

FIFTEENTH KERALA LEGISLATIVE ASSEMBLY

COMMITTEE ON PUBLIC ACCOUNTS

(2021-23)

THIRTY EIGHTH REPORT

(Presented on ..10..th..... August, 2023)



SECRETARIAT OF THE KERALA LEGISLATURE

THIRUVANANTHAPURAM

2023

FIFTEENTH KERALA LEGISLATIVE ASSEMBLY

**COMMITTEE
ON
PUBLIC ACCOUNTS
(2021-23)**

THIRTY EIGHTH REPORT

On

**Action Taken by Government on the Recommendations
contained in the One Fifty Eighth Report of the Committee on
Public Accounts (2008-11)**

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COMMITTEE ON PUBLIC ACCOUNTS

(2021-2023)

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INTRODUCTION

I, the Chairman, Committee on Public Accounts, having been authorised by the Committee to present this Report, on their behalf present the Thirty Eighth Report on Action Taken by Government on the Recommendations contained in the One Fifty Eighth Report of the Committee on Public Accounts (2008-11).

The Committee considered and finalised this Report at the meeting held on 12th July, 2023.

Thiruvananthapuram
10th August 2023.

SUNNY JOSEPH,
Chairman,
Committee on Public Accounts.

REPORT

This Report deals with the action taken by the Government on the recommendations contained in the 158th Report of the Committee on Public Accounts (2008-11).

The 158th Report of the Committee on Public Accounts (2008-11) was presented in the House on 23rd February 2011. The Report contained Fifteen recommendations relating to Forest and Wild life Department. The report was forwarded to Government on 01.03.2011 seeking the Statements of Action on the recommendations contained in the Report and the final reply was received on 30.03.2015.

The Committee examined the statements of action taken received from the Government at its meeting held on 21.01.2015 & 03.06.2015. The Committee was not satisfied with the action taken by the Department on the recommendation in para 29, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42 and 43 and decided to pursue them further. These recommendations, reply furnished there on and further recommendations of the Committee are included in chapter I of this Report.

The Committee decided not to pursue further action on the remaining recommendation of the Committee and the Action Taken by Government are included in Chapter II of this Report.

CHAPTER – I

FOREST AND WILD LIFE DEPARTMENT

RECOMMENDATION

(Sl.No. 1, Para No. 29)

1.1 The Forest Management Information System (FMIS) and the Project Finance Management System (PFMS) are two computerised applications conceived to be established in the Kerala Forest

Department under the World Bank assisted Kerala Forestry Project. FMIS was visualised for the effective management of forestry resources of the State and PFMS was to provide for all the accounting requirements of the Department. Eventhough ₹14 crore had been spent for the Forest Management Information System and Project Finance Management System it could not achieve the desired objectives till date due to the impediments in extracting the necessary information.

Action Taken

1.2 It is not correct to say that Rs. 14 crores had been spent only for Forest Management Information System (FMIS). Eventhough Rs. 14 crores were envisaged in the project, only Rs. 7.03 crores were spent upto September 2003 which included Rs.0.87 crores for civil works, Rs. 0.12 crores for forestry works, Rs. 4.55 crores for equipments, materials and vehicles, Rs. 0.05 crores under incremental operating cost, Rs. 1.54 crores for consultancies, workshops, trainings and study tours. The PFMS and FMIS consultancies were awarded under the component; consultancy, workshop, training and study tours.

It is true that FMIS was visualized for the effective management of forestry resources of the State and PFMS was to provide for the accounting requirements of the department. Sincere efforts have been made to implement the FMIS programmes in KFD in a most efficient way. In order to have easy accessibility of the modules through internet and also for having the data base at the central server at the State Data Centre (SDC), crucial modules such as Offence Information System, Court Cases Monitoring System and Fire Management System have been migrated to Free and Open Source Software (FOSS) and data entry in these modules will be completed soon and would continue to be updated at frequent intervals as per the requirements of the Kerala Forest Department.

Whatever data was available in the pre-migrated modules has also been integrated in the migrated modules warding off the chances of data loss in any of the modules. More than 18,000 offences have been entered in the Offence Information System, all fire incidences for the year 2012 have been entered in the module for Fire Management System and more than 5,100 court cases have been entered in the module on Court Cases Monitoring System. This could be achieved due to the strict instructions issued for the data entry in these modules with immediate effect and it is assured that all pending records on offences and court cases would be completed within a short period. Reasonable progress has also been achieved in the implementation of other modules. In order to have a trouble free implementation of the other modules, efforts are on to migrate other modules also to FOSS.

It may be mentioned that the PFMS now renamed as 'Monthly Accounts System' (MAS) has been fully stabilized and is being used by all the account rendering offices of the Department. The monthly accounts are now prepared directly on the computers using the module and the monthly accounts are being forwarded to the Accountant General using the reports generated from this module.

Even if the consultancies were not on, except for the consultancy charges, other amounts would have been spent under the project to provide computers down to Range offices, developing the GIS unit and other functional units. Providing computers to all offices was a priority programme of the department even before the project was sanctioned. Hence, the amount spent for procuring computers and other related equipments were fully justified.

The department had followed the approved procedures and only Government of India firms were engaged. All these consultancies have the

approval from the competent authority in the Government. Being entirely new to the Department and without required familiarity and competence in the Department it will take some more time to achieve the desired objectives fully. The accounting system is a success – and Kerala Forest Department is one of the very few line departments in Government to do this.

Recommendation

(Sl No. 3, Para No 31)

1.3 The special conditions of the contract had unequivocally laid down that a penalty of one per cent of the total contract value was to be levied for each month of delay or part thereof subject to a maximum of 10 percent of the total contract value. It is disgusting to find that the third installment was paid to the firm without effecting recovery of ₹ 5.55 lakh towards penalty for each month of delay. The interesting aspect is that the Government reply is totally silent on the matter. The Committee is forced to suspect serious malpractices in the extension of the period of contract and related issues.

Action Taken

1.4 The Chief Conservator of Forests (FMIS) who was monitoring the consultancy at that point of time had reported that all the material deliverables upto phase III of the consultancy had been received, the consultants had satisfactorily completed the training of nominated personnel in the use of various FMIS modules and the satisfactory installation and test run of the FMIS software had been carried out in seven identified pilot locations as envisaged in the implementation plan. It was also reported that satisfactory installation at all offices upto Division level was not completed because of the delay in the procurement of hardware under Package IV and its installation. As per clause 6.4 of the special

condition of the contract dated 20.04.2001, 20 per cent of the contract amount shall be paid after satisfactory installation at all offices upto Division level and completion of training for operationalization. Since Kerala Forestry Project activities came to a close by 31.12.2003 and bank guarantee for Rs. 18.50 lakhs valid upto 24.07.2004 was available with the department, the fifth installment of consultancy charge of Rs. 18.50 lakhs was released to the consultant. The installation of the software at all offices upto Division level was not done at that time due to non-installation of hardware upto Division level. The delay occurred in installation of hardware up to Division level was due to various reasons of the client (Forest Department) and not related to the consultant. As per the Terms of Reference which is the part of the agreement, installation has to be done at pilot locations as in the implementation plan submitted in Phase II. Hence, the penal provision for the delay of services was not invoked.

Recommendation

(Sl No. 4, Para No. 32)

1.5 The Committee is convinced from the Government reply that the integration of packages has not become a reality in the Department eventhough the agreement conditions had explicitly bestowed the responsibility on the consultants. The Committee is disappointed at the sad state of affairs and insists to be informed whether Project Finance Management System has since been integrated as a module of the Forest Management Information System or still loaded in stand-alone computers as pointed out by Audit.

Action Taken

1.6 M/s RITES, New Delhi appointed as the consultants for the development of PFMS, software only for the financial management of the

Kerala Forestry Project and they developed the requisite software. During the year 2000, the need to expand the scope of the software for computerizing the whole financial accounting of the Department was felt and the above task was also entrusted to the same consultants. Since then the module was named as Monthly Accounts System (MAS). But this module is not a part of the FMIS modules developed under a different contract eventhough the contracted firm was the same. The Accounts Module was developed on Personal Oracle 8i platform, the then available latest Oracle version for the development of PFMS module. At a later period i.e, during 2002, only the FMIS modules were ready for deployment and at that point of time Oracle 9i network version was procured as the software platform for FMIS. PFMS software was being loaded in standalone PCs at the user end and this was allowed to continue, since testing and implementation of FMIS module in the same location should not disrupt the successful implementation of PFMS module. PFMS, which is actually the Accounts Module of the Kerala Forest Department not of the World Bank Project alone, has already been upgraded to function on Oracle 9i and Windows XP platform. The integration of Accounts Module and FMIS Modules is available. The MAS can communicate with the modules in FMIS such as Plantation Management System, Civil Information System, Social Forestry Management System and Fire Management System.

Recommendation

(SI No. 5, Para No. 33)

1.7 The Department by an additional agreement executed on 21.02.2006 had extended the period of contract for the development and operationalisation of Forest Management Information System from 36 months to 62 months at an additional payment of ₹ 12.80 lakh. The

contention of the Department that the extension was justifiable since new deliverables which were not laid down in the original contract had to be supplied by the firm is highly deplorable. This argument raises doubts about the competency of the consultant and its incapability to define the user needs of the department while finalising the System Requirement Specification.

Action Taken

1.8 The Consultancy on development of FMIS was entrusted to M/s RITES Limited as per the agreement executed on 20.04.2001, the duration of which was 36 months or till such extended period as the department may agree in writing. As per the clause 2.3 of the Special Conditions of the contract, the 2nd phase was extended by six months. Accordingly, the period was extended up to 13.11.2004.

As already pointed out by the department, the software required some modifications and improvements, which were not envisaged at the time of formulating the existing contract and which could be understood only after constant discussions were held with the employees of the department and who made certain suggestions for smooth functioning of the module. M/s RITES had to provide new deliverables like FDA Module, Retail Sales Module along with security factors and large database management guidance in addition to maintenance and these could be possible only on the suggestions of the employees who dealt with accounts.

Though the period as per the contract and extension as mutually agreed ended on 13.11.2004, the consultants provided their services up to 31.07.2005 and continued till the supplementary agreement executed on 20.02.2006 and provided their services as per the supplementary agreement till 31.07.2006 and further till 10.11.2006. It may please be noted that services provided by the consultants were without any additional cost not

only from 01.08.2005 but with effect from 13.11.2004 i.e., from the expiry of the original contract period including the six months extension. Since the consultants provided services continuously from 01.08.2005 to 10.11.2006, the Kerala Forest Department had actually benefited from it by getting proper maintenance of the software without any additional cost for AMC.

It may further be noted that the additional amount of Rs.12.80 lakhs was for the additional services and maintenance such as Retail Sale, FDA Module, training to Kerala Forest Department staff to handle soft code of the module and generate new reports, security system, Data Base Management System (DBMS) for handling large database, etc., as per the supplementary agreement executed on 20.02.2006 and only the first installment was released upon satisfying the agreement conditions.

It may also be noted that as per the Terms of Reference (TOR) only 12 modules were to be developed. During the negotiations held with the consultants, it was decided that the modules suggested in the Terms of Reference were only tentative and the complete modules and their contents would be finalized at the end of phase 1. In view of this as per the requirements of the Kerala Forest Department Terms of Reference, the number of modules was increased to 15 from 12 and further increased to 17. It is again emphasized that M/s RITES had to provide new deliverables like FDA Module, Retail Sales Module, Security issues, Large database management, etc., in addition to maintenance and these were not envisaged in the original contract.

Since the development and operationalization of FMIS was a new venture and Kerala being one among the pioneer States, the Department had to determine the user needs while finalizing the System Requirement Specifications on its own, as they had no role models to lookup for the

formulation of the deliverables at the time of executing the original contract. Since these are the teething problems which invariably arise during the development and implementation of a new project which was pioneer at the national level, neither the consultants nor the Kerala Forest Department can be held responsible for the failure in defining the user needs while finalizing the System Requirement Specifications. For example the Forest Development Agencies (FDAs) had started in Kerala only in 2002-03 and this could not be anticipated when the original contract was awarded. The same is the case with retail sales which was started even later.

Recommendation

(Sl.No. 6, Para No. 34)

1.9. The Committee from the Government's reply discerns that the development of Forest Management Information System included some important process viz. purchase of hardware and standard software, development and implementation of customised modules and training of the Department staff for operationalisation at all levels and across the State. The Programme Manager was to ensure that all the paraphernalia for Forest Management Information System were procured in time and hence the claim of the department that the delay in the development of the software could not totally be reckoned as the non-performance of the Forest Management Information System Manager is not at all agreeable to the Committee. It is a fact that there was inordinate delay in the development of PFMS and Forest Management Information System. Eventhough ₹62.45 lakh had been expended towards cost of consultancy, it is seen that the services of the Forest Management Information System Manager was not satisfactory and hence the expenditure on this account became unfruitful. The extension of contract for the development of Forest

Management Information System is also treated by the Committee as highly irregular.

Action Taken

1.10. The FMIS Manager was appointed after following all the procurement procedures like International Competitive Bidding, National Competitive Bidding, National Shopping, etc., of the World Bank and after approval by the Government of Kerala, As per the Project Approved Document of the Kerala Forestry Project one of the conditions for declaring the Credit Effective after signing the agreement was that Kerala Forest Department would appoint the FMIS Manager. Hence, without positioning FMIS Manager the World Bank would not have extended the invitation for negotiation. The function of the FMIS Manager was to monitor the FMIS implementation.

It may be noted that the FMIS Manager, as an individual has not provided any services to any other project/consultancy on PFMS or FMIS even though his company (M/s RITES) was involved in the PFMS/FMIS consultancies. He carried out his duties exclusively as FMIS Manager under this consultancy only as per the terms of reference. It may further be noted that if the agreements were against the guidelines, the World Bank would not have issued their no-objection to the consultancies, and effected reimbursements by the IDA.

As mentioned earlier, the primary function of the FMIS Manager was to monitor the FMIS implementation in the Kerala Forest Department. Though the FMIS Manager was an employee of M/s RITES, he had worked for and on behalf of Kerala Forest Department under a separate consultancy and the FMIS Manager Consultancy was exclusively intended for this purpose. He was fully engaged in all the FMIS activities of the Kerala Forest Department in connection with the FMIS implementation.

It is evident from the quarterly, half-yearly and annual work plans and progress reports submitted by him as per the agreement that he had completed his duties as per the terms of reference. As far as the remuneration of the FMIS manager is concerned, it may be noted that it was the consultancy charges paid to the consultant M/s. RITES for delivering the services of FMIS Manager for the Kerala Forest Department. The firm was selected following all the procurement procedures of the World Bank and only M/s RITES had qualified for the award of the consultancy for FMIS Manager. Kerala Forest Department had to accept the lowest cost for the consultancy as quoted by them after negotiations. Further, it may be noted that the development of FMIS was a totally new programme; a new venture in a line Department under the Government of Kerala and no eligible and technically qualified personnel was available in the Department to look after the programme. The Department had to totally rely on a person borrowed from outside the Department with suitable technical qualifications for which a separate consultancy for the FMIS Manager was awarded who provided all the technical advises for the FMIS programme during his tenure. The target dates were fixed tentatively. The development of the PFMS software was carried out using the consultancy services of M/s RITES, New Delhi, as per agreement dated 07.12.1998 for a period of two years and further to the extension of the contract period as per the codicil agreement dated 21.07.2000. The period of contract was subsequently extended for nine months and the scope of the consultancy was extended for the development of the whole finance accounts of the Department. There were delays in the development of software and the period of post implementation support actually started on 01.06.2002 and it expired on 31.08.2003. Even after that also, the consultants had continued their support till 30.09.2005. The blame of delay in delivering the outputs

by the consultants (Development and implementation of customized module satisfactorily to the client) could not be totally put on the performance of the FMIS Manager. The delay occurred due to some other reasons also like procedural and administrative delays which were unavoidable due to various procedures involved. Delay occurred in the procurement of Oracle 8i licenses as well as procurement of hardware and software as per package IV. The procurement of goods and services under the Kerala Forest Department could be done only through following World Bank norms within the framework of orders of State Government and further approval of the World Bank. Development of FMIS System included some important processes viz., purchase of hardware and standard software, development and implementation of customized modules and training of the Kerala Forest Department staff for operationalisation at all levels and across the State. Delay in one process definitely affected the other upstream processes. Hence, this delay could not totally be treated as the non-performance of the FMIS Manager.

During his tenure up to 31.12.2003, the FMIS Manager had been supervising the implementation of both the FMIS and PFMS. He had taken all necessary actions from his end to get all the reported errors corrected and new versions of software released. Regarding the cost of the consultancy till 31.12.2003, it may please be noted that this is the amount incurred during the period from 07.12.1998 to 31.12.2003 i.e., over a period of five years. This consultancy charge included the remuneration of FMIS Manager, his bilingual Secretary, travel costs to sites, providing office furniture, etc. Further, revision had also been made as per the agreement every year. As far as all the IT activities undertaken and implemented in KFD are taken into consideration, the services provided by the FMIS Manager could be rated as satisfactory as per the agreement

conditions and thus the amount spent on the consultancy, generated expected returns.

Recommendation

(Sl.No. 7, Para No. 35)

1.11. From the audit findings, the Committee notes that according to the conditions for payment as per phase 3 of the Terms of Reference, testing of the modules at pilot sites with three months live data and implementing Forest Management Information System at all locations etc. were to be made before making payment. Contrary to this, the payment for phase 3 was released during March 2004, before testing and operationalising Forest Management Information System at all locations which is viewed by the Committee as a culpable laxity on the part of the Department.

Action Taken

1.12. The FMIS was tested thoroughly in seven pilot locations with live data in the territorial units and one office each in the specialized wings before the final prototype presentation. After the final prototype presentation before the senior officials and module experts and taking into consideration the views and suggestions made during the presentations from 2nd December 2002 to 7th December 2002, the software was put to final testing and implementation in the field. This was tested in 16 offices at various levels of the department. It is also accepted that the data required for input in many of the modules required collection from the field offices which was not readily available in registers/records in the offices. More than that, some of the data could be entered only with the support of the Range officer/ Divisional Forest Officer.

Regarding the payment of Rs.18.5 lakhs being the 20% of the contract value towards the 5th installment of the consultancy charges, it was made only after satisfying the agreement conditions for payment. i.e., completion of specified works and submission and approval of respective reports including satisfactory completion of the training of nominated personnel and against a bank guarantee for an equal amount. As per the special conditions of the contract 6.4, *20% of the amount shall be paid on satisfactory installation at all offices up to Division level and completion of training for operationalization*". All payments to M/s. RITES were advance payments against bank guarantee for an equal amount. Therefore payment was released with sufficient security to protect the Government interests. The implementation of modified version of the software at all locations in the Department was envisaged only during the phase IV, but the payment had to be effected at the stage of phase III itself.

Recommendation

(Sl.No. 8, Para No. 36)

1.13 The Committee infers from the Government reply that the Forest Management Information System Modules are still in the implementation stage nevertheless a time limit has been fixed at the Chief Conservation of Forests (FMIS) level for data entry and consolidation of data at Division/ Circle/Headquarters level and for getting the modules implemented. The Committee seeks to be informed of its latest position.

Action Taken

1.14. In order to facilitate the implementation of FMIS in the various offices of Kerala Forest Department, it was decided that the concerned Conservators of Forests would be the implementing officers in their jurisdiction and they were required to review the hardware maintenance, implementation of FMIS, staff training and assigning

employee codes to all the staffs. Further to that, as no officers were identified as implementing officer in Forest Headquarters, another set of five officers was identified as implementing officers in the Forest Headquarters.

In order to monitor the crucial activities like forest offences, fire incidences and court cases, the modules on Offence Information System, Court Cases Monitoring System and Fire Management System have already been migrated to FOSS as per the IT policy of the Government and made available for online data entry at field offices through Internet. More than 18,000 offences have been entered in the Offence Information System. All fire incidences of the year 2012 have been entered in the module for Fire Management System and more than 5,100 court cases have been entered in the module on Court Cases Monitoring System. Directions have been issued to all offices for the completion of data entry and also not to send any hard copy reports to the forest headquarters.

It is further mentioned that the data entry and running of the entire FMIS System is being done in the Kerala Forest Department with the support of the existing staff and a separate unit of staff has not been created for the implementation of the system at all levels. Data entry cannot be done in the modules by the external support without the active help and cooperation of the regular staff. Hence, completion of data entry in all the modules will take time. However, earnest efforts are being made for implementing the modules as early as possible, and subject to all approvals to be obtained from the Government. It is proposed to complete implementation of all the modules by the end of December 2013.

It is pertinent to note that since the other modules are working in standalone system, installation and maintenance of the modules and also the Oracle database in all the offices across Kerala was essential. And in

many cases the modules and the Oracle database got corrupted due to improper usage/maintenance of the personal computers in field offices. Whenever there was a problem of this kind in the field offices, it was the duty of the technical personnel who are basically a forester, forest guard or Lower Division Clerk in the forest headquarters to attend to the trouble in all offices across Kerala and rectify it. Moreover, it may be seen that all the modules designed by M/s RITES are operating system (OS) dependent and the modules could run only in Windows 98 platform. During the inception of Windows XP during the time when M/s RITES was stationed at forest headquarters, the modules were made to work in Windows XP. It is a never ending process and hilarious to keep on modifying the modules according to the OS that the Microsoft keeps on changing. The version of Oracle was also updated since the time when OS was changed from Windows 98 to Windows XP. Now, the Microsoft has changed their OS to Windows 7 and the department is forced to buy computers with Windows 7 as OS and the FMIS modules will never work in this OS and further higher version of Oracle would be needed to be purchased investing a huge amount. In order to avoid these unending problems, the KFD has decided to migrate the other modules also to FOSS for making the modules online for data entry and all the data will be stored at the central server located at the State Data Centre (SDC). The modules will be accessed by the field offices from the data base and the modules installed at the central server at SDC through Internet. Since it doesn't require the installation of modules and database and its maintenance in any of the field offices, it will ward off propping up of all the troubles as was experienced with the installations in standalone system.

Recommendation
(Sl. No. 9, Para No. 37)

1.15. It is seen from the Remedial Measures Taken statement that strict instructions has been issued not to engage daily wagers in future and to use the services of KELTRON or Kudumbashree units on task basis for back log data entry. The Committee desires to be informed whether any Data Entry Operators are still continuing and whether the back log entry has been completed. Also, the total number of persons employed as Data Entry Operators on daily wages, the number of days they have worked in a year and the details of wages paid to them should also be intimated at the earliest.

Action Taken

1.16. The task of backlog data entry was discussed with M/s KELTRON and Kudumbasree. But they were not in a position to undertake the work since the registers and files containing the information could not be made available at a central place as intended by them. The data pertaining to the Forest Department could not be directly fed into the modules from the registers and files by M/s KELTRON and Kudumbasree and this could be achieved only by the department staff.

No data entry operators were engaged for the backlog data entry on FMIS modules since the time when the Accountant General had made the audit observation except High Range Circle where they had to engage two data entry operators during 2011-12 for carrying out this task. The backlog data entry for few modules have been completed and the task for the remaining modules is going on using the services of Department Staff. The details about the number of persons engaged for FMIS backlog data

entry for the period from 2009-10 to 2011-12 are furnished below :

Year	No. of persons engaged	No. of day worked	Wages Disbursed	Re-marks
2009-10	Nil	-	-	-
2010-11	Nil	-	-	-
2011-12	2	147	51,450/-	-

Recommendation

(Sl. No. 10, Para No. 38)

1.17. Eventhough Forest Management Information System modules were designed to capture data from all offices up to Range level, it could not be accomplished due to partial data entry in 9 modules and the absence of any data in the remaining 6 modules. The Committee is deeply dissatisfied at the sad state of affairs and considers it as a highly irresponsible act. The absence of a module-wise implementation plan has defeated the very purpose of Forest Management Information System. It is disturbing to find that only the details of 3136 out of the 6000 employees had been captured in the Personnel Information System Module which was developed to maintain easily accessible records of the employees of the Department. The situation is not different with regard to the database supporting the Court Cases Monitoring System Module also. Necessary action should be taken to ensure that the details of all the court cases are captured in the database.

Action Taken

1.18. In this context, it is informed that the Personnel Information System (PIS) module is now replaced with another software called Service and Payroll Administrative Repository for Kerala (SPARK) which is a

Government of Kerala initiative and it is fully implemented in all the offices down to the level of range offices and it is pertinent to see that the details of all the employees have been captured in SPARK. Since SPARK has all the facilities of PIS with an additional utility of generating pay bill of the employees of the department it has been decided to withdraw PIS from the FMIS modules.

The migrated online Court Case Monitoring system now in place is error free and implemented in all offices down to Range level. The data entry requires the support of the senior clerk dealing with the cases in each office and hence delay is experienced in completing the same. As of now, the details of more than 5100 cases are now available in the data base.

Strict instructions have been issued to all offices to send the data through the module and not to send any hard copy reports.

Recommendation

(Sl. No.11, Para No.39)

1.19. The Committee notes that data entry in respect of six modules pointed out in audit paragraph 1.5.2 is either in its initial stages or only partial and eventhough Government in August 2006 had stated that action was being taken to complete data entry within a time frame, nothing tangible has been achieved in this direction. The Committee expresses gross displeasure at this inaction and urges to complete data entry in all the modules within no time.

Action Taken

1.20. In the Natural Forest Management System module, data entry is possible only with the help of Range Officers since the silvicultural aspects of the area are to be known for the data entry and hence the delay.

At present the data entry in this module has already started and in many cases details like lease information, wildlife attack, details of tribal hamlets, etc., are available in the database.

Absence of basic data on old buildings and structures is another hurdle in the Civil Infrastructure Module, and action is being taken to collect the data, which were not readily available. At present reasonable progress has been achieved in this module.

The Industrial Raw Material Module has also been made error free and is being implemented at all locations. This module has been used for finding out the irregularities in the extraction of raw materials from Wayanad South Division and the results were found highly encouraging.

The PFM and Plantation Modules are error free modules and considerable progress has been achieved in these modules also.

The Research Project Management System is a special module only to the Research wing and hence data entry is required only in the concerned wing. Considerable progress has been achieved in this module also.

In the FMIS System Design Document, the data entry is envisaged only up to the division level. Further, it was extended down to the level of Range Offices, completing an additional task. It would not be out of place to mention that FMIS was tried under the similar World Bank Projects in many states of India like Uttar Pradesh, Madhya Pradesh, Maharashtra, Andhra Pradesh, etc., but the MIS component failed everywhere invariably. Kerala is the only exception in India where it has been developed successfully and is at an advanced stage of full implementation.

Earnest and sincere action is being taken to ensure completion of data entry in all these modules at the earliest possible time.

Recommendation

(Sl. No.12, Para No.40)

1.21. The Committee takes note of the fact that the Department in its reply has agreed to the Audit observation that circulars were not issued separately for fixing the roles and responsibilities of the staff involved in the implementation of PFMS. The system has not fully stabilised and hence action for the discontinuance of the conventional method of financial accounting has not been taken up so far. It had been informed that as an initial step towards the relinquishment of the conventional accounting procedure, directions had been issued to sub-offices for preparing the monthly accounts directly on the computer through the module. The Committee urges to be informed of the action taken in this direction.

Action Taken

1.22. It is informed that the PFMS now renamed as Monthly Accounts System (MAS) has been fully stabilized and has already discontinued the conventional method of financial accounting in all account rendering offices of the department. It is informed that the monthly accounts are now prepared directly through the computer through the module in all the account rendering offices in the Forest Department and the monthly accounts are being sent to the Accountant General through the reports generated by this module.

Recommendation
(Sl. No.13, Para No.41)

1.23. It is a disgrace to find that the reply furnished to Audit in August 2006 has been repeated in the Government reply furnished four years later regarding the framing of an effective IT policy for the department which obviously indicates the absence of any worthwhile action during the interim period. The Committee severely condemns the slackness of the department and insists to be informed whether any long term IT policy has since been devised by the Department. If not, immediate action should be taken to formulate the same. Regular IT support team should be constituted with adequate technical posts to reduce dependence on consultancy.

Action Taken

1.24. Presently the work is being undertaken by the in-house trained staff. Proposal for improving the capacity of the in-house team is being formulated.

Since the department follows the IT Policy of the Government, a separate IT policy has not been framed.

Recommendation
(Sl. No.14, Para No.42)

1.25. The Committee appreciates the initiative by the Department to implement a fully automated computer based system for preparing its financial dealings but at the same time it is not a valid reason to

substantiate the non practice of logical access controls among the users. Government had stated that strict instructions had been issued to all accounts rendering offices to practice the system. The Committee consider it extremely imperative to use the logical access controls without any further delay and opines that the mere issuing of instructions is not sufficient.

Action Taken

1.26. Logical Access Control available in the accounts module is not being used in any of the account rendering offices at present due to the reason that data entry and report generation are being done by the Head Accountants who are dealing with financial matters. Presently, the Accountant General insists on perusal of the hard copies of the vouchers passed by the DFO which will result in duplication of the efforts. Once changes are made and approved by the Government in the audit system, the logical access control system will be introduced.

Recommendation

(Sl. No.15, Para No.43)

1.27. The Committee after a careful analysis of the various aspects of Forest Management Information System / Project Finance Management System is forced to believe that the very conception as well as the development of both the applications is marred with serious irregularities and deficiencies. Eventhough ₹ 14 crore had been invested, effective evolution of data still remains a distant dream. The Committee concludes that Forest Management Information System/ Project Finance Management

System were framed and implemented with malevolent intentions and feels that chances of corruption could not be ruled out. Hence the Committee recommends for a comprehensive police vigilance enquiry covering all the aspects of both the schemes.

Action Taken

1.28. In view of the recommendations of the public Accounts Committee a vigilance enquiry has been ordered as per reference No. 3570/E4/11/Vig dated 24.02.2012 to enquire into the alleged irregularities in the acquisition and implementation of FMIS & PFMS in Kerala Forest Department.

Further recommendation on Para 29, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43

1.29. The Committee considered the Statement of Action Taken on Para Nos. 29, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42 and 43 in presence of the Officers from the Department. The Committee enquired whether any vigilance case has been initiated regarding the schemes and if so the report should be submitted before the Committee immediately. It also directed to furnish a note regarding the present status of the Forest Management Information System (FMIS).

CHAPTER II**RECOMMENDATION WHICH THE COMMITTEE DOES NOT
DESIRE TO PURSUE FURTHER IN THE LIGHT OF THE REPLY
FURNISHED BY THE GOVERNMENT****FOREST AND WILD LIFE DEPARTMENT****Recommendation****(Sl. No.2, Para No.30)**

2.1. The Committee notices that there was a delay of nearly three years in executing the agreement with the selected firm M/s RITES, New Delhi. According to the terms of the contract, the development of software was to be completed by the firm within a period of two years including post implementation support for one year. The development of software was entrusted to M/s RITES on 7 December 1998 at a cost of ₹ 22 lakh. Eventhough there was no headway in the development of the software till July 2000, the scope of the software was further extended illegally by paying an additional amount of ₹ 3.29 lakh, that too, in advance. The delay of more than four years in developing and running the software had defeated the very purpose of development of Project Finance Management System. The Committee suspects that the extension of additional payment was intended to deliberately help the contractor firm to acquire unlawful gains. The Committee discards the reasons submitted by the Additional Secretary in the matter. Considering the action of the department to be unusual and undesirable, the Committee recommends to take urgent disciplinary action against the persons responsible for the extension of the contract period and to recover the loss on this account from them.

Action Taken

2.2. The development of Project Financial Management System (PFMS), a software for the financial management of the World Bank Project was carried out using the consultancy services of M/s RITES, New Delhi, a Government of India enterprise, established in 1974 under the aegis of the Indian Railways and a leading consultancy organization, as per the agreement dated: 07.12.98 for a period of two years. Initially PFMS was designed to provide to the World Bank and the Project Cell, accurate and timely information regarding project resources and expenditure only. Subsequently, the scope of the consultancy was extended to the entire accounting requirements of the Department vide codicil agreement signed on 21.07.2000. During the development of the software, the Department had to follow certain policies and methods for testing and further acceptance of the software.

During the visit of the supervisory mission from World Bank on December 22 and 23, 1999 to review the progress of consultancy on PFMS, the proposal for extending the scope of the module to the entire financial accounting of the Kerala Forest Department was discussed and agreed up on and decided as per the minutes of the meeting held on 23/12/1999. It was also decided to request M/s RITES to indicate the minimum cost involved for the additional work. The additional work included preparation of reports on revenue being forwarded to the Accountant General, Kerala and modifications of the present software to meet the accounting requirements of the Kerala Forest Department. Based on the request, M/s RITES submitted a proposal costing ₹ 5.22 lakhs which included the cost of additional requirements of one man- month

each for a Projects Leader, a Financial Expert and two Systems Analysts. Further to that after negotiations, M/s RITES agreed to do the work at a cost of ₹ 3.3 lakhs which is 15 per cent of the original contract amount of ₹ 22 lakhs which is quite reasonable. The extension of contract was done with the approval of the World Bank and they had agreed to finance the additional cost also from the project.

PFMS was synchronized with the mandatory monthly accounts protocols and vetted by the Accountant General, Kerala. It is submitted that extension of period and additional payment were approved for completing the additional tasks which has benefited the Kerala Forest Department immensely in the long run and was not intended to help the contractor firm to acquire unlawful gains which in any case is against the ethos of a Government of India enterprise like RITES. In fact M/s RITES had requested for more amount for the services of additional technical man power engaged by them.

The Evaluation Committee in its meeting held on 10.05.2002 decided to commence the Post Implementation Support (PIS) period of one year from 01.06.2002. As agreed by the consultants, they had extended the PIS for three months; i.e., up to 31.08.2003 without any additional cost. It may please be noted that though the PIS expired on 31.08.2003, the consultants had been continuing their support for over a period of two more years i.e., up to 30.09.2005, without any additional payment and also by extending the bank guarantee several times. Thus the Department had actually benefited much by saving a huge amount on AMC charges for the software. It may please be seen that the software is now fully operational without any problems. Since the software was finally accepted during January 2003 after full evaluation of the software, final payment was made to the consultants.

It is true that there has been some delay in the development of PFMS software due to unavoidable conditions and also due to lack of experience and awareness among the Department employees regarding computerization and programming. It may be noted that by executing the codicil agreement for expanding the scope of the consultancy by including the entire accounting procedure of the Department, the Department had benefited much from it as is evident from the fact that the Department could get Account Module for the entire Department for a meager amount of ₹ 3.29 lakh only. If the scope of the consultancy was not extended, i.e., limited to the project accounting, the PFMS module costing ₹ 22 Lakh would have been a waste after the expiry of the World Bank Project and the entire amount of ₹ 22 lakh spent for the development would have become infructuous. This was regularly reviewed by the World Bank Mission also and they were satisfied with the progress in this regard. All extensions of the contract period were done with the knowledge of the World Bank Mission officials.

It is not true that the extension of additional payment was intended to deliberately help the contractor firm to acquire unlawful gains. By extending the contract for getting the accounting software for the entire department, the department has actually benefited.

However as recommended by the Public Accounts Committee as per para 43 of the Public Accounts Committee report a comprehensive vigilance enquiry was ordered by Government vide Govt. letter No.3970/E4/11/Vig dated: 24.02.2012 to find out whether there is any irregularities in the implementation of FMIS & PFMS in Forest Department. Vigilance Enquiry Report has been received vide Letter No.E1 (VE 3/2012 SRT) 7342/2012 dated: 12.09.2014. The vigilance

enquiry could not reveal any evidence of malevolent intention in the implementation of FMIS and any financial loss to the public exchequer. The delay occurred for the implementation was due to some procedural and administrative delays, which are unavoidable in Government Department. Hence no further action was recommended in the matter.

Thiruvananthapuram,
10th August, 2023

SUNNY JOSEPH
Chairman,
Committee on Public Accounts.

APPENDIX
SUMMARY OF MAIN CONCLUSION/RECOMMENDATION

Sl. No.	Para No.	Department Concerned	Conclusion/Recommendation
1	1.29	Forest and Wild Life Department	The Committee considered the Statement of Action Taken on Para Nos. 29, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42 and 43 in presence of the Officers from the Department. The Committee enquired whether any vigilance case has been initiated regarding the schemes and if so the report should be submitted before the Committee immediately. It also directed to furnish a note regarding the present status of the Forest Management Information System (FMIS).