989

While furnishing the Utilisation Certificate for 2002-03 the interest earned during the year (Rs.26,71,797) was not taken into account. But while furnishing the Utilization Certificate for 2003-04, the interest earned was also taken into account.

No guidelines were issued by Government of India on investing balance funds so as to earn maximum interest and the manner of utilization of the interest earned.

3.1.7 A test check of the certified accounts of District Project Office, Kollam forming part of the consolidated accounts of PEDSK revealed the following mistakes/ discrepancies.

(i) Accounts for 2002-03

(a) Local Contribution

An amount of Rs.1 crore received from District Panchayat, Kollam towards contribution for SSA activities and kept deposited in a Treasury Savings Bank account on 31.03.2003 had not been brought to account. The balance of Rs.1 crore with the treasury has also not been included in the closing balance.

(b) Closing balance

The closing balance (Cash and Bank) as on 31st March 2003 as per the books of accounts of the District Project Office was Rs.2,06,48,133 as under as against Rs.1,05,79,305 shown in the certified accounts.

Cash in hand	1.00
Cash with Canara Bank	32,96,303.00
Cash with SBT main branch	1,924.00
Cash with SBT, BJ Nagar branch	73,49,405.00
Cash in Treasury savings bank	1,00,00,500.00
Total	2,06,48,133.00

(ii) Accounts for 2003-04

(a) Opening balances

As against the closing balance of Rs.1,05,79,305 as per the certified accounts for 2002-03, the opening balance brought out in the accounts for 2003-04 amounted to Rs.1,08,46,210. The opening balance however did not include Rs.1,00,00,500 in the Treasury Savings Bank account with District Treasury, Kollam.

(b) Local fund contribution: Rs.98,25,734

The amount of local fund contribution received was Rs.76.09 lakh as per the Cash Book.

(c) Payments – Computer Education: Rs.27,74,302

The actual expenditure on computer education was not less than Rs.32,03,725 for which payments had been made in March 2004 as under:

Cost of Computers and Printers paid to M/s. WIPRO Ltd. On 30-03-2004	Rs.24,65,430
Cost of UPS system paid to M/s. Nykon Power Ltd. On 30-03-2004	Rs.5,38,295
Cost of Computer furniture paid to SIDCO on 30-03-2004	Rs.2,00,000
	Rs.32,03,725

The expenditure on computer education as per the certified accounts was therefore understated to the extent of Rs.4,29,693.

3.1.8 As per AWP&B for 2004-05

The expenditure under SSA for 2003-04 in respect of Palakkad district was Rs.420.10 lakh whereas the figure certified by CA was Rs.388.52 lakh and that shown in MIS Rs.385.82 lakh. The differences could not be reconciled.

3.1.9 Maintenance of accounts records

Para 50 of the FMP Manual prescribes maintenance of certain essential accounts records at the SIS and sub offices. The position stated below indicates that the Manual provisions are not followed.

(i) State Project Office

(a) Asset Register

The Asset Register maintained at the SPO is not in the prescribed form. While releasing funds to the SIS, MHRD insists on sending a certified copy of the register in respect of the assets acquired from SSA funds not later than one month from the close of the financial year. Since the asset register maintained at SPO contains entries of assets retained in the SPO only, submission of a statement of Assets to the MHRD is impossible.

(b) Stock Registers

The Stock registers in the prescribed formats are to be kept separately for capital goods, consumable goods and the non-consumable articles. But the stock registers are not maintained in the prescribed form and annual physical verification of stock is not being conducted.

(c) Register of Advances

Register of temporary advances, advances to staff and advances to contractors and agencies are to be maintained separately. But these are entered in a single register the entries are not up to date and authenticated.

(d) The Registers of demand drafts received/ sent and Register of remittances in to bank were not maintained.

(ii) District Project Offices

The Ledgers, Journals, Registers of Demand draft received/ Sent and the Register of remittances in to bank were not up to date and in the formats prescribed.

(iii) Schools

Some of the schools visited do not maintain the cashbook, stock registers etc. Under SSA properly. The cashbooks were not written up up-to-date and entries in the cashbook and stock registers were not seen authenticated. Annual physical verification of stock is not conducted. A register of assets is not maintained. The school HMs/ Teachers were not given proper training in the maintenance of accounts records.

3.1.10 The defects in accounts pointed out above show that the SIS does not have a competent Accounts wing to handle the accounts, timely checking and compilation of monthly/ annual accounts and correct presentation in MIS. The journals and ledgers were not being maintained properly and monthly bank reconciliation is also not carried out. This despite the fact that the compilation of accounts is entrusted to CA firms on contract basis they perhaps acquaintance and time for preparing the accounts correctly.

3.1.11 Over statement of expenditure and understatement of cash balance

While disbursements of Teacher grant and School grant to Government schools and Aided schools and maintenance grant to Government schools were being effected through BRCs concerned, funds for execution of Civil Works were being released directly to the schools from the District Project Offices. Though the releases to BRCs and schools by cheques were being accounted for as expenditure in the accounts of the District Project Offices, the receipts there of were being accounted by the recipient units on actual realization and crediting to their Bank Accounts. As per this system of accounting followed in the Districts, the amount released by cheques at the fag end of the year and accounted for as expenditure in the accounts of the District Offices would not be accounted for by the recipient units as expenditure or cash in hand. This system has resulted in vitiating the accounts of the organization from exhibiting the real cash-in-hand position.

A review of the cash book of the District Project Office, Kollam for 2002-03 revealed that a total amount of Rs.1,05,26,139 released to schools for Civil Works and Rs.5.80 lakh released to BRCs for disbursement of school grant on 31-03-2003 were accounted for as expenditure in the accounts of the District but the entire amount had neither been collected and expended nor shown under cash in hand/ cash in transit in the accounts of the schools/ BRCs. Similarly an amount of Rs.20,23,250 released from the District to the schools for execution of Civil Works on 30-03-2004 (Rs.7.99 lakh) and 31.03.2004 (Rs.12.24 lakh) had been accounted for as expenditure on civil works. The accounting system adopted by the District Offices has thus resulted in overstatement of expenditure and understatement of cash balance. In the case of Kullam district alone, the cheques issued during 2003-04 but not presented till 31.03.2004 amounted to Rs.103.99 lakhs.

3.1.12 Advances pending adjustment

As per certified accounts for 2003-04 unsettled advances outstanding as on 31.3.2004 was Rs.427.96 lakh the major portion of which pertained to Alapuzha (Rs.116.11 lakh), Kasargod (Rs.97.69 lakh), Malappuram (Rs.93.54 lakh) and Kollam (Rs.65.30 lakh) districts. During the year 2002-03 advances issued to sub offices by district offices were treated as expenditure. Thus the actual position of unadjusted advances was not revealed from the accounts. A review of the position in State Project Office disclosed that 37 items of advance for a sum of Rs.26.88 lakh paid during 3.9.2002 to 29.03.2005 were pending adjustment as of 18.04.2005. A register of advances for the period 04.07.2002 to 31.08.2003 maintained in DPO, Palakkad shows that a total of Rs.11.24 lakh paid to the BRCs for house-to-house survey was not adjusted. Other advances amounting of Rs.6.31 lakh were also pending adjustment as on 31-03-2002. No effort was made to get the details of adjustment from the officers, most of them having been transferred/ retired. The particulars of adjustment noted in the registers are not authenticated.

3.2 AUDITING

3.2.1 Internal Audit

According to para 100 of the Manual on Financial Management and Procurement the Internal Audit wing should conduct all payments audit as

well as independent appraisal of the financial, operational and control activities of the programme. The responsibilities of the wing included reporting on adequacy of internal controls, the accuracy and propriety of transactions, the extent to which assets are accounted for and safeguarded and the level of compliance with SSA norms and State rules.

The internal audit of district offices and sub district units selected on a percentage basis should be conducted so as to cover all districts and sub district units at least once in 3 years. It should be ensured in internal audit that the prescribed accounting system including regular basis reconciliation is strictly followed by all. The monthly expenditure statement should be reviewed by IAD.

The SSA activities started in full swing from 2003-04 when DPEP was closed with effect from 30.06.2003. Though IAD with the required strength is working in the State Project office the monthly statement of expenditures is not being checked by IAD. During the period 2003-04 and 2004-05, IAD had checked the accounts of only 4 out of 14 districts and 10 out of 152 sub district units. Apparently due to paucity of trained staff, the existing IA set up is unable to deliver the results expected of it (as described in the FMP Manual). The Manual expects the IA to determine adequacy of internal controls and independent appraisal of financial, operational and control activities of the SSA programme – these are not being addressed now. It is advisable that a capacity building programme for the IA team is charted out which should include their training in Institutes of repute who are well acquainted in Government systems, procedures, etc. And are well versed in techniques of performance auditing and programme evaluation techniques. In the meanwhile, the work of IA can also be outsourced to some such Institution.

3.2.2 Audit by Chartered Accountants

The accounts of the SIS are to be audited annually by a Chartered Accountants firm appointed with the approval of the Governing Body by April every year. The letter inviting offers from Chartered Accountants for preparation of consolidated annual accounts and audit of 2002-03 accounts was sent on 22.10.2003. Out of 10 offers received the lowest rate was accepted with the approval of government on 5.12.03 for a sum of Rs.0.95 lakh. The accounts were certified by the firm on 7.01.2004. Apparently, the preparation of

consolidated annual accounts and audit within a short time by the same firm probably led to certain discrepancies as mentioned in preceding paras.

Offers for 2003-04 accounts were invited on 13.04.2004. Out of 7 offers received the lowest rate of Rs.0.70 lakh was accepted with the approval of government on 05.08.2004. The accounts were certified on 09.11.2004. However, approval of Governing Body was not obtained before appointment of the CA firms in both the cases

The important aspects pointed out in the audit reports of CA firms were:

- (i) Mercantile system of accounting was not followed
- (ii) There was no system of verification of the accounts of advances given to sub-district units by the DPOs.
- (iii) Physical verification of Stock and the verification of technical specification of computers by an expert was not conducted. Free computers received from the supplier were not entered in the stock register.
- (iv) Rectification of defects pointed out in the previous years accounts was not carried out. It was reported that the defects pointed out by the CA firms have been intimated to the DPOs for rectification.

3.2.3 A Register of Audit objection (Annexure XXII) prescribed in paragraph 105.1 to keep watch over the settlement of audit objections is not maintained.

3.2.4 Audit by Accountant General

Accountant General has completed the audit of accounts of SIS up to 2002-03 (Total number of paras including DPEP – 21). First reply to the Inspection Report issued on 30.4.2004 has not been furnished so far. However, while furnishing the quarterly statement of expenditure and other details to MHRD the pending audit objection is shown as nil by the SPO.

CHAPTER-4

UTILISATION OF FUNDS

4.1 OUTLAY AND EXPENDITURE

4.1.1 A comparison of the outlay and the expenditure incurred under SSA during the period 2002-03 to 2004-05 indicated that the actual expenditure was much less than the outlay envisaged in the AWPB. Thus the programmes aimed in the AWPB suffered giving a set back to overall programme objectives.

(Rs. In lakhs)

	2002-03	2003-04	2004-05
AWPB-outlay	8902.66	12742.87	16789.72
Expenditure	2485.80	6078.03	9383.78 (Provisional)

The intervention-wise outlay (AWP&B) and expenditure for the state and for the selected districts are given below:

Kerala State

(Rs. In lakhs)

Sl. No.	Activity	2002-2003			2003-2004			2004-2005		
		Approved outlay	Actual expenditure (as per certified accounts)	Percentage of actuals to approved outlay	Approved outlay	Actual expenditure (as per certified accounts)	Percentage of actuals to approved outlay	Approved outlay	Actual expenditure (as per MIS)	Percentage of actuals to approved outlay
1	Free textbooks	1436.26	502.07	34.96	1632.09	998.07	61.15	2868.58	1055.23	36.79
2	Civil Works	1740.56	1112.02	63.89	3587.47	2572.63	71.71	5157.17	3524.55	68.34
3	Repairs and maintenance	168.45	-		206.25	-		265.05	251.77	94.99
4	Teaching Learning Equipments	1.50	-		-	-		411.50	404.50	98.30
5	School Grant	182.88	252.55	138.10	226.54	199.39	88.02	281.56	276.22	98.10
6	Teacher Grant	466.45	257.17	55.13	647.57	529.97	81.84	562.87	585.00	103.93
7	Teacher Training	1738.40	152.79	8.79	1901.73	396.08	20.83	1685.79	493.48	29.27
8	Training of community leaders	5.98	6.10	102.01	20.39	8.69	42.62	20.44	10.23	50.05
9	Integrated Education for Disabled	1063.63	-		1139.89	179.48	15.75	1069.78	492.99	46.08
10	Research and Evaluation	116.29	1.52	1.31	158.58	59.45	37.49	197.09	102.21	51.86
11	Management Cost	287.40	27.17	6.86	681.31	438.72	64.39	905.38	480.31	53.05
12	Innovation	642.30	96.71	15.06	877.00	614.67	70.09	800.30	567.29	70.88
13	BRC	435.09	67.52	15.52	1083.46	16.10	1.49	1726.75	829.94	48.06
14	CRC	52.83	2.83	5.36	91.58	-		123.43	74.77	60.58
15	EGS/ AIE	134.74	7.35	5.45	189.01	64.78	34.27	414.03	235.29	56.83
16	SIEMAT	-	-	-	300.00	-	-	300.00	-	
Total		8472.76	2485.80	29.25	12742.87	6078.03	47.70	16789.72	9383.78	55.89

*Outlay including spill-over items – Rs.8902.66 lakhs. Revised break-up not available.

**Includes spill-over items – Rs.1112.98 lakhs

***Includes spill-over items – Rs.1692.61 lakhs

4.1.2 The expenditure under five major interventions viz. free supply of text books, civil works, teacher training, integrated education for disabled and the salary of BRC staff, on which 71.5 percent of the outlay was earmarked, was far less than the outlay in all the three years. The reasons for the non - achievement of targets are given below.

(a) *Free supply of text books*

The cost of text books reckoned for arriving at the budget proposal was not realistic and was much higher than the actual cost of books supplied by Government text book store (See Para 6.2.1)

(b) *Civil works*

The delay in taking up and completion of works and consequent delay in making stage payments and non-payment of final instalment due to delay in settlement of accounts were the reasons for the low expenditure. (See Para 5.1.1)

(c) *Teacher Training*

The main reason was non-posting of sufficient number of trainers and consequent shortfall in the number of days of training. (See para 7.5.1). This was an area where year after year there was considerable shortfall.

(d) *Integrated education for disabled*

Delay in identifying beneficiaries and assessing the disability and consequent delay in supplying necessary equipments to the needy were the reasons for the short fall in expenditure. Shortage of staff at district level was cited as the reason for the delay in implementation (See Para 7.8.1)

(e) *Salary of BRC staff*

Till April 2004 the BRC staff including BRPs were deputed on working arrangement and hence their salary was borne by the state government. Also, only about 58% of the trainers were in position. (Vide Para 7.5.1 and 7.6.2).

Kollam District

Sl. No.	Activity	2002-2003		2003-2004		2004-2005	
		Approved outlay	Actuals	Approved outlay	Actuals	Approved outlay	Actuals (Provisional)
1	Free textbooks	109.70	4.74	108.61	73.94	220.96	80.82
2	Civil Works	298.00	131.32	471.75	280.41	620.75	351.75
3	Repairs and maintenance	20.00		20.00	19.80	24.20	20.30
4	Teaching Learning Equipments					32.50	32.50
5	School Grant	17.86	8.35	16.22		19.10	16.30
6	Teacher Grant	58.76	16.05	45.60		37.56	36.05
7	Teacher Training	172.91	17.07	131.87	1.56	114.81	27.58
8	Training of community leaders	0.33		1.46		1.37	0.64
9	Integrated Education for Disabled	216.40		216.40	5.08	78.19	43.88
10	Research and Evaluation	12.50		7.75	1.57	13.37	5.62
11	Management Cost	26.65	1.18	62.78	15.87	63.00	16.78
12	Innovation	49.28		63.30	36.82	65.04	39.41
13	BRC	33.60	5.80	80.82		144.46	68.56
14	CRC	2.41		2.41		4.19	0.66
15	EGS/AIE	8.60		10.57	0.33	3.30	1.48
Total		1027.00	184.51	1239.54	435.38	1442.80	742.33

During 2003-04, the expenditure incurred towards school grant, teacher grant and teacher training had not been brought to account as the amount released to BRCs for meeting the expenditure had been accounted for as 'advances pending settlement' (Rs.65 lakh)

Palakkad District

Sl. No.	Activity	2002-2003		2003-2004		2004-2005	
		Approved outlay	Actuals	Approved outlay	Actuals	Approved outlay	Actuals (Provisional)
1	Free textbooks	157.24	69.28	157.24	91.02	263.76	104.50
2	Civil Works	8.40	3.32	228.34	137.21	373.09	247.93
3	Repairs and maintenance			7.50	3.11	16.55	16.57
4	Teaching Learning Equipments					25.00	24.00
5	School Grant	2.84	9.10	17.32	15.33	21.78	21.80
6	Teacher Grant	22.29	19.39	45.67	42.61	51.29	50.02
7	Teacher Training	61.43	1.83	146.90	21.62	147.45	27.30
8	Training of community leaders	0.45		1.56	0.04	1.66	0.65
9	Integrated Education for Disabled	51.96	0.47	51.96	9.14	45.00	32.31

Sl. No.	Activity	2002-2003		2003-2004		2004-2005	
		Approved outlay	Actuals	Approved outlay	Actuals	Approved outlay	Actuals (Provisional)
1	Free textbooks	157.24	69.28	157.24	91.02	263.76	104.50
10	Research and Evaluation	4.26	0.77	8.27	2.82	15.25	5.00
11	Management Cost		0.64	50.50	12.27	65.00	16.01
12	Innovation	27.09		56.85	40.28	56.76	29.93
13	BRC	35.75		89.56		145.93	66.38
14	CRC			7.38		7.38	0.89
15	EGS/AIE	9.48		16.24	4.54	19.41	12.92
	Total	381.19	104.80	885.29	379.99	1255.31	656.21

4.2 USE OF FUNDS IN SELECTED DISTRICTS

4.2.1 The Study team noticed the following points in regard to the utilization of grants while going through the records at BRCs/ Schools

- (a) SSA envisages constitution of core planning teams at village, block and district levels. The grass root level team in each village/ habitation should include representatives of PRIs/ VEC, Community Leaders, teachers and parents. The School Level Committee is to be formed with Ward Member as Chairman, PTA President (Vice Chairman) 2 members from MPTA, 1 from SC/ ST and 1 from parents of disabled children. But such Committees are not in existence in any of the schools. Though the utilization of funds received under SSA were subject to discussion in PTA meetings, as per the minutes, no discussions were conducted at the planning stage. During discussions, it was stated by the HMs that the PTA Executive Committees were also consulted. Thus the grass root level planning involving people from all groups in the community remained a far cry.
- (b) School grant given to the schools is to be utilised for replacement of non-functional school equipments. But many of the schools have utilised the grant for purchase of furniture, repair of building and furniture, writing of SSA Board, purchase of ornamental fittings
- (c) The grants given to each teacher is pooled together and spent for purchase of maps, charts, test tubes, lab equipments and certain consumable materials. This grant had been available to the primary teachers for more than a decade in DPEP districts. In most of the cases

the items purchased are the same. No study has been conducted regarding the utility of such a grant to the improvement of teaching standard. Cases of utilization of grant for other purposes were also noticed.

- (d) About 60% of the items purchased from Teacher grant by most of the schools in Palakkad District are supplied by a single supplier. No quotations are available as individual items cost only below Rs.500.
- (e) The SSA information display boards were to be made/ painted using the funds under pre-project activities. However in all the schools visited by the team, expenditure on the above was met mainly from school grant. Such boards were to be placed outside the school building to ensure transparency. However, in most of the schools the boards are painted on the walls of the staff room/ HM's room and hence the public/ guardians do not have access to the information on SSA. In Kollam district the display board was either absent or entries were not made in 12 out of 25 schools visited.
- (f) As per the instructions, the amounts received by schools for SSA activities were to be kept deposited separately in a joint account of the HM and PTA President. It was noticed by the study team that in some schools in Kollam District there were no separate bank account for SSA fund but the funds so released were being kept in the account of the PTA. Similarly some of the HMs were encashing the cheques directly from the accounts of BRC with the issuing bank without being sent for collection through the combined account of HM and PTA President. Evidently the cheques were not being 'crossed' to ensure safety against manipulation, with the result that accounting of all releases to schools could not be ensured.

CHAPTER-5

CIVIL WORKS

5.1.1 The Sarva Shiksha Abhiyan apart from ensuring universal elementary education to all the children in the age group of 6-14 in the country by 2010, also aims at improvement of the quality of education as well as development of sufficient infrastructure by way of carrying out civil works wherever necessary. The investment on civil works is to be limited to 33 percent of the project cost. The SSA Framework and Manual also stipulate certain norms and unit costs of various items of Civil works and all proposals should conform to these norms and other conditions. For example, it is essential, while preparing the AWPB, that school -wise plan should be prepared so that funds are allocated as per actual needs.

5.1.2 Organisation

The Civil works department of SSA, under the overall control of the State Project Director is organized as below:

At the SPO level there is a Programme Officer (Deputy Director of Education) to monitor the civil works in the whole state. Even though the Governing Body in its meeting on 22.09.2003 had decided to appoint an Assistant Executive Engineer or Executive Engineer in the SPO on deputation/ contract basis, no appointment has been made so far as nobody was willing to come on deputation. At the district level there is a graduate engineer appointed on contract basis attached to the DPO, who acts as Technical hand to supervise all civil works in the districts. At the village/ school level there will be construction committees consisting of Head Master, PTA President and representatives of parents and teachers.

As per FMP Manual funds for civil works are to be released in two instalments based on supervising engineer's certificate (for second instalment and final payment) and expenditure statement. In Kerala in the case of major works a 3 stage payment procedure exists; 40% of the estimated cost is released on signing the agreement, 40% on reaching lintel level and on utilization of 75% of the first instalment duly certified by the engineer and 20% on completion of the whole work and on production of completion certificate from Engineer. In other cases (Toilet, Water supply, etc.) 75% is paid on signing the agreement and 25% on completion.

5.1.3 Progress of Civil Works

The table below indicates the physical and financial targets and achievements as per MIS under civil works for the period 2002-03 to 2004-05:

Item	Unit Cost	Details of Works upto 2003 - 2004						Details of Works during 2004 - 2005						
		Physical				Financial		Physical				Financial		
		Rs in Lakhs	Target	Taken Up	Spill Over	Incomplete On 31-03-04	In lakhs of Rs(Including Spill Over)		Target	Taken Up	Spill Over	Incomplete On 31-03-05	In laksh of Rs(Including Spill Over)	
							Outlay	Expenditure					Outlay	Expenditure
Construction of BRC	6	64	62	22	13	514.8	265.2	26	25	42	18	328.8	198.94	
Construction of CRC	2	75	73	24	4	193.2	95.3	143	119	47	107	349.2	223.34	
New School Building	3.5	15		15		105	22.5			15		52.5		
Building for Building less	3.5	194	193		21	435.4	248.28	112	96	132	50	559.12	317.66	
Addl Class Rooms	1.5	1361	1352	255	106	2399.41	1676.8	1505	1347	285	828	2700.01	2049.6	
Drinking Water Supply	0.15	1107	1107	287	55	207.45	134.98	579	537	360	152	146.63	73.4	
Toilets/ Urinals	0.2	1875	1875	642	195	502.06	277.38	916	884	767	215	304.2	162.26	
Boundary wall	0.4	1118	1118	216	150	504	412	874	836	264	60	425	295.64	
Separation wall	0.1	2251	2251	1056	258	313.4	135.1	835	796	1366	307	185.6	103.95	
Electrification	0.1	1233	1233	331	111	153.31	118.8	772	754	355	139	106.11	62.12	
													37.64*	
Total						5328.03	3386.34					5157.17	3524.55	
		* 1st Quarter Expenditure - Details not given						63.56%						68.34%

The financial out lay during 2003-04 and 2004-05 included spill over of Rs.927.82 lakh and Rs.1285.32 lakh respectively. Actual expenditure for 2002-03 and 2003-04 as per the certified account was Rs.1112.02 lakh and Rs.2572.63 lakh respectively (Rs.1071.66 lakh and Rs.2314.68 lakh as per MIS). The expenditure on civil works during 2004-05 was provisionally assessed at Rs.3524.55 lakh.

The details given above indicate somewhat disproportionate expenditure to Physical targets achieved and that the gap between outlay and expenditure was very wide. The SPO attributed this to the delay in making final payments after completion of works and settling the accounts. In the details furnished to MHRD the works taken up are shown as achievements and the position of incomplete works, started each year, is not shown. The details of incomplete works made available to the study team were also not complete and correct. For example in Kollam District 6 BRC's, 14 CRC's and 20 additional class rooms taken up till 2003-04 were remaining incomplete where as the details furnished by SPO showed that 3 BRC's, 3 CRC's and 23 additional class rooms were pending completion. There is clearly absence of a proper monitoring mechanism of the works. Our study has instances to show that such mechanism was missing. Points noticed by the study team during scrutiny of the records in selected district offices revealed the following.

5.2.1 PALAKKAD DISTRICT

The Annual Outlay was Rs.8.40 lakh for 2002-03, Rs.228.34 lakh for 2003-04 and Rs.373.09 lakh for 2004-05 against which the expenditure incurred was Rs.3.32 lakh (2002-03), Rs.137.21 lakh (2003-04) and Rs.247.93 lakh (2004-05) respectively.

It was seen that neither the Perspective Plan nor the Annual Work Plan and Budget relating to Palakkad contained the details of work to be undertaken institution-wise. This would mean that fixing targets preceded identification and selection of institutions for undertaking these works. The works were seen arranged based on the request from the HMs and Presidents of PTA. No recommendation was found from the BRC/ VEC/ Engineer in this regard. The request in many cases also did not contain the details of number of teachers,

number of existing classrooms, deficiency, number requested for etc. Resultantly, additional classrooms were also provided for schools, which really did not need them.

For instance in one of the schools visited by the team – GLPS, Puthiyankam in Palakkad, two additional class rooms were under construction. However, a detailed scrutiny revealed that this was unnecessary as the school had sufficient class rooms as per SSA norms. In the case of GUPS, Chalava also one additional room was sanctioned when there were sufficient number of rooms as per SSA norms.

For arranging and supervising the works only one engineer is available in the District Office. No measurement books were maintained and measurement of works were not recorded leading to payment on works without reference to actual quantities of works. The bills prepared by the HMs contained only the details of materials supplied with bills, details of engagement of labourers with vouchers for payment, etc. Even the quantities of materials estimated and supplied showed variation. The bills were also not subjected to technical scrutiny and payments were effected based on stage/ completion certificate issued by the Engineer attached to the District Project Office.

5.2.2 Kollam District

The financial targets for execution of civil works in Kollam District including spill over sanctioned during the respective years were Rs.298 lakh during the 2002-03, Rs.471.75 lakh during 2003-04 and Rs.620.75 lakh during 2004-05. The actual expenditure was Rs.131.32 lakh, Rs.280.41 lakh and Rs.351.75 lakh respectively. Other points observed in civil works in the district are:

- (i) Out of the civil works sanctioned for execution in the District, works costing Rs.328.70 lakh were sanctioned for execution in High schools and Higher secondary schools. Of these Rs.276 lakh related to construction of additional class room.

Benefits derived by the target group of primary and upper primary students by adding the facilities in High schools and Higher secondary schools were not assessable.

- (ii) The work of construction of all the 12 BRCs of the District have been taken up (3 Nos during 2002-03, 6 Nos. during 2003-04 and 3 Nos. during 2004-05) but so far only 3 Nos. have been completed. The work

of construction of BRC at Kottarakkara was undertaken on the basis of a plan for CRC erroneously given to the construction committee, for which an expenditure of Rs.2.97 lakh had been incurred. The work is held up from 23.1.2004 pending decision regarding the modifications and additions required to be done for using the building for BRC even though Rs.4.80 lakh had been released for the work.

- (iii) Out of 40 CRCs sanctioned for construction during 2003-04 (25 Nos.) and 2004- 2005 (15 Nos) only 11 Nos. have been completed so far. Construction of balance 33 Nos. (total 73 CRCs) is yet to be planned.
- (iv) Though the sanctions for taking up civil works are issued on the basis of proposals in the AWP&B, in many cases the school authorities did not take up the work after signing the agreement. Further in many cases, the amounts drawn for execution of civil works were seen refunded subsequently together with interest. Evidently the planning and fixing the target was not according to the actual requirement.
- (v) Though in terms of the agreement signed between the school construction committee (HM and PTA President) and the DPO, the civil works concerned were to be completed within 3 months from the date of agreement, the work of construction of 20 additional class rooms in 14 schools out of the total of 110 class room sanctioned during 2003-04 and 111 class rooms due for completion against sanctions issued for construction of 150 class room during 2004-05 were pending completion as on 31.3.2005. A text check of the files relating to the works showed that in 12 cases where a sum of Rs.18.90 lakh was paid in 2003-04 and 2004-05 no progress was reported and no action was taken to get the works executed or the amount refunded.
- (vi) Sanction of additional facilities in some of the schools visited by the study team were found to be unnecessary as indicated below:
 - (a) In GLPs, Inchavila, an additional toilet was constructed during 2004-05 even though two toilets already existed.
 - (b) In Government LP school, Parippally two additional class rooms were constructed during 2003-04 even though there were sufficient number of class rooms. However there was shortage of two PD teachers necessitating shift system in two divisions.

- (c) Two additional class room sanctioned for construction in GLPS Kuzhiyam and pending execution would be in excess of requirement as sufficient number of class rooms already existed.
- (d) Sanctioning of two additional classrooms in MGLPS, Sasthamkovil was unnecessary as there were surplus classrooms. However the advance drawn for the purpose was subsequently refunded.
- (vii) In terms of the agreements for execution of civil works, the drawings, specifications and guidelines for the construction work were to be furnished to the school authorities. Similarly an abstract of material required was also to be prepared and furnished. There was no evidence of having given the drawings, specifications and guidelines for the construction work and an abstract of material requirement was not being prepared.
- (viii) The entire work connected with the civil works including supervision monitoring of progress stage certification, certification of completion etc. was being done by the only one Engineer in the District. The supervision and monitoring of the works of more than 750 units in different parts of the District by a single person was difficult. The quality of work executed could not therefore be ensured.
- (ix) A system of maintaining Measurement book, recording measurements, checking the quality and assessing the requirements of materials etc did not exist and therefore the cost of construction as given in the completion certificate issued by the District Project Engineer was only on adhoc basis.
- (x) Though the engagement of contractors in the construction activity was prohibited certain items of works were seen subcontracted which was also admitted by the Engineer and District Project Office.

CHAPTER-6

PROCUREMENT SYSTEM

6.1.1 The implementation of SSA entails procurement of text books, teaching learning equipments and materials, furniture, office equipments, computers, equipments to be issued to disabled pupils, building materials for various civil works, etc. While the village/ School level units can decide the best way of procurement in connection with upgradation, equipments, maintenance, etc. the purchase of major items at district/ state level is to be arranged following the state rules. The award and administration of contracts rests with SIS, which should ensure economy, adequacy, efficiency and usefulness of the items procured. The total requirement in such cases should be assessed at the beginning of the financial year and action initiated in time after ensuring availability of adequate budget provision. Preparation of an annual procurement plan including a procurement schedule, invitation of tenders (open, limited or single), examination, evaluation and finalisation of tenders at competitive rates and award of contracts should be in accordance with the approved procedure (Para 106 to 120 of the Manual of FMP)

In Kerala, the school level purchases including purchase of materials for civil works for items costing more than Rs.500 are arranged locally after inviting quotation. Major items of procurement at State/ District level are text books, computers, equipments intended for supply to disabled children and office equipments. The text books are printed and supplied by the government text book store and the purchase of other items is arranged by the SIS. Points noticed by the study team during test check of procurement of some of the items are given below.

6.2.1 SUPPLY OF TEXT BOOKS

- (i) SSA provides for free supply of textbooks to all girls and SC/ST students at primary and upper primary level subject to a ceiling of Rs.150 per child. Since the State Government had already a scheme for free supply of books to all students of 1st standard the scheme of free supply of text book under SSA was limited to the eligible students of

standard II to VIII. The table below indicates the physical and financial targets and achievements under the item.

Year	Targets		Achievements	
	Physical	Financial (Rs. in lakhs)	Physical	Financial (Rs. in lakhs)
2002-2003	Not available	1436.26	Not available	502.07
2003-2004	1864138	1632.09	1351571	998.07
2004-2005	1912382	2868.58	1835494	1055.23

- (ii) A verification of the price list of books for standard II to VIII showed that the average cost of books per student was Rs.50 only. However in the District Plans for 2003-04 the cost adopted was in the range of Rs.85 to Rs.134 the average for the state being Rs.91. The cost per student as per actual expenditure was only Rs.56. Thus the budget figures were highly inflated. What is surprising, however, is that budget allocation in each succeeding year was much more than the previous year despite the actual expenditure being so low.
- (iii) The number of students in the target group in Trivandrum district on the 6th working day of 2003-04 was 161624 where as the number of students to whom text books were supplied was 168,097. The difference was not explained.
- (iv) During interaction with the students of selected schools in Palakkad it was noticed that there was delay upto 3 months from the date of opening of schools and receipt of some of the text books. Details collected from Text Book Store also revealed that the distribution of books of standards II and III in 2003-04 was completed by 31.07.2003 and that in 2004-05 in the case of standards III and VIII by 22.07.2004, standard II by 05.08.2004 and Standard IV and V by 31.08.2004. The SSA had no control over the timely distribution of books.
- (v) Text books are distributed through the school co-operative societies. These societies are allowed 10% towards handling charges and hence the societies need remit only 90% of the cost of books to the textbook depot. However, the Director of Public Instruction instructed (May 2002) the Deputy Directors of Education to recover the full cost of books plus 10% distribution charges from SSA in respect of books

supplied free of cost under SSA scheme. Since the handling charges payable to the societies was a local decision charging 10% extra to SSA funds was irregular. The exact excess expenditure incurred by SSA on this account was not assessable as a consolidated account was not available. The excess cost recovered as 10% of the price of books in eight out of thirty four text book offices covering the period 2002-03 (4 depots), 2003-04 (4 depots) and 2004-05 (2 depots) came to Rs.19.96 lakh. Across the Board calculation would mean a considerable outgo on this account – MHRD may look into this aspect.

- (vi) The cost of books was paid by the District Project Offices based on claims without verifying the actual receipt of books by the students/schools. The claim of District Educational Officer, Kollam for the year 2003-04 was for “approximate amount required” and the cost as per details given in the claim worked out to Rs.34,65,502 against Rs.35,99,157 paid.
- (vii) The claims did not contain the number of books, rate, total cost of each item, names of schools etc. in some cases.

6.2.2 Purchase Under Computer Education

As per the Annual Work Plan and Budget, the outlay approved for computer education under “Innovation” was Rs.190 lakh during 2002-2003, Rs.390.16 lakh during 2003-2004 and Rs.310.30 lakh during 2004-2005 (including spill over). The actual expenditure on the activity as reported to the Ministry was Rs.34.60 lakh during 2002-03, Rs.289.84 lakh during 2003-2004 and Rs.209.20 lakh during 2004-05.

The expenditure under the intervention was mainly the cost of computer and accessories purchased.

In January 2004, the State Project Director instructed the District Project Officers to purchase computers from any of the firms having rate contract with DGS&D, Government of India without tender formalities.

During 2004-05, circular directions were issued (7.1.2005) from the Directorate to the District Project Officers to effect purchase of computers (cost Rs.27,400 each) and printers (Rs.7,250 each) from Kerala State Electronics Development Corporation, KELTRON, a State Government undertaking, at specified rates after getting the concurrence from the District

Purchase Committee. However, sanction of Governing Body was not obtained before arranging the purchase. The rates were stated to have been fixed on the basis of discussions with officials of Keltron.

As per the purchase orders placed by the District project Officers, the computers and accessories were to be delivered to the designated schools/ DIET and installed there. In Kollam district the supply and installation of computers has not been carried out under the supervision and guidance of the officials of SSA and inspection of the systems by an expert was not seen arranged/ conducted.

A scrutiny of the report of visit of the System Analyst of the Directorate to the schools and DIET in Alappuzha in January 2005 revealed that the computers, UPS etc supplied in April 2004 had not been installed in some schools, computer lab facilities had not been created in some other schools, supply of computers was in excess of requirement in some cases and even proper facilities for keeping/ installing computers had not been created in some schools. The position in other districts had not been reviewed so far (April 2005).

The innovative programme of computer education for upper primary level was intended for giving computer based education to the students for which the teachers are to be trained in the use of computer and software required for educational purpose. Sufficient training had not been imparted to the teachers and the educational software had not been made available to the schools. The training imparted in the DIETs, Palakkad and Kollam during 2004-05 covered only 81 teachers and 49 teachers respectively since installation of 10 computers each in April 2004.

6.2.3 Purchase of Equipments Under Integrated Education of the disabled

The aids and equipments to be supplied to students under the programme were being purchased at district/ block level after inviting quotations till November 2004 when the State Project Director directed the DPOs to avail all assistance from Kerala State Electronics Development Corporation (KELTRON) for the purchase of aids and appliances. Accordingly purchases are made through this company. As per SSA norms read with the State Stores Purchase Rules, purchases costing above Rs.20,000 should be made after inviting open tenders. However, there was nothing on record to show that the normal procurement

procedure i.e. assessment of requirement, invitation of tenders, examination of samples, acceptance of rates and conditions etc. was followed in this case. Though the cost of purchases in the state comes to lakhs of Rupees even the fact whether the articles arranged to be supplied were of the required specification was also not checked.

The cost of some of the items supplied was 3 to 4 times the eligible ceiling of Rs.1200 per child. No effort was made to meet the excess cost through convergence.

6.2.4 Renovation of State Project Office Building

The repair, renovation and additional room construction of the state project office building, which was housing a government school, at an estimated cost of Rs.18.80 lakh was sanctioned by MHRD in September 2003. The work was awarded to Nirmithi Kendra, an NGO (Kerala Government Agency) without inviting tenders based on negotiation between the SPD and the agency.

Two instalments of payments (Rs.0.73 lakh in October 2003 and Rs.5.64 lakh in December 2003) were paid to the agency and the third instalment of Rs.7.09 lakh was pending payment. The work of construction of additional room is in an abandoned stage.

CHAPTER-7

TRAINING, NPEGEL AND OTHER OPERATIONAL MATTERS

7.1 TRAINING TO TEACHERS

The programme provided for imparting training to teachers with a view to improving the quality of education. The training course consists of 20 days in-service-training for all teachers each year, 60 days refresher course for untrained teachers and 30 days orientation training for fresh recruits, the training cost being Rs.70 per day per teacher. Since in Kerala only trained hands are appointed as teachers and no fresh recruitments were reportedly done under SSA the teachers training was mainly confined to in service training. However, the performance under this intervention was miserable as only 19.57% of the targeted amount for the years 2002-03 to 2004-05 was spent for teacher training as shown below.

(Rs. in lakhs)

2002-03		2003-04		2004-05	
Outlay	Expenditure	Outlay	Expenditure	Outlay	Expenditure
1738.40	152.79	1901.73	396.08	1685.79	493.48 (Provisional)

It was explained that the low expenditure was due to shortage of teachers, who are reluctant to come as trainers due to lack of incentives. Against a requirement of 152 Block Programme Officers and 1368 trainers for 152 Blocks in the State there were only 128 BPOs and 759 trainers as of December 2004. In Kollam District against a total target of 352400 training days for 2003-04 and 2004-05 the achievement was only 70115 days (deficiency 80.1%). Details collected from the schools visited in Palakkad District showed that many teachers had not received any training and the remaining teachers received training only for 1 to 6 days in a year. The percentage of deficiency in training with reference to total number of teachers in a school was in the range of 68.63 to 98.50. Information received from three BRCs, Ottappalam, Kuzhalmannam and Thrithala of Palakkad District showed that during 2003-04 and 2004-05 against a total number of 92440 training days (40 x 2311 teachers) the actual number of training days was only 14,905 (16.1%). During 2004-05, Ottappalam BRC had the full strength of BRPs and the other two

50% each and yet the percentage of deficiency in training was 83.8 in Ottappalam, 77.1 in Thrithala and 94.6 in Kuzhalmannam. Thus, lack of BRPs was not the only reason for the deficiency in training. Lack of a training calendar, lack of interest in getting trained, protest from teachers unions on conducting training during vacation, etc. also considerably contributed to the deficiency.

7.2 ENROLMENT OF CHILDREN

- 7.2.1** In the twenty second meeting of the Project Approval Board for SSA held on 09-10-2002 it was pointed out that according to the house-to-house survey, the State had 3.75 lakh out of school children. The statistics given in the Annual Plan for 2005-2006, submitted to MHRD, showed that the number of children in the age group 6-14 was 48,18,259 whereas the enrolment in standards I to VIII, including those in unaided, CBSE, MGLC etc. schools, was only 43,52,539 leaving the number of out-of-school children as 4,65,720. Evidently the implementation of SSA did not help in bringing down the number of out-of-school children (The number of out-of-school children given in the budget documents was only 16,558 presumably this represented the drop-out from schools).
- 7.2.2** In order to carry out the preparatory activities of the SSA in the State, Govt. of India released a sum of Rs.185.74 lakh of which Rs.161.33 lakh was spent for house to house survey mainly aimed at finding out the number and details of enrolment of children in the age group 6-14. Based on the survey, Village (Panchayat) Education Registers (VERs), Retention Registers and Progress Reports had to be prepared for follow up action aimed at cent percent enrolment. The Village Education Committees (VECs) were to watch this by updating the entries. However, the study team could not obtain the Panchayat/Village-wise data collected during the survey. It was explained that the collection of data was arranged by the Dy. Directors of Education of the Districts concerned through the Asst. Educational Officers and the data so collected was utilised for the preparation of Prospective plan only. Neither the Grama Panchayat nor the schools had any documents showing the details of children in the age group 6-14 or further additions from the group 0-6. Hence except for the individual efforts of Teachers and PTAs in some areas and

"Entrance Festivals" conducted in June 2003, a clear document to extract data and assurance on the status of enrolment of children for elementary education, was not available.

7.3 DROP-OUT CHILDREN NOT BROUGHT BACK

The State of Kerala has a high literacy rate for both males (94.2) and females (87.86). However the incidence of drop-out from schools (i.e. children left without TC) could not be presented as aimed at in the programmes. The total number of drop-out children during 2003-05 was 345 in 18 schools out of 25 schools visited by us in Palakkad district and 44 in 8 schools out of 25 schools in Kollam district. There were no visible efforts for bringing them back to school as no records were kept to trace their whereabouts after they left the schools.

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

The NPEGEL was introduced by Govt. of India in 2003-04 as a part of SSA for providing additional components for education of girls at elementary level. The scheme was not taken up in Kerala reportedly due to absence of eligible areas as per the norms fixed under the programme. However, no study report or a decision of the General/ Governing Body of the SIS in this regard was made available to the Study Team.

7.5 APPOINTMENT OF BRPS

7.5.1 As per FMP Manual SSA will not fund the salaries of BRPs in BRCs and CRCs already created under DPEP (Para 39.8 of Manual). Their salary will be borne by the State Govt. under their sustainability plan. Only salaries of BRPs deployed in excess of those already created in DPEP shall be borne by SSA, provided they are within the prescribed ceiling. However, it was noticed that the monthly expenditure on salary of BRPs attached to the DPEP districts met from SSA was to the tune of Rs.36 lakh.

7.5.2 In the approval notes of AWPB for 2003-04 it was mentioned that since SSA norms envisaged provision for BRPs only, the salary of other BRC staff could

not be charged to SSA. The details of amount of salary of Block level staff (clerks, peons etc.) other than BRPs charged to SSA are awaited.

7.6 EARLY CHILDHOOD CARE AND EDUCATION (ECCE)

SSA emphasises the need for Early Childhood Care and Education of children upto the age of six so as to achieve the target of universal elementary education. Accordingly with the objective of strengthening the pre-school facilities and Anganvadies run under, ICDS, funds were being earmarked for ECCE. The approved outlay against the intervention was Rs.141.04 lakh during 2002-03, Rs.164.40 lakh during 2003-04 and Rs.175.00 lakh during 2004-05. The ceiling of expenditure against the activity was Rs.15 lakh per district. Actual expenditure against the intervention as per MIS during 2002-03 was Rs.7.05 lakh and that for 2003-04 was Rs.93.44 lakh. The expenditure against the intervention during 2004-05 was provisionally assessed as Rs.13500 lakh.

Paragraphs 38.4 to 38.8 of the Manual on Financial Management and Procurement lay down the parameters for expending the funds available under the intervention, according to which the supplementary support for ECCE will always be in conjunction with ICDS and provision of honorarium for pre-school teachers, training of Anganvadi sevikas for pre-school learning, activity materials, play items etc. could be made as support for ECCE from the funds available.

The activities undertaken by the SIS against the intervention included parental awareness programme, training to ICDS officials, conducting of balamelas, disability detection camps and opening and running of Anganvadies in two districts which are not specifically authorised under the financial regulations of SSA. The actual expenditure on these activities could not be quantified in the absence of item wise details of expenditure incurred. In the case of other activities such as training of Anganvadi Workers and helpers, supply of toys, play materials, learning kits, handbooks, first aid kits etc. undertaken by the SIS, the fact of having done the same in conjunction with ICDS could not be ensured.

During the visit of the study team to Kollam District it was observed that five numbers of Anganvadies were started directly by SIS during 2004-05 for

which an expenditure of Rs.1.22 lakh was incurred during the year. Similarly in Kannur District, the SIS had set up Anganvadies of its own, the expenditure on which was not separately available. As SSA envisages ECCE activities as a support to the existing system and the activities are to be undertaken in conjunction with ICDS, direct intervention in ICDS activities could not be justified.

7.7 INTEGRATED EDUCATION OF THE DISABLED

SSA has also taken care of the educational needs of the "Children with Special Needs" (CWSN) through the intervention "Integrated Education of the Disabled" (IED). This provides for the early identification of the disabilities of the children through house-to-house survey, bringing them to the schools taking them to medical camps to determine the degree of disability, supplying them with aids and appliances and giving them education in the 'main stream' along with normal children in regular schools.

The financial provision and expenditure indicated poor performance of the programme as shown below:

(Amount in lakhs)

Year	Provision	Expenditure	Percentage of expenditure to provision
2002-03	1063.63	Nil	Nil
2003-04	1139.89	179.48	15.7
2004-05	1069.78	492.99 (Provisional)	46.1

Lack of staff at District level was cited as the reason for not achieving the targets.

The details of children in the category of 'CWSN' as per the details gathered by the Team was as under:

Year	No. of children
2002-03	88636
2003-04	94991
2004-05	89147

These figures represented the number of children in the school, and not the total number of children in the State in the age group of 6-14 or below with

disabilities. On this being pointed out the State Programme Officer (IEDC) replied that the disability of each child could not be determined during an ordinary house to house survey and that only specialized persons could identify the disability. Such a survey was not done under SSA. According to the Ministry of Social Justice and Empowerment the number of CWSN would be 5 per cent. The number of children in the age group 6-14 being 48 lakh the number of CWSN should be around 2.40 lakh. However in the absence of correct figures it cannot be said that the programme has covered at least majority of the target group.

A study by the Internal Academic Support Mission on the implementation of this component in Palakkad revealed the following.

- (i) Most of the Head Masters had no knowledge about IEDC programme.
- (ii) Interaction with BRC lacked clarity.
- (iii) Teachers in the regular schools did not receive sufficient IEDC training.
- (iv) SRG did not conduct serious discussion on IEDC.
- (v) Special training was required to assess the academic performance of CWSN.
- (vi) Teachers could not identify the problem of CWSN.
- (vii) Sufficient Academic support was not forthcoming from Resource persons.

Thus these students remained as 'CWSN' without any serious action being taken to reduce their agony and improve their learning abilities.

7.8 DEFICIENCIES IN THE FUNCTIONING OF MULTI GRADE LEARNING CENTRES (MGLCS)

In order to achieve the declared objectives of providing elementary education by 2010 to all the children in the country coming in the age group of 6-14, the programme envisages Education Guarantee Scheme through Alternative and Innovative Education. This intervention provides for setting up MGLCs in those areas where the children do not have regular school facility within reach and for bringing child labourers and other street urchins under the purview of universal elementary education.

It was however noticed that the functioning of MGLCs was far from satisfactory with reference to enrolment, teaching and expenditure on this intervention with reference to norms set by GOI.

During 2003-04, the number of children requiring this facility was 19585 in the State against which the enrolment was only 11549. Against the financial provision of Rs.189.01 lakh made in the AWP&B, the expenditure was Rs.64.78 lakh only. As per GOI norms the expenditure on these centres is to be limited to Rs.845/ per student/ per annum in the case of Primary level centres @ Rs.1200 per UP level centres and @ Rs.3000 for child for AIE. However with reference to the physical and financial targets set the per capita expenditure on child comes to Rs.965 per annum, while as per the physical and financial achievement this worked out to Rs.561 only.

A State Level Resource Group was constituted in 2003 to guide and monitor the activities under MGLCS. However this was not reconstituted after the expiry of its term in October 2004 thereby creating a void in guidance, supervision and monitoring of these activities.

Since the teaching in MGLCs is undertaken by Educational volunteers without any formal training in teaching and as the students in Standards I to IV are engaged in a single division by a single teacher, normal procedure of teaching cannot be applied in MGLCs. Hence instead of books, self learning materials (SLM cards) were used. These cards are to be revised along with the revision of books in regular schools. However these cards had not been revised. According to the State Programme Officer "they (these centres) had become schools without teaching." Thus these centers, which caters to the needs of the poorest tribal students had failed in achieving the purpose/ objectives, thereby these students are denied educational facility as assured and envisaged under SSA.

A study conducted by the Internal Academic Support Mission of the District Project Office, Palakkad revealed the following.

Lack of transport/ hostel facilities created problems in their pursuing studies beyond primary level

Attendance rate in these centres was low, as only 35 out of 123 students in 5 centres visited by the team were present on the date of visit.

SLM cards needed revision. Benches and Black Boards were wanting.

The centres did not have permanent buildings, which were to be provided by community/ VEC/ Panchayat. This aspect had not been take care of.

Absenteeism was quite common mainly due to illness. Mobile units of Health Service did not visit the units.

7.9 INNOVATIVE ACTIVITY – GIRLS EDUCATION

During 2003-2004 and 2004-2005, the District Project Office, Palakkad spent a sum of Rs.11.90 lakh on Girls Education Project “Balika Jyothi” to uplift the status of girls. The programme arranged in 7 schools included learn and earn programme, physical development, Sahavasa Camps, creative works, study trips, cycle training etc. intended for the all round development of girls.

According to para 38.3 of the Manual of FM and P the scheme should normally include items mainly intended for out-of-school girls. The DPO reported that “in the absence of adequate data regarding girls in the age group 6-14” the activities were focused on enrolled girls. Thus the activity cannot be said to have reached the deserving girls.

7.10 MISCELLANEOUS

7.10.1 Leave Salary and Pension contribution

While approving the AWP&B for 2003-04, the PAB had disallowed the proposal for payment of LS and PC, which was not admissible as per SSA norms. However, the State Project Office issued directions to remit the amount (March 2004) as otherwise the officers will have to bear the liability. The amount paid from SPO alone comes to Rs.7.31 lakh MHRD may look into this.

7.10.2 Retention of Vehicles

As per SSA norms no vehicles should be purchased for the project, but can be hired according to necessity. However, the vehicles available with the SIS, reported to have been purchased for DPEP, are retained in the State Office (7 vehicles) and in District offices (one or two each). The expenditure on fuel charges and wages of drivers comes to Rs.0.57 lakh p.m. for state office alone. The approval of PAB for retention of vehicles instead of hiring has not been obtained so far.

7.10.3 Service conditions and delegation of powers

The Governing Body had sanctioned engagement of 6 Peons at State Project Office and 14 Peons at District Project Offices on contract / daily wages. But another 41 posts under various categories have been created for which the sanction order was not furnished to the Study Team. The State Project Office stated that approval had since been obtained. However, the details of posts sanctioned in various categories including District Offices, BRCs, date of sanction, etc. are still awaited. Sanction of Governing Body in regard to the rate of payment and other service conditions of such staff were also not made available.

According to rules of PEDSK approval of Governing Body is necessary for purchase of furniture beyond Rs.25000 per annum, purchase of office equipment and sanction of air travel. Cases of omissions were noticed in these items also.

7.10.4 Schools working on shift basis – Teachers shortages in schools visited

The SSA norms envisage at least 4 hours schooling per child per day. While the normal working of LP/ UP Schools in the State was 5 hours per day (10 to 12.30 and 1.30 to 4), some of the schools were conducting classes on shift basis. The class time in such cases was 2 ½ hours only either from 10 to 12.30 or from 1.30 to 4.00. This was solely on account of shortage of teachers even though there was sufficient number of classrooms. The number of teachers found short in 9 schools out of 25 schools visited by the study team in Kollam was 20 wherein 39 Divisions were being accommodated on shift basis. The norms of SSA in this regard were not brought to the notice of the Government so as to post sufficient number of teachers in the concerned schools.

ANNEXURE-I

List of Schools visited – Kollam district

Chavara	Chathannoor	Kundara	Kollam
Neendakara LPS, Neendakara	Chathannoor LPS, Chathannoor	Karicode LPS, Kollam	Inchavila GLPS/ UPS
Muttackal LPS, Thevalakkara	Kalluvathukkal LPS, Kalluvathukkal	Kuzhiyam LPS, Chandanathope	Kavanadu UPS
Palakkal LPS, Thevalakkara	Koonayil LPS, Paravoor		Kollam Town UPS
Thevalakkara East LPS, Thevalakkara	Kottappuram LPS, Paravoor		Kureepuzha UPS
Kunnumthara GLPS, Panmana	Mukhathala LPS, Mukhathala		Govt. HSS LPS, West Kollam
Panmanamanayil LPS, Panmana	Mylakkad LPS, Mylakkad		
Thevalakkara SMV LPS, Thevalakkara	Parippally LPS, Parippally		
Govt. A.S.U.P. School, Puthenthara	Kakkottumoola LPS, Mayyanad		
	Sasthamkoil MLPS, Mayyanad		
	Paravoor UPS		

List of Schools visited – Palakkad district

Alathur Block	Chittur Block	Mannarkkad Block	Kollengode Block	Palakkad Block	Agali Block	Kuzhalmanna m Block
Kallingalpadam GUPS	Kozhinjampara GUPS	Karkitamkunnu GLPS	Koduvayur GLPS	Noorani LPS	Agali GLPS	Kuzhalmannam GUPS
Puthukkode GMLPS	Meenakshipuram GUPS	Manikkapparamba GUPS	Nemmara GLPS	Puthur GUPS	Sholayur GTHS	
Kavasery GLPS	Menonpara GUPS	Perimpatari GLPS	Pudunagaram GLPS	Venoli GLPS	Kookanpalayam GUPS	
Mangalam GLPS	Nalleppilly GUPS	Kappadam GLPS	Muthalamada GLPS			
Puthiyankam GUPS						
Kumaramputhur GLPS						