Performance audit of

Internal Control in Selected Central Ministries

Report of the
Comptroller and Auditor General
of India
for the year ended March 2006

Union Government
No. 13 of 2007
(Performance Audit)

CONTENTS

PREFACE

This report of the Comptroller and Auditor General of India containing the results of performance audit of the internal control systems in selected Ministries has been prepared for submission to the President of India under Article 151 of the Constitution.

The performance audit was conducted during 2006-07 through test check of records of the following Departments/Ministries:-

(i) Department of Revenue (Ministry of Finance),

(ii) Department of Heavy Industry (Ministry of Heavy Industry and Public Enterprises) and

(iii) Department of Science and Technology (Ministry of Science and Technology).

OVERVIEW

Internal controls are essential for 'good governance' and may be understood as activities and safeguards that are in place to provide reasonable assurance that things are going as planned. Such controls apart from giving timely warning signals to an organisation about deficiencies in its functioning, also assures it of compliance with various policies, rules and regulations. Performance audit of the departments of Revenue, Heavy Industries and Science and Technology was conducted to ascertain the effectiveness of the internal controls instituted by them in achieving the aforesaid objectives. These departments were selected in view of the importance of revenue collection and control of economic offences; the growth of industry through policy initiatives and resolution of problems relating to tariffs and trade and development of science and technology through policy formulation and assistance to technical institutes in the overall context of our economic development.

Performance audit of the internal controls in the Department of Revenue revealed absence of adequate mechanism of risk assessment, grading of risks and control activities for monitoring and mitigating these risks. Monitoring and evaluation system was weak. The department did not follow the provisions of the Central Secretariat Manual of Office Procedure, which led to shortfall in annual inspection of sections/desks and delay in disposal of cases. The transfer and placement policy laid down to increase transparency and improve cadre planning was also not implemented fully. Further, poor expenditure management resulted in violation of standing instructions of the Ministry of Finance, Department of Expenditure on economy and austerity measures. Insufficient controls were also noticed in day-to-day administration resulting in non-adherence to rules and regulations and improper maintenance of control records. Weak internal audit and inadequate action of the department on their observations indicated absence of reliable monitoring system.

Performance audit of the internal control systems in the Department of Heavy Industry revealed weaknesses in budgetary, accounting and administrative controls and internal audit. The department did not exercise effective control over funds which had resulted in rush of expenditure during the last quarter/month of the financial years. Pre-budget scrutiny of schemes/programmes was also poor due to which the provisions under various schemes remained unutilised. The control mechanism for watching utilisation of loans/grants and recovery of outstanding loans/advances was also inadequate due to which a large number of utilisation certificates and recovery of loans/advances were awaited or outstanding. Control registers were also not maintained properly and the internal audit system was ineffective. There were also weaknesses in the accounting system, as reconciliation of figures of expenditure/receipts was not carried out.

Performance audit of internal controls in the Department of Science and Technology revealed weaknesses in internal controls leading to non-observance of the standing instructions of the Ministry of Finance on budgetary and accounting controls, internal audit and administrative controls. This resulted in rush of expenditure during the month of March, non-abolition of vacant posts, non-framing of norms for technical and scientific manpower requirements, diversion of substantial funds from Plan head to Non-plan head and contingent advance disbursed during the years 1984-85 to 2005-06 remaining outstanding as of December 2006.

PERFORMANCE AUDIT ON FUNCTIONING OF INTERNAL CONTROLS

Department of Revenue (Ministry of Finance)

Highlights

- **The department had not conducted any work study for prescribing appropriate work norms and standards for output in terms of quality and quantity resulting in delayed disposal of cases.**

  (Paragraph 5.1.2 &5.1.3.1)

- **The department did not conduct annual inspection of its sections/desks regularly as required under Central Secretariat Manual on Office Procedure (CSMOP)**

  (Paragraph 5.1.4)

- **Procedures and strategies for risk assessment/identification and risk management plan have not been devised in the department.**

  (Paragraph 5.1.5)

- **In Customs and Excise department officers were yet to move from sensitive posts and stations after completion of their tenure. Income Tax Department had not maintained central database of the profile of Group 'A' officers as required for monitoring their transfer/placement.**

  (Paragraph 5.1.6.1&5.1.6.2)

- **Poor expenditure management controls resulted in violation of instructions on economy and austerity measures.**

  (Paragraph 5.1.7.1)

- **The department did not adhere strictly to the provisions of General Financial Rules in making purchases of computers, computer peripherals, air-conditioners, etc.**

  (Paragraph 5.1.7.2 a)

- **Surprise check of cash was not conducted in the department and its subordinate offices rendering the department vulnerable to misappropriation of public funds.**

  (Paragraph 5.1.8.4)

- **Internal Audit Wings of the CBDT and the CBEC failed to inspect units that they had identified for audit during previous three years.**

  (Paragraph 5.1.10.1)

- **There was shortfall in Income Tax assessment cases actually audited vis-à-vis total auditable cases.**

  (Paragraph 5.1.10.2)

- **The department did not take timely and adequate action on observations of Internal Audit resulting in continuance of deficiencies in its functioning.**

  (Paragraph 5.1.10.3)

Recommendations

- **The department should institute an adequate mechanism of risk assessment, grading of risk, analysis of their impact, as well as control activities for monitoring and mitigating the risks in relation to its diverse activities.**

- **The CBEC needs to implement the laid down policy regarding transfer of its officers.**

- **The Ministry should urgently complete and update the central database so that the transfer/placement policy can be implemented properly and overstayal in sensitive posts avoided.**

- **The department should take concrete steps in advance to adhere to the economy and austerity norms for ensuring reduction in unproductive expenditures.**

- **The department needs to strengthen its internal controls for ensuring compliance with the rules, regulations and orders of Government of India.**

- **The Ministry should put in place a strong monitoring mechanism for ensuring compliance with various accounting controls.**

- **Strong monitoring mechanism is needed for ensuring control over the functioning of attached/field/subordinate offices.**

- **Working of chain system of internal audit may be reviewed to ensure compliance with targets.**

Department of Heavy Industry (Ministry of Heavy Industry and Public Enterprises)

Highlights

- **There were persistent savings in various sub head/schemes, indicating inadequate pre-budget scrutiny of schemes/funds.**

  (Paragraph 5.2.3.1)

- **Lack of effective monitoring of expenditure in the department resulted in rush of expenditure in the last quarter/month of the financial year.**

  (Paragraph 5.2.3.2)

- **On account of lax controls/mechanism for watching utilisation of loans/grants, utilisation certificates amounting to Rs. 75.65 crore were pending from 14 PSUs. Besides, grants were released to 6 PSUs during 2002-03 to 2005-06 even when utilisation certificates of previous years were wanting.**

  (Paragraph 5.2.4.1)

- **Guarantee fee amounting to Rs. 40.40 lakh for the year 2004-05 was still recoverable from a PSU. For non-payment of guarantee fee, a penalty of Rs. 40.40 lakh was also leviable and recoverable.**

  (Paragraph 5.2.4.2)

- **Due to lack of monitoring system for recovering loans, a sum of Rs. 3354.12 crores was still recoverable out of total loan of Rs. 5438.86 crore given upto 31 March 2006 to 33 PSUs. Besides, an interest of Rs. 13,761.40 crore had also become due on the loan given.**

  (Paragraph 5.2.4.3 (i))

- **Lack of reconciliation between the records of the Ministry and the PSUs was noticed during test check in audit; against a total loan and interest of Rs. 1,24, 874 lakh depicted by the Ministry, a PSU was showing loan of Rs. 9785.50 lakh only in its books.**

  (Paragraph 5.2.4.3(ii))

- **There was laxity in maintenance of Bill Register, Register of undisbursed pay and allowances and in recovery of contingent advances.**

  (Paragraph 5.2.4.4, 5.2.4.6 & 5.2.4.7)

- **Reconciliation of receipt figures was not carried out by the Department, in the absence of which it could not be ascertained whether all receipts were credited to Govt. account or not.**

  (Paragraph 5.2.5.1)

- **Internal Audit System of the department was ineffective as audit was in arrears and observations of internal audit were not attended to promptly.**

  (Paragraph 5.2.6.1&5.2.6.2)

Recommendations

- **Budgetary control should be strengthened so that excess expenditure over Budget estimates and rush of expenditure in the last month of the year is avoided.**

- **Pre-budget scrutiny of schemes/activities should be done with great care so that funds may not have to be surrendered at the end of the year.**

- **The Ministry should monitor timely receipt of utilisation certificates from various bodies and further grants to them should not be issued in the absence of previous utilisation certificates.**

- **Ministry should follow laid down procedures for maintenance of records which are essential for internal control in the Department.**

Department of Science and Technology (Ministry of Science and Technology)

Highlights

- **Lack of effective monitoring in the department resulted in rush of expenditure in the month of March of the financial year.**

  (Paragraph 5.3.2.1)

- **Nine grantee institutions diverted funds amounting to Rs. 36.70 crore from Plan head to Non-Plan head.**

  (Paragraph 5.3.2.3)

- **Department's receipts were not reconciled with the figures booked by the PAO as required in Civil Accounts Manual.**

  (Paragraph 5.3.3.2)

- **Manual of Internal Audit was not revised/updated after 1988.**

  (Paragraph 5.3.4.2)

- **DST did not abolish the vacant posts as required in MOF's instructions.**

  (Paragraph5.3.5.1)

- **DST did not frame norms for its S&T staff.**

  (Paragraph 5.3.5.2)

- **DST did not constitute Staff Inspection Unit as required in MOF's instructions.**

  (Paragraph 5.3.5.3)

- **DST did not submit the annual action plan to the Cabinet Secretariat and Ministry of Programme Implementation as required in CSMOP.**

  (Paragraph 5.3.5.4 a)

- **Contingent advances amounting to Rs. 14.14 crore pertaining to the years 1984-85 to 2005-06 were lying outstanding.**

  (Paragraph 5.3.6.3)

Recommendations

- DST should ensure that all MOF instructions are strictly adhered to.
- DST should regularly and effectively monitor expenditure by grantee institutions and timely receipt of Utilisation Certificates.
- DST should strengthen its internal audit wing to clear all pending paras and to remove the deficiencies pointed out in the internal audit reports at the earliest.
- DST should ensure proper maintenance of various registers as required under the existing GOI instructions.

PERFORMANCE AUDIT ON FUNCTIONING OF INTERNAL CONTROLS

1. Introduction

Internal controls are essential for good governance. These are procedures and safeguards that are put in place by the management of an organisation to ensure that its activities are proceeding as planned. Internal controls are pervasive and continuous processes designed to provide reasonable assurance about the achievement of objectives of an entity in three broad categories viz. economy, efficiency and effectiveness of operations, including achievement of performance goals and getting timely warnings of deviations and malfunctioning. The control procedures are broadly categorised as preventive, detective, corrective, directive and compensating controls.

2. Audit objectives

Performance audit of internal controls in the Department of Revenue, Department of Heavy Industry and Department of Science and Technology was conducted to assess whether these ensured that the following general objectives were being achieved: -

- Fulfilling accountability obligations;
- Complying with applicable laws and regulations;
- Executing orderly, ethical, economical, efficient and effective operations;
- Safeguarding resources against loss;
- Reliable financial and operational data and reports; and
- Identifying and minimising the risks which the organisation faces in achieving its objectives.

3. Audit criteria

The criteria used to assess the internal controls were: -

- whether internal control systems (structures and functions) have been prescribed and documented;
- whether these systems were adequate and if not, what were the deficiencies;
- whether the management was implementing these in the manner prescribed;
- whether the management periodically reviewed the internal control structures on the basis of risk assessment and took corrective action;
- whether internal audit was planned after making appropriate risk assessment and follow up was adequate and effective.

4. Audit methodology and scope of audit

Performance audit of the effectiveness of the internal controls instituted in the Department of Revenue (Ministry of Finance), Department of Heavy Industry (Ministry of Heavy Industry and Public Enterprises) and Department of Science and Technology (Ministry of Science and Technology) covering the period 2003-2004 to 2005-06 was conducted during June-August 2006. These departments were selected in view of the importance of revenue collection and control of economic offences; the growth of industry through policy initiatives and resolution of problems relating to tariffs and trade and development of science and technology through policy formulation and assistance to technical institutes in the overall context of our economic development. The audit was conducted through sample check of records in the selected departments and their subordinate/attached offices. The systems and practices followed with reference to the provisions of the Central Secretariat Manual of Office Procedure (CSMOP), government rules, orders and instructions etc. were also assessed in audit. The sample for audit, *inter alia*, covered records relating to budget and expenditure, manpower policies, internal work study, internal audit and various control registers. The draft report was issued to departments of Revenue, Heavy Industries and Science and Technology in December, September and October 2006 respectively. Reply to the draft report was received from the Department of Science & Technology and the Department of Revenue. Reply from the Department of Heavy Industry was awaited (March 2007). The audit findings are discussed in succeeding paragraphs.

5. Audit findings

5.1 Department of Revenue (Ministry of Finance)

5.1.1 Organisational structure

The Department of Revenue functions under the overall direction and control of the Secretary (Revenue). It exercises control in respect of matters relating to all the Direct and Indirect Union Taxes through two statutory Boards, viz. the Central Board of Direct Taxes (CBDT) and the Central Board of Excise and Customs (CBEC). A chairman who is an ex-officio special secretary to the Government of India heads each Board. The Department is also entrusted with the administration and enforcement of regulatory measures provided in the enactments concerning Central Sales Tax, Stamp duties and investigates economic offences like smuggling, money-laundering, violation of Foreign Exchange Management Act (FEMA) etc. through Directorate of Enforcement and Central Bureau of Economic Intelligence.

5.1.2 Work standards and control environment

The department applies checks and controls in its day-to-day work as enunciated in the CSMOP[1]. The department has not, however, prepared any manual or flow chart listing out steps in various activities and procedures which are specific to its working.

Appendix 61 of CSMOP envisages that Internal Work Study Unit (IWSU)/ O & M Units of the department shall perform - (i) Organisation and Method Studies and (ii) Work Measurement Study etc for prescribing appropriate work norms and standards of output in terms of quality and quantity. These studies had not been conducted by the department during the last three years reportedly due to paucity of staff.

The Department replied (March 2007) that IWSU was no longer required to undertake workstudy/norms study. Such studies are to be conducted by Staff Inspection Unit (SIU). The Department further stated that it got a study conducted by National Productivity Council on "Channels of Submissions".

[1] Central Secretariat Manual of Office Procedure

5.1.3 Disposal of cases

5.1.3.1 Inadequate check on delays

Para 115 of the CSMOP requires time limits to be fixed for disposal of cases. As a general rule no official should keep a case pending with him/her for more than seven working days unless a higher limit is fixed for specific types of cases through departmental instruction. However, test check in audit revealed abnormal delays in the disposal of cases in the department as detailed below:

Table 1: Details of pending cases at the end of May 2006

Department	Total cases (B.f.* and new)	Cases pending for more than a month	Pending for 3 to 12 months	Pending for 1 year and above	Total urgent MP/VIP references (B.f.* and new)	Pending references	Pending for 3 to 12 months	Pending for 1 year & above
D/o Revenue	2862	1135	773	56	24	18	9	1
CBEC	1436	966	311	37	86	52	15	1
CBDT	2792	2381	874	404	116	107	44	17
Total	**7090**	**4492**	**1958**	**497**	**226**	**178**	**68**	**19**

63 *per cent* of cases received in the department[2] up to May 2006 were pending for disposal of which 28 *per cent* cases were outstanding for more than 3 to 12 months and 7 *per cent* cases were pending for more than one year. Even 79 *per cent* MP/VIP references were pending for disposal on 30th May 2006 of which 30 *per cent* references were three to twelve months old and 8.4 *per cent* had not been disposed of for more than a year.

The Finance Minister had taken a serious view of the pendancy of cases in October 2004, particularly of the MP/VIP references. Consequently review meetings were held under the chairmanship of Secretary (Revenue) and Additional Secretary (Revenue) in March and November 2005 respectively. However, no marked progress was noticed in respect of timely disposal of cases, which indicated poor mechanism for monitoring of disposals in the department. Following table illustrates the status of pending cases before and after the department's initiatives: -

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* Brought forward

[2] Department of Revenue, CBDT & CBEC

Table 2: Month wise status of pending cases (total of the department and Boards)

Month	Total cases (B.f. and new)	Pending cases		Total MP/VIP references (B.f. and new)	Pending references	
		Number	Percentage		Number	Percentage
June/July 2004	10818	7781	72	323	286	89
December 2004	10962	7625	70	297	256	86
June 2005	6548	3830	58	293	220	75
December 2005	8367	4968	59	260	212	82
May 2006	7090	4492	63	226	178	79

5.1.4 Annual inspection

As per paragraph 133 of CSMOP, each section/desk in the department is to be inspected by an officer of or above the rank of Under Secretary/Desk Officer, who does not handle any part of the work of the section/desk concerned, once in a year to ascertain the extent to which the provision of the manual and instructions issued thereunder are being followed. The Inspecting officer is required to report significant points, if any, emerging from the inspection to the Secretary. In addition, he is also required to bring to the notice of the Department of Administrative Reforms and Public Grievances (AR & PG) the important findings by 30th April each year.

Test check revealed that the department did not draw up monthly programmes of inspection of the sections/desk to be undertaken during the following year nor did it follow the provisions of the CSMOP as was evident from the fact that 61 to 72 *per cent* of the sections remained un-inspected during the years 2003-04 to 2005-06. While around 50 *per cent* sections of the department were not inspected even once in the previous three years, certain sections were inspected repeatedly during the years 2002-05. The performance report on O & M activities for the years 2004-05 and 2005-06 which was to be submitted to Department of AR & PG by 30th April of these years had also not been sent (August 2006). The position of inspections undertaken during 2003-06 is indicated in the following table:

Table 3: Status of annual inspections

Department/ Board	Total no. of sections	No. of sections inspected			Percentage of sections not inspected		
		03-04	04-05	05-06	03-04	04-05	05-06
Revenue (HQ)	33	14	10	9	58	70	73
CBEC	29	9	7	11	69	76	62
CBDT	20	9	6	4	55	70	80
Total	**82**	**32**	**23**	**24**	**61**	**72**	**71**

The department stated (August 2006) that timely inspection of each section could not be conducted on account of poor cooperation of officers entrusted with the task of inspection and lack of response from the sections concerned.

5.1.5 Risk management

Risk management i.e. identification, assessment and mitigation of risks is now accepted to be an integral component of internal control systems and procedures. In view of the geographical spread, complexities and decentralised and diverse nature of the activities of the Department i.e. collection of taxes and control over economic offences, it is necessary for the Department to have strong risk identification and assessment strategies and risk management plan. However, procedures and strategies for risk assessment/identification and risk management plan have not been devised and consequently these have not been used in formulation of short/long term and strategic plans of the Department. Absence of risk management plan weakens the overall structure of internal controls in the department while coping with unavoidable uncertainties and may also lead to insufficient monitoring and reporting to check non-adherence to delegated powers.

Test check also revealed that the CBDT and the CBEC have computerised their accounting functions. New softwares have been developed for online accounting of tax collection and refunds, revenue reconciliation between ZAOs/PAOs and commissionerates and setting up of Tax Information Network. In the absence of a defined policy or guidelines on access control, the system integrity and continuity plan could not be assured.

The Department stated (March 2007) that a Risk Management Division (RMD) under Directorate of Systems of CBEC had already been established and Risk Management System had been implemented at 13 major locations in customs.

It is recommended that the CBDT should institute an adequate mechanism of risk assessment, grading of risk, analysis of their impact, as well as control activities for monitoring and mitigating these risks. The department may also consider associating risk management experts in the development of the risk programme.

5.1.6 Manpower management

5.1.6.1 Non-observance of transfer/placement policy in CBEC

A significant contributor to the effectiveness of the administrative machinery is a human resource development policy that offers opportunities for excellence and career advancement through a proper placement strategy. In order to increase transparency and to provide better opportunities to officers and a more planned approach to cadre planning, a transfer/placement policy of Group 'A' officers was formulated as a part of reforms in tax administration which came into effect from the 1st April 2005. Test check of the disposition list as on May 2006 of officers of Indian Revenue Services (Customs and Central Excise) indicated that the policy was only in its initial stages of implementation as discussed below:

a) Paragraph 5.3 of the policy stipulates that the continuous stay of a Group 'A' officer should not exceed 6 years in a class 'A'[3] station and four years in a class 'B'[4] station. It was, however, noticed that 75 officers were yet to move out from a class 'A' station after 7 to 15 years and 4 officers remained in class 'B' station for 8 to 10 years.

b) Paragraph 6.1 and 6.2 of the policy classify all posts in the CBEC as sensitive and non-sensitive posts and the tenure of an officer in a sensitive post is ordinarily restricted to 2 to 3 years. Test check, however, revealed that 7 officers were holding sensitive posts for 7 to 9 years.

c) Paragraph 7.2 restricts the tenure of officers in the Directorates of Revenue Intelligence, Central Excise Intelligence and Vigilance for 3 years alongwith the condition that no officer shall spend more than 6 years in these Directorates during their entire service career. 5 officers of the CBEC were posted in these Directorates for 7 to 10 years.

The CBEC needs to implement the laid down policy regarding transfer of its officers

5.1.6.2 Inadequate database at CBDT

The CBDT is the Cadre Controlling Authority of Indian Revenue Service (IT) officers. The Board had formulated transfer/placement policy in 2005 categorising all stations into three classes and prescribing tenure of officers in different classes of station. The posts have also been categorized as sensitive and non-sensitive. The tenure of an officer in a sensitive post is to be restricted to two years at one stretch. Paragraph 2.6 of the transfer/placement policy stipulates that a correct and complete database is a *sine qua non* for

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3 Mumbai, Delhi, Chenni, Kolkata, Bangalore, Hyderabad, All posts in Custom Overseas Intelligence Network (COIN)

4 Ahmedabad, Allahabad, Goa, Surat, Kandla, Nagpur etc

operationalisation of the policy. The Board has to ensure that a database containing the profiles of all Group 'A' officers is created and regularly updated.

The disposition list of officers of the rank of Commissioner of Income Tax prepared by CBDT indicated the stations of their posting. The list, however, did not contain the date from which they were posted at a particular station. The database of other Group 'A' officers was not maintained by the Board. It was stated that this was being maintained by the field offices located all over the country. In the absence of correct, complete and uptodate central database in CBDT, the implementation of transfer/placement policy in respect of restricted stay of officers at class 'A' station, their tenure in sensitive posts, etc. could not have been monitored by the department nor could this aspect be examined by audit. Thus, the main objective of the policy to bring about transparency in postings and restricting tenure on sensitive posts/stations was not achieved.

The Department stated (March 2007) that instructions had been issued to all CCITs (CCAs) to ensure that officers do not get posted to sensitive posts or stations in excess of the prescribed tenure. In the absence of central control by CBDT, it is not clear how the policy will be enforced even in future.

The Ministry should urgently complete and update the central database so that the transfer/placement policy can be implemented properly and overstayal in sensitive posts avoided.

5.1.6.3 Rotation of duties

Rotation of duties is an important internal control that prevents development of vested interests and enlarges the range of the skills of employees by exposing them to different kinds of work. Test check revealed that the department was not rotating the duties of its non-gazetted staff, which resulted in some officials working in a particular section for periods ranging from 7 to 24 years. Details of a few cases are given below: -

Table 4: List of employees posted in a particular section for long periods

Sl. no.	Name of the post	No. of employees	No.of years till Feb. 2006
1	Assistants	41	7-11 yrs
2	UDC	49	7-13 yrs
3	LDC	11	7-9 yrs
4	Record Keeper	5	9-24 yrs
5	Sr. Gest Officer	1	14 yrs.

The Department stated (March 2007) that necessary instructions had been issued in March 2007 for undertaking an urgent exercise to ensure that no official in sensitive sections works continuously in the same post for more than three years.

The department needs to formulate and strictly adhere to a policy of rotation of duties of non-gazetted employees to ensure that no official remains in a section for more than five years and in a key section for more than three years.

5.1.7 Financial Management

5.1.7.1 Expenditure management: Violation of instructions on economy and austerity measures

The Ministry of Finance, Department of Expenditure has been issuing instructions from time to time for observing fiscal prudence and austerity in expenditure management. The last two comprehensive orders on this subject were issued on 24th September 2004 and 23rd November 2005. All the departments of the government are expected to observe these instructions for curbing unproductive expenditure. Austerity measures are intended at promoting fiscal discipline, without restricting operational efficiency, by avoiding ostentatious and superfluous expenditure. Test check of records in the department of revenue indicated poor expenditure management as discussed below: -

a) Staff costs

In terms of Department of Expenditure, Ministry of Finance o.m.nos. 7(3) E.Coord/99 dated 05-08-99 and DOPT o.m no.2/8/2001-PIC dated 16.5.01, 10 *per cent* cut in number of posts was to be made and abolition of posts lying vacant for more than one year was to be ensured. These instructions were reiterated by the Ministry of Finance o.m. nos. 7(5) E.Coord/2004, dated 24.09.04 and 7(2)E. Coord/2005, dated 23.11.05.

Audit examination revealed (July 2006) that 9533 non-gazetted[5] posts lying vacant in the Income Tax Department for more than one year as on the 31st March 2006 were not abolished. Out of these, 5838 posts were abolished in January 2007. Details of posts lying vacant for a period of one year or more were not furnished to audit by CBEC and Department of Revenue.

[5] Income Tax Inspector, Data Processing Assistant Group A, Office Superintendents, Sr. Tax Assistant, Tax Assistant, Stenographer, Hindi Translator, Staff Car Driver, Notice Server, Gest. Operator, Jamadar, Daftry, Peon, Watchman, Farash, Other Group 'D'.

b) Non-surrender of the post of Data Processing Assistant

The Department of Revenue vide its letter No. 21/19/2004-Ad.IC dated 11.04.2005, had approved the up-gradation of the pay-scale of the Administrative Officer in the NIPFP from Rs. 8000-13500 to Rs. 10,000-15,200 and that of the Assistant (Computer Operators) from RS. 5500-9000 to Rs. 6500-10,500. The up-gradations were subject to matching savings by abolition/surrender of two posts of Research Associates under pay-scale of Rs. 5,000-8000 and one post of Data Processing Assistant "Gr.B' under pay scale of Rs. 6500-10,000.

The NIPFP upgraded the pay scale of Administrative officer and Assistant (Computer Operators) with effect from the 2nd August 2005. Two posts of Research Assistant were surrendered on 21st July 2005, but the condition of abolition of one post of Data Processing Assistant, 'Gr. B', was not fulfilled.

c) Office expenses

Ministry of Finance, Department of Expenditure had vide F.No. 7(2)/ E.Coord/2005 dated 23.11.2005, directed all the Ministries and their subordinate office to restrict expenditure on office expenses (OE) and overtime allowances (OTA) in 2005-06 to the average of actual expenditure incurred during previous three years. Similarly, guidelines on expenditure management issued vide F.No. 7(5)/ E.Coord/ 2004, dated 24.9.04, required 10 *per cent* cut in OE, OTA, petrol, telephone, hospitality etc over the previous year in 2004-05. Test check of records revealed as under:

i) In the following cases actual expenditure under the head OE and OTA for the year 2005-06 was in excess of the prescribed limit by Rs. 16.53 crore as detailed below:-

Table 5: Excess expenditure on OE and OTA

(Rupees in crore)

Particulars	Actual expenditure			Average expenditure of 3 years	Actual expenditure 2005-06	Excess expenditure during 2005-06
	2002-03	2003-04	2004-05			
OE - Revenue Secretariat	7.42	5.70	5.84	6.32	6.60	0.28
OE - Direct Taxes (Total Grant)[6]	190.17	218.93	195.03	201.38	217.49	16.11

[6] This represents expenditure on office establishments in respect of 1266 Drawing and Disbursing Officers (DDOs) including 51 DDOs in Delhi functioning under CBDT.

OTA - Direct Taxes (Total Grant)	0.87	0.94	0.97	0.93	1.07	0.14
					Total	**16.53**

ii) Test check also revealed increase in expenditure on petrol, telephone and hospitality in the test checked offices[7] by 13 to 50 *per cent* as against the envisaged cut of 10 *per cent* over the previous years' expenditure. The details are as under:

Table 6: Excess expenditure on petrol, telephone and hospitality

(Rupees in lakh)

Sl. No	Heads of expenditure	Actual expenditure in		Percentage increase in expenditure of 2004-05 over 2003-04
		2003-04	2004-05	
1	Petrol	38.06	43.02	13
2	Telephone	71.21	81.59	15
3	Hospitality	33.61	50.50	50

d) Release of grant-in-aid

Ministry of Finance through its expenditure management guidelines dated 23.11.05, had directed that in order to reduce the dependence of autonomous bodies on budgetary support and set them on a course of greater self-reliance, the general purpose deficit grant-in-aid in 2005-06 would be reduced to 95 *per cent* of actual amount of such grants given in previous three years. Test check in audit revealed that the department did not follow the above stated guidelines and released an excess grant of Rs. 28.24 lakh to the National Institute of Public Finance and Policy (NIPFP) as detailed under:

Table 7: Grant-in-aid released to the NIPFP

(Rupees. in lakh)

Grant-in-aid released			Average of last three years	95 *per cent* of the average	Grant-in-aid released 2005-06	Excess grants-in-aid released
2002-03	2003-04	2004-05				
164.52	174.50	195.50	178.17	169.26	197.50	28.24

Non-compliance with the instructions and orders issued by Ministry of Finance on observance of economy and austerity measures indicated poor internal controls and monitoring mechanism.

The Department stated (March 2007) that since there has been increase in liability on account of release of DA every six months, there is hardly any scope for reduction in the amount of grants-in-aid to be released to NIPFP. The reply is not tenable because the guidelines of Ministry of Finance require

[7] Department of Revenue, CBDT & CBEC

the progressive reduction of budgetary support to autonomous institutions. The enhancement of grants-in-aid to cater for increases in DA would only result in continued dependence on grants-in-aid and reduce the importance of reducing expenditure and increasing revenue earning capacity in such institutions.

It is recommended that the department should take concrete steps in advance to adhere to the economy and austerity norms for ensuring reduction in unproductive expenditures.

5.1.7.2 Non-adherence to rules and regulations

To ensure order and regularity in the day-to-day functioning of the government departments, Government of India has prescribed various rules including the General Financial Rules. These rules and regulations have to be adhered to by all departments in letter and spirit. Test check of records revealed non-adherence and violation of the provisions of various rules/regulations as discussed below: -

a) Irregular purchases/non-obtaining of competitive rate

Rules 137 and 161 of the General Financial Rules 2005 provide that purchases should be made by the Government Departments in the most economical manner. Rule 148 ibid prohibits splitting up of purchase orders. The Ministry had also issued instructions vide O.M. no. 50/60/2004-Ad.1, dated 02.08.2004 for consolidated procurement of computers and other hardware. The department, however, purchased computers including peripherals worth Rs. 30.73 lakh during 2004-05 and computers, accessories, air conditioners, digital copier, stationeries etc. at a cost of Rs. 128.67 lakh in piece-meal during 2005-2006 from National Consumers Cooperative Federation (NCCF) of India Ltd without calling for open tenders. The splitting up of purchases was done in order to avoid obtaining the sanction of higher authority. Thus, provisions of the GFR were violated. Purchase of these items from NCCF of India was irregular as the department neither tried to get competitive rates through tender, nor compared the rates of the NCCF with the rates of Director General of Supply and Disposal (DGS&D).

The Department stated (March 2007) that instructions had been issued to all Heads of Departments (HODs) to comply with the instructions issued by CVC and provisions of GFRs.

b) Grant of House Building Advance (HBA)

As per Rule 7(b) of the House Building Advance an official has to insure the house/flat immediately at his own cost on completion of construction or purchase of house/flat for not less than the amount of advance and shall keep it so insured till the advance together with interest thereon is fully repaid to the government.

Test check of records revealed that in 8 cases the department did not keep a close watch on the status of completion/possession of house/flat and in some cases mortgage and insurance was not obtained which were required to be done under the HBA rules. The department had sent reminder to some officials concerned, but was in no position to explain the circumstances under which the formalities could not be completed. The laxity in this respect can place Rs. 23.11 lakh of government money, given as advance, at risk of default.

c) Non-adjustment of advances

As per Rule 292 (2) of the GFR 2005, the officer drawing money on abstract contingent bills for making advance payment to supplier etc. is responsible for its adjustment within fifteen days of the drawal of advance.

It was, however, observed that advances aggregating Rs. 50.36 lakh pertaining to the years 1995-96 to 2005-06 were outstanding as of June 2006.

The Department stated (March 2007) that reminders had been issued to all concerned officers to settle outstanding advances.

The department needs to strengthen its internal controls for ensuring compliance with the rules, regulations and orders of Government of India.

5.1.8 Accounting controls

5.1.8.1 Improper/non-maintenance of control registers/records

Every organisation is required to properly maintain control registers for exercising check over expenditure and other administrative controls. The GFR, Receipt and Payment (R&P) Rules etc. prescribe the format of and give other guidelines for maintenance of such records. It was, observed in audit that some of these control registers were not maintained at all or were maintained improperly. Details of these cases are listed in **Annex-I.**

The Department stated (March 2007) that necessary instructions had been issued for compliance and Pr.CCA (CBEC)/(CBDT), CCA (Finance) and DOR had been requested to direct the PAOs under their control to report deviations to the Heads of departments and reflect the same in the quarterly reports to be submitted to the Revenue Secretary.

5.1.8.2 Reconciliation of figures of expenditure and revenue

Reconciliation of figures of expenditure and receipts by the Drawing and Disbursing officers at periodical intervals with the figures booked by Pay and Accounts Offices in the accounts constitutes an important control/check against frauds, misappropriations and misclassifications of expenditure/receipts. Test check, however, revealed that the department had not carried out regular reconciliation of figures of expenditure booked by DDOs and PAOs during the years 2003-06. The lists of miscellaneous receipts received in cash and valuables remitted into bank were also not sent to the PAO by the DDOs.

The Department stated (March 2007) that necessary instructions had been issued for compliance.

5.1.8.3 Delayed deposit of receipts

As per Receipt and Payment rules, 1983, all Government money received should be deposited into Government accounts on the same day or next working day. Test check, however, revealed delays of 8 to 21 days in nine cases in depositing the money received through GAR-6/TR-5 receipt and delay of 7 to 41 days in sixteen cases received through cheques. The amounts involved ranged between Rs. 357 and Rs. 11,25,800.

The Department stated (March 2007) that necessary instructions had been issued for compliance.

5.1.8.4 Surprise check of cash

Surprise check of cash is required to be conducted by an authority not responsible for maintenance of cash book. Also, a certificate to the effect that the cash balance found during physical verification agreed with the book balance is required to be recorded in the cash book. It was, however, observed that surprise check of cash was not done in the department and its subordinate offices during 2003-06. Non-observance of this control renders the department vulnerable to misappropriation of public funds. The department stated (January 2007) that surprise checks were being carried out. The reply is not tenable as the requisite certificates were not found recorded in the cash books.

The Department stated (March 2007) that necessary instructions had been issued for compliance.

5.1.8.5 Heavy cash balance

As per rule 100 (2) of Receipt & Payment Rules, 1983 money shall not be drawn from Government accounts unless it is required for immediate disbursement. Test check revealed that actual cash balance kept in chest on any day ranged between Rs. 4.71 lakh to Rs. 18.72 lakh during the period 2005-06. Thus, money was drawn from Government accounts in excess of actual requirement of the Department.

The department stated (January 2007) that heavy cash balance was retained due to multiplicity of work like drawal of salary in cash by some staff, budget work etc. The reply is not tenable. The Statement of Cash Balance indicated that most of the balance was under miscellaneous group and not under salaries/advances or contingencies group. Payment of amount exceeding Rs. 10,000 in cash and not by cheques, in contravention to the Receipt and Payment Rules, 1983, was also one of the reasons for retention of heavy cash balance.

The Ministry should put in place a strong monitoring mechanism for ensuring compliance with various accounting controls.

5.1.9 Administrative controls

One of the most important dimensions of internal controls is control over the state of affairs in the attached, field and subordinate offices functioning under the administrative control of the department and autonomous bodies receiving grant-in-aid from the department. The Directorate of Enforcement (ED), a subordinate office of the department and the National Institute of Public Finance and Policy (NIPFP), an autonomous body receiving grant-in-aid from the department, were selected for assessing the efficacy of the state of internal controls. Following deficiencies were noticed in audit: -

5.1.9.1 Physical verification of stores

With a view to ensure control over physical custody of assets, Rule 116 of the General Financial Rules, 1963[8] provides for physical verification of all stores/library books at least once in every year under rules prescribed by the head of the Department.

Test check of stock registers/accession registers of the department and its subordinate offices revealed that the system of periodic physical verification of assets had not been instituted and implemented in the department as well as in its subordinate offices, in the absence of which the actual status of the existence and custody of stores, position of condemned and unserviceable items and losses, if any, due to theft, embezzlement etc. was not available. The position of physical verification was as under:-

Table 8: Position of physical verification of store items

Sl. No.	Name of the department/subordinate offices	Store items	Period since when physical verification has not been conducted
1.	Library, Department of Revenue	Books and Journals.	December 1999
2.	O/O the Pr. CCA, CBDT	Stock of assets	No record of previous physical verification
3.	O/o the Pr. CCA, CBEC	-do-	-do-
4.	Library, Enforcement Directorate	Books and Journal	-do-

Library books of the department, costing Rs. 12,465, had not been returned by the officers who had either retired or had been transferred. Failure to recover the books or cost thereof was attributable to poor internal controls.

5.1.9.2 Verification of service records

In terms of G.O.I., M.F., O.M. No. 3 (3)-E IV (A)/ 76 dated 25th November 1976 below Rule 199 of Supplementary Rules (SR), the head of the office has to inspect annually at least ten *per cent* of the service books and leave accounts. The head of the office in the department did not inspect any service book during the previous years.

It was noticed in audit that in six out of fifty test checked service books, services had not been verified for the last two to twenty two years and in eight cases services had not been verified by the Pay and Accounts office after completion of twenty five years of service/before five years of retirement. In six cases, information regarding nomination in respect of

[8] The corresponding rules in the GFR, 2005 are 192 and 194.

CGEIS was not available in service books and in three cases leave records were not updated.

The Department stated (March 2007) that necessary instructions had been issued.

5.1.9.3 Secret Services: Inadequate monitoring

An expenditure of Rs. 15 crore (Revenue Department; Rs. 1.62 crore; Direct Taxes; Rs. 4.52 crore; Indirect taxes; Rs. 8.87 crore) was incurred during the years 2003-06 on 'secret services'. The expenditure on secret services is to be monitored by the respective Head of the Office through reports submitted by the officer designated for incurring expenditure on secret services. Test check revealed that expenditure had not been monitored and utilisation certificate of secret service expenditure was not sent either to the office of the Accountant General or to the respective Pay and Account Offices as required under the Ministry of Finance, Department of Expenditure, standing orders. The department and the two Boards did not thus exercise any control over the expenditure on secret services.

The Department stated (March 2007) that necessary instructions had been issued to all budgetary authorities under the Department of Revenue, CBEC and CBDT.

Strong monitoring mechanism is needed for ensuring control over the functioning of attached/field/subordinate offices.

5.1.10 Internal audit

Internal audit is defined as control of all controls and is an essential tool for good governance. It is conducted to ascertain how far the rules and regulations, systems and procedures and instructions issued by the top management in accounting, financial and administrative matters are being followed. It is the primary responsibility of the management of an organisation to install an effective internal audit system and take prompt corrective action in respect of the deficiencies in its working as pointed out by such audit.

The internal audit of the Department of Revenue, the CBDT and the CBEC were conducted by different internal audit wings (IAWs) working under the administrative control of the Chief Controller of Accounts (CCA), Ministry of Finance; Principal CCA (CBDT) and Principal CCA (CBEC) respectively. There were 26 drawing and Disbursement officers (DDOs) within the purview of IAW of the Department of Revenue (proper), 1266

DDOs and branches of Public Sector Banks responsible for collection and refund of tax under the CBDT; and 731 DDOs under the CBEC. The DDOs and the banks are located throughout the country. The audit reports on the different units are issued by the Internal Audit directly to the units for follow up action. Test check of functioning of the IAW of the Ministry revealed following deficiencies: -

5.1.10.1 Preparation and execution of audit plan

The IAWs of the department and the two Boards were preparing annual audit plans. However, the planning was inadequate as the allocation of audit time, periodicity of audit etc. were not based on risk assessment. The planning process did not receive any input from the management regarding prioritisation, risk areas etc. The IAWs did not have any long term audit plan and the manual containing auditing standards, guidelines for specialised audit procedures etc. were not updated.

While the IAW of the Ministry of Finance had inspected 80 to 95 *per cent* of the targeted units during the previous three years, the IAWs of the CBDT and the CBEC on the other hand failed to cover the units that they had identified for audit and the shortfall ranged between 22 and 56 *per cent.* The details are as under: -

Table 9: Shortfall in the units targeted for audit

Year	Name of the IAW	Units identified for audit	Units actually covered	Shortfall	Percentage of shortfall
2003-04	CBDT	522	407	115	22
	CBEC	268	141	127	47
2004-05	CBDT	910	538	372	41
	CBEC	254	159	95	37
2005-06	CBDT	1199	522	677	56
	CBEC	263	160	103	39

The Department stated (March 2007) that from July 2006 efforts are being made to clear the arrears by deploying some of the accounts staff for internal audit.

5.1.10.2 Internal audit of receipts

The department performs its main functions, i.e. levy and collection of taxes, through the commissionerates of direct and indirect taxes located throughout the country working under the control of the respective Boards. The direct taxes are collected on the basis of self-assessment and these cases are scrutinised by the Assessing Officers.

The IAW of the CBDT was not conducting the audit of tax assessment. The internal audit system in the Income Tax Department, as introduced in December 2001, is based on chain audit i.e. one Assessing Officer auditing the work of another Assessing Officer in a chain with a view to strengthening the internal check of assessments and refunds involving personnel from all assessment circles and thereby ensuring cent percent audit of scrutiny and refund cases. Under the chain system of internal audit the shortfall in cases actually audited vis-à-vis the total auditable cases was 76.83 *per cent* in 2002-03 and 62.46 *per cent* in 2003-04.

Test check further revealed that while records of PSU banks, which were responsible for receipt and accounting of Excise and Customs receipts were being partially audited, records pertaining to Service Tax collection were not being audited at all.

The Department stated (March 2007) that the Internal Audit was working out a plan for conducting assessment audit in the next financial year.

It is recommended that working of chain system of internal audit be reviewed to ensure compliance with targets.

5.1.10.3 Inadequate action on the observations of Internal Audit

The department and the offices under its administrative control and the two Boards did not take effective measures to rectify deficiencies or to comply with the observations of the Internal Audit. The position of the outstanding internal audit objections was as under: -

Table 10: Outstanding internal audit objections (as on 31.03.06)

Sl. no.	Name of the office	No. of outstanding objections	Period of objections	
			From	To
Department of Revenue				
1.	DDO, Department of Revenue	31	-N.A.-	2005-06
2.	Other DDOs (6units)	80	-N.A.-	2005-06
3.	Enforcement Directorate (15 units)	189	-N.A.-	2005-06
CBDT				
4.	Zonal Accounts Offices	558	1990-91	2005-06
5.	Other DDOs	5453	1989-90	2005-06
6.	Banks	242	1995-96	2005-06
7.	Chief Commissioners/ Directors General Income Tax	953	1989-90	2005-06
8.	Commissioners/ Directors Income Tax	3589	1989-90	2005-06
9.	CTU/ PCU	59	1993-94	2005-06

Sl. no.	Name of the office	No. of outstanding objections	Period of objections	
			From	To
CBEC				
10.	Commissionerates/ Directorates/ PAOs	2676	1996-97	2005-06
11.	Divisions	4075	1997-98	2005-06

The Annual Report of the Internal Audit of the Ministry of Finance and the CBDT revealed that the audited units had not taken action on the audit observations made by inspection parties. This resulted in persistence of deficiencies, which were being repeatedly commented upon in subsequent reports (detailed in **Annex II**). Although the IAW of the CBDT had pointed out that the state of maintenance of records in the offices was mostly unsatisfactory, effective remedial steps had not been taken by the administrative heads concerned.

The lack of action by the Ministry in attending to the Internal Audit objections resulted in continuance of deficiencies in its functioning.

The Department stated (March 2007) that 40 *per cent* of the outstanding paras had been settled in 2006-07 and action was being taken to further settle the outstanding paras. All the HODs had been asked to adhere to the observations of Internal Audit.

5.1.10.4 Training of staff conducting internal audit

To be able to conduct its functions of checking various aspects of functioning of the department including its budget and accounts, with reference to the relevant rules and orders, it is essential that the Internal Audit Department is manned by staff who are appropriately qualified and trained. It is also necessary that such staff undergo periodical in-service training programmes for upgrading their knowledge and skills. It was noticed that specific training programmes were not conducted for upgrading the skills of the staff of the Internal Audit Department.

The Department stated (March 2007) that Pr.CCA, CBDT/CBEC had been requested to send training proposals.

Recommendations

- **The department should institute an adequate mechanism of risk assessment, grading of risk, analysis of their impact, as well as control activities for monitoring and mitigating the risks in relation to its diverse activities.**

- **The CBEC needs to implement the laid down policy regarding transfer of its officers**

- **The Ministry should urgently complete and update the central database so that the transfer/placement policy can be implemented properly and overstayal in sensitive posts avoided.**

- **The department should take concrete steps in advance to adhere to the economy and austerity norms for ensuring reduction in unproductive expenditures.**

- **The department needs to strengthen its internal controls for ensuring compliance with the rules, regulations and orders of Government of India.**

- **The Ministry should put in place a strong monitoring mechanism for ensuring compliance with various accounting controls.**

- **Strong monitoring mechanism is needed for ensuring control over the functioning of attached/field/subordinate offices.**

- **Working of chain system of internal audit may be reviewed to ensure compliance with targets.**

DEPARTMENT OF HEAVY INDUSTRY

MINISTRY OF HEAVY INDUSTRY AND PUBLIC ENTERPRISES

5.2 Department of Heavy Industry (Ministry of Heavy Industry and Public Enterprises)

5.2.1 Organisational set up

The Department of Heavy Industry under the Ministry of Heavy Industry and Public Enterprises is concerned with the development of heavy engineering industry, industrial machinery and auto-industry. It administers 48[9] Central Public Sector Enterprises (PSEs), a national level laboratory (Fluid Control Research Institute) and two non-operating holding companies. The industries covered by this department meet the requirements of equipments for basic industries such as steel, non-ferrous metal, fertilizers, refineries, petrochemicals, shipping, paper, cement, sugar, etc. The Department is also responsible for development of a wide range of intermediate engineering products like castings, forging, diesel, industrial gears and gear boxes. They cater to the need of goods and services for almost all sectors of the economy including power, rail, road transport etc.

The Department consults various industry Associations and evolves plans for the growth of industry and assists industry through policy initiatives, resolution of problems relating to tariffs and trade, promotion of technological collaboration, upgradation, research and development, etc.

The Department of Heavy Industry is headed by a Secretary who is assisted by an Economic Adviser, an Additional Secretary and three Joint Secretaries.

5.2.2 Financial Controls

Ministries/Departments are responsible for exercising effective control over the funds made available to them by the Parliament, through Budget Provisions and Supplementary provisions. Financial Rules require that every officer incurring or authorizing expenditure from public money should be guided by high standards of financial propriety. Every officer should also enforce financial orders and strict economy at every step and see that all relevant financial rules and regulation are observed by his own office and by Subordinate Disbursing officers.

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[9] Of which 9 PSEs are closed and 5 PSEs are not in operation

5.2.3 Budgetary Control

The details of allocation of funds and expenditure incurred by the Department of Heavy Industry during the year 2003-04 to 2005-06 are given below: -

Table11: Expenditure incurred vis-à-vis funds allocated

(Rupees in crore)

Year	Budget Estimates (BE)		Revised Estimates (RE)		Expenditure		Percentage of Expenditure to Budget Estimates	
	Plan	Non plan	Plan	Non Plan	Plan	Non Plan	Plan	Non Plan
2003-04	100.00	500.65	85.00	790.81	84.91	753.57	84.91	150.52
2004-05	131.00	688.65	100.00	688.41	67.83	647.15	51.78	129.43
2005-06	406.00	463.10	500.00	710.76	382.53	1170.01	94.22	252.65

From the above it may be seen that while there was a saving of 48.22 *per cent* of the plan budget in the year 2004-05, the extent of excess expenditure in Non Plan over the Budget Estimates during the years 2003-04 to 2005-06 ranged between 29 and 153 *per cent*, which indicated poor budgetary control.

5.2.3.1 Persistent saving indicated inadequate pre-budget scrutiny

Scrutiny of Head/Scheme wise expenditure of 2003-04, 2004-05 and 2005-06 revealed that the total provision under various sub head/scheme had not been utilised, with the savings ranging between 44 and 100 *per cent* in the three years as detailed in **Annex III**.

This was indicative of inadequate pre-budget scrutiny of schemes/funds.

5.2.3.2 Rush of Expenditure

Rule 56(3) of the General Financial Rules (GFR), 2005[10] provides that rush of expenditure, particularly in the closing months of the financial year, shall be regarded as a breach of financial propriety. The Ministry of Finance has also emphasized every year that under an effective cash management system, not more that 33 *per cent* of the budget should be utilized during the last quarter. Rush of expenditure during the closing months of the financial years as shown below, reflects poorly on overall financial management implying lack of effective monitoring to ensure regular flow for expenditure.

[10] (Previously Rule 69 of GFR 1963) as amended upto 2002

Table 12: Rush of expenditure in the last quarter of the financial year

(Rupees in crore)

Year	Total expenditure	Expenditure from April to December	Expenditure in the last quarter i.e. January to March	Expenditure in March	Percentage of the expenditure in the last quarter/March
2003-04	838.48	590.54	247.94	176.25	30/21
2004-05	714.98	417.91	297.07	138.06	42/19
2005-06	1552.54	647.61	904.93	752.30	58/48

The Department in their reply with regard to the year 2005-06 stated (June 2006) that additional funds were required to meet the urgent expenditure under revival/restructuring schemes for PSEs and approval of Parliament was obtained through Supplementary Demands. However, it was observed that the major portion of supplementary demand was surrendered as it appears to have been taken without properly anticipating the fund requirement. No reply concerning the years 2003-04 and 2004-05 was given.

5.2.4 Administrative Controls

5.2.4.1 Control mechanism for watching utilisation of loans and grants

i) As per rule 226 (2) (v & vii) of GFR, 2005[11] the utilisation certificate should be furnished within a 'reasonable time' after the loan is paid to the institutions. The target date should, as far as possible, be not later than eighteen months from the date of sanction of the loan. The due dates for submission of the Utilisation Certificates should be specified in the letter of sanction for loan. The target date as specified should be rigidly enforced and extension should only be allowed in very exceptional circumstances in consultation with the Ministry of Finance under intimation to the Audit Officer. No further loans should be sanctioned unless the sanctioning authorities are satisfied about the proper utilisation of earlier loan sanctioned to an Institution.

It was observed that utilisation certificate amounting to Rs. 75.62 crore were outstanding as on 24.4.2006 from 14 PSUs.; details are given in **Annex IV**.

It may also be seen that the utilisation certificates were outstanding since 2000-01 and so it could not be ascertained if principal loans had been actually utilized for the purpose for which these were intended. No records were shown to audit from where it could be ascertained whether any correspondence was made with the PSUs to obtain U.Cs. Besides, no register was shown from where progress of pending U.Cs. could be

[11] (Previous Rule 151 of GFR 1963 as amended upto 2002)

examined/checked. This shows that the Ministry did not have a system to watch timely receipt of UCs and further release of loans. This is indicative of the weak controls in monitoring of grants.

ii) As per rule 212(1) of GFR, of 2005[12] in respect of non-recurring grants to an Institution or Organisation, a certificate of actual utilisation of grants received for the purpose for which it was sanctioned in Form GFR 19-A, should be insisted upon in the order sanctioning the grants-in aid. The Institution or Organization concerned should submit the Utilisation Certificate within twelve months of the closure of the financial year. The Ministry or Department concerned should scrutinize receipt of such certificate. Where such certificate is not received from the grantee within the prescribed time, the Ministry or Department will be at liberty to blacklist such Institution or Organisation from any future grant, subsidy or other type of financial support from the Government. Besides, as per instruction (May 2003) of Ministry of Finance, Department of Expenditure following a judgment of the High Court of Delhi, no fresh grant is to be released unless utilisation certificates for the previous grants were furnished.

An examination of the pending utilisation certificates revealed that in respect of the following public sector enterprises, the department released further financial support during the years 2002-03 to 2005-06 without verifying the receipt of utilisation certificate of previous years. This shows that there was no control in the department through which it could be ensured that grants were released only in those cases where outstanding utilisation certificates had been received.

Table 13: Financial support to PSEs without getting previous UCs

(Rupees in crore)

Name of Public Sector Enterprises	Year for which UC wanting	Value of U.C. Wanting	Year during which further grant given	Amount for which further grants given
Andrew Yule & Co. Ltd. Kolkata	2004-05	4.02	2005-06	6.00
Bharat Yantra Nigam Ltd., Allahabad	2003-05	1.29	2005-06	3.00
Heavy Engineering Corporation Ltd., Ranchi:	2003-05	0.43	2005-06	1.67
Hindustan Machine Tools Ltd, Secundrabad:	2003-05	8.00	2005-06	28.54

[12] (Previous Rule 151 of GFR 1963 as amended upto 2002)

Name of Public Sector Enterprises	Year for which UC wanting	Value of U.C. Wanting	Year during which further grant given	Amount for which further grants given
Tyre Corporation of India Ltd., Kolkata;	2000-02	2.90	2002-03 2003-04	8.78 3.02
Hindustan Salt Limited, Jaipur:	2004-05	6.15	2005-06	9.03

5.2.4.2 Outstanding guarantee fees

As per rule 248 (1) and (2) of GFR, 2005 all Government guarantees in respect of internal borrowings by Public Sector Undertakings would be subject to a guarantee fee of one *per cent* per annum on the outstanding amount at the beginning of the year and is payable in advance. Such guarantee fee should be levied before the guarantee is given and thereafter on the first of April every year. In case of non-payment of guarantee fee on the due date, the guarantee fee should be charged at double the normal rates for the period of default.

Scrutiny of records relating to guarantees given by the Department to HMT Limited revealed that guarantee fee amounting to Rs. 40.40 lakh being one *per cent* on Govt. of India working capital Bond of Rs. 40.40 crores for the year 2004-05 was still (March 2006) outstanding. For non-payment of guarantee fee, on due date, a penalty of Rs. 40.40 lakh was also leviable.

5.2.4.3 Huge outstanding loans and advances against Public Sector Enterprises

Loans are given to PSUs from time to time in accordance with approved Government policy and with specific terms and conditions. The repayment of loans should be effected by installment, which should ordinarily be fixed on annual basis. For default in repayment of loan, notice can be issued by the PAO who shall annually submit to Ministry a statement in Form GFR 20 showing details of outstanding loans. As per Rule 233 of the GFR, 2005[13] the Administrative Ministries should keep watch over the receipt of the annual statements in Form GFR 20 regularly from the Accounts Officer and conduct a close review of the cases of defaults in repayment of the installments of principal and/or interest due, as revealed from these annual statements and to take suitable measures for enforcing repayments of the principal and interest due.

[13] Previously Rule 164 of GFR 1963

i) A perusal of the status of outstanding loans given upto 2005-06 to 33 Public Sector Undertakings revealed that out of total loans of Rs. 5438.86 crore upto 31 March 2006, principal of Rs. 3354.12 crore was still outstanding. Besides, interest amounting to Rs. 13,761.40 crore was also recoverable from these 33 PSUs. Loans were outstanding since 1978-79. Year-wise breakup was, however, neither available with the PAO nor with the Department. Records revealed that the Department had not taken any steps so far to enforce repayments of the principal and interest due. Further, GFR 220 (3) (v)[14] provides that the Government should lay down a procedure for periodical review of the old loans so that prompt action can be taken, if necessary, for enforcing regular payments. It was, however, seen that no such procedure had been laid down for speedy recovery of loans.

ii) During audit it was noticed that the figures of outstanding loans in the records of the Ministry were not being reconciled with the records of the PSUs. A cross-check of figures of outstanding loans relating to Heavy Engineering Corporation Ltd. (HEC Ltd.) conducted by audit revealed that against the total loans of Rs. 1,24,874 lakh (Principal: Rs. 89,954 lakh plus interest: Rs. 34,920 lakh) depicted by the Ministry, HEC Ltd. was showing in its books loans of Rs. 9785.50 lakh only. Not only does this show lack of reconciliation between the records of the Ministry and the PSUs, it is also clear that there are no systems or procedures for such reconciliation.

5.2.4.4 Bill Register

As per Note 1 below Rule 34 of Receipts and Payments Rules, a Bill Register is required to be maintained in form GAR-9 by all the Heads of Offices, who are authorized to draw money on bills signed by them. The register should be reviewed monthly by a gazetted officer and the result of the review recorded therein to prevent presentation of fraudulent bills for payment.

Scrutiny of records for the years 2003-04 to 2005-06, however, revealed that the Bill Register was not maintained by the department in the specified form. Besides, the register had never been reviewed during the last three years, which carried a risk of non-detection of possible presentation of fraudulent bills.

[14] Previous Rule was GoI Decision (3) (d) below Rule 155

5.2.4.5 Acquitance of Pay and allowances and other payment

As per Rule 92 of CGA (R&P) Rules, 1983, the legal quittance in support of payment made is required to be obtained in an Acquitance Roll in Form GAR 24 for pay & allowances and on the office copies of bills for other payments. Besides, acquitance rolls and office copies of bills on which acquitance is obtained should be stamped as 'PAID'.

It was, however, noticed from the records for the years 2003-04 to 2005-06 that in respect of payments other than pay and allowances viz. TA/LTC, Medical Reimbursement, etc., acquittance was being obtained in acquitance rolls, instead of on the office copies of the bills as prescribed under the Rules. Moreover, neither acquitance rolls nor office copies of bills were stamped 'PAID'. Further, in respect of the payments made through acquitance rolls on pay day, the disbursement certificate at the foot thereof should invariably be signed by the Drawing the Disbursing Officer and stamped 'PAID' in token of the total amount disbursed. Scrutiny of records, however, revealed that total disbursed amount of the acquitance rolls were neither attested nor stamped 'PAID' in the Department of Heavy Industry.

5.2.4.6 Register of undisbursed pay and allowances

As per Note 2 below Rule 92(3) of CGA (R&P) Rules, 1983, an account of undisbursed pay and allowances should be kept in a Register in Form GAR 25. Entries of the total and particular amount undisbursed need to be made against each bill serially and subsequent payments thereof entered in the appropriate columns of the Register and the Cash Book. Each such entry is required to be attested by a Gazetted Officer.

It was, however, observed that the Register of undisbursed pay and allowance for the year 2003-04 to 2005-06 had not been maintained by the Department in the prescribed form and entries made therein had not been attested.

5.2.4.7 Contingent Advances

Contingent advances are required to be adjusted within one month from the date of payment/draws. Scrutiny of the Contingent Advances Register, however, revealed that contingent advances amounting to Rs. 9.90 lakh (2002-03: Rs. 0.27 lakh, 2003-04: Rs. 0.11 lakh and 2004-05: Rs. 9.52 lakh) paid by the department to its officials/private parties had not been adjusted so far (August 2006).

5.2.4.8 Functioning of Parliament Unit

This section was to function as a central coordinating point for all parliamentary work by transmitting all information received from the Lok Sabha or the Rajya Sabha to the concerned officers/sections without delay, ensuring timely disposal of all papers and monitoring that the assurances given to the Lok Sabha and the Rajya Sabha are fulfilled within a period of three months.

It was noticed that there was no monitoring to ensure the timely settlement of pending cases and no practice of submission of calendar of return. As many as 30 assurances detailed below were pending with the Department as on 31.5.2006.

Table 14: Details of pending assurances

Year	Lok Sabha	Rajya Sabha
2000-01	3	
2001-02	1	
2002-03	2	2
2003-04	3	
2004-05	3	2
2005-06	11	3
Total	**23**	**7**

5.2.5 Accounting Controls

5.2.5.1 Reconciliation of figures of expenditure/receipt

Para No. 1.9 of the Civil Accounts Manual (CAM) provides that the Principal Accounts Officer (PAO), wherever payments relating to a grant are handled wholly by a PAO of each Ministry is required to send in the prescribed proforma, a monthly statement showing the expenditure vis-à-vis the Budget provision under the various heads of accounts, to the Heads of Department responsible for overall control of expenditure against the grant of the Ministry as a whole. The figures so communicated by the PAO should be compared by the Heads of Department with those consolidated in Form GFR 12 and differences, if any, should be taken up by the Heads of Department with the PAO. The Head of the Department should furnish a quarterly certificate to the PAO certifying the correctness of the figures for the quarter. Besides, Para No. 1.10 of the Manual ibid provides for the reconciliation of the figures of receipts of a department by the DDO with the accredited bank and the PAO and the PAO with the bank.

It was observed that the reconciliation of figures of expenditure booked by DDOs and PAOs during 2003-04 had not been carried out by the

Department. Besides, no reconciliation of figures of receipt has been done by the DDOs during the year 2003-04 to 2005-06, in the absence of which it could not be ascertained whether all the receipts were remitted into bank and finally credited to Government account or not.

5.2.5.2 Maintenance of cashbook

As per Rule 13 of the Receipts & Payments Rules, the totals of the cash book are required to be verified by the Head of the office or by some responsible subordinate other than the writer of the cash book and initial it as correct.

However, it was observed that the Department was not following this practice as only the cashier was totaling the cashbook. Frequent surprise checks of the cash balance, which is an effective internal control to minimize the possibility of embezzlement had not been exercised by the Department during the years 2003-04 to 2005-06.

5.2.6 Internal Audit

Internal Audit is commonly described as the control of all controls. It not only checks whether control systems had been prescribed for different aspects of the functioning of an organization but also ascertains as to whether the controls were effective. The Internal Audit of the Department of Heavy Industry is conducted by the Internal Audit Wing of the Ministry of Heavy Industry and Public Enterprises and functions directly under the control of the Chief Controller of Accounts, Ministry of Industry.

Internal Audit Wing of Ministry of Industry exercises the checks on the initial accounts maintained in the subordinate offices to ascertain how far the rules and regulations, systems and procedure in accounting and financial matters have been followed including the scrutiny of the records relating to fund accounts, loans & advances and physical verification of stores etc.

5.2.6.1 Audit Planning

Audit planning done by the Internal Audit Wing during the year 2003-04 to 2005-06 was as under: -

Table 15: Arrear against units targeted for audit

Year	Target	Achievement	Arrear	Percentage of Arrears
2003-04	116	64	52	44
2004-05	134	63	71	53
2005-06	134	48	86	64

From the above table, it may be seen that more than 50 *per cent* of units planned for audit remained in arrears in the years 2004-06. The department attributed the shortfall to the shortage of staff.

5.2.6.2 Position of paras issued by the Internal Audit wing

The sanctioned strength of the Internal Audit Wing consisted of one AAO, one Sr. Accountant and one LDC. Audit of the Department of Heavy Industry is conducted annually and position of paras issued was as under:-

Table 16: Year wise breakup of paras added and settled

Year	Old Paras	Para added	Para settled	Closing Balance
2003-04	15	11	2	24
2004-05	24	17	12	29
2005-06	29	15	13	31

From the above, it may be seen that the number of old paras as well as the closing balance of number of para is increasing year after year, which is indicative of inadequate attention being paid to the findings of internal audit.

5.2.7 Response of the Ministry

The above findings were communicated to the Ministry in September 2006, its response has not been received (February 2007).

Recommendations

- **Budgetary control should be strengthened so that excess expenditure over Budget estimates and rush of expenditure in the last month of the year is avoided.**
- **Pre-budget scrutiny of schemes/activities should be done with great care so that funds may not have to be surrendered at the end of the year.**
- **The Ministry should monitor timely receipt of utilisation certificates from various bodies and further grants to them should not be issued in the absence of previous utilisation certificates.**
- **Ministry should follow laid down procedures for maintenance of records which are essential for internal control in the Department.**

DEPARTMENT OF SCIENCE AND TECHNOLOGY

MINISTRY OF SCIENCE AND TECHNOLOGY

5.3 Department of Science and Technology (Ministry of Science and Technology)

5.3.1. Organisational structure

Department of Science and Technology (DST), which is the nodal department of the Ministry of Science and Technology (MOST), is mainly responsible for formulation of policy and guidelines on Science and Technology (S&T), promotion of new areas of S&T in which a number of Institutes/Departments have interest and capabilities, scientific and technological surveys, research and development (R&D) activities, international scientific and technological cooperation, promotion of S&T and its application to the development of the nation.

DST is headed by a Secretary who is assisted by two Joint Secretaries, one of whom is the Financial Adviser. DST has an Integrated Finance Division (IFD) headed by the Joint Secretary and Financial Adviser who is responsible for internal finance and expenditure control of DST.

5.3.2 Financial Management and Budgetary Control

5.3.2.1 Lack of effective monitoring over flow of expenditure

The Public Accounts Committee (PAC), in its sixteenth report on the rush of expenditure in the month of March, had drawn attention to provisions contained in Rule 69 of General Financial Rules (GFRs) 1963 which provided that rush of expenditure, particularly in the closing months of the financial year should be regarded as breach of financial regularity and should be avoided. Ministry of Finance (MOF) advised (February 2000) all the Ministries/Departments to put in place a mechanism in consultation with the concerned Financial Advisers to exercise a monthly check on the flow of expenditure.

DST incurred Plan expenditure of Rs. 106.20 crore, Rs. 158.03 crore and Rs. 238.59 crore representing 17.63 *per cent*, 17.63 *per cent* and 23.29 *per cent* respectively of the total plan expenditure during 2003-04 to 2005-06 during March of each year. This was contrary to the recommendations of PAC as well as violative of the instructions of MOF.

DST stated in January 2007 that steps were being taken to implement the latest instructions of MOF to limit the expenditure to 15 *per cent* of the budget estimates during the month of March.

5.3.2.2 Release of grant without assessing the actual requirements

As per Rule 208 and 209 of GFRs 2005 (Rule148 (4) of earlier GFR), if financial assistance was proposed to be granted to a profit making society or an organisation, the feasibility of giving such assistance as loan instead of grants-in-aid should be specifically considered by the sanctioning authority in consultation with the MOF. The guidelines of Government of India, MOF on expenditure management including fiscal prudence and austerity issued in September 2004 mentioned *inter alia* that there had been cases in which Ministries were releasing funds to autonomous bodies year after year though substantial unutilised balances remained available with these bodies and were kept as deposits with banks. The Ministries were advised not to release funds in such cases. It was, however, noticed that DST released grants-in-aid to two autonomous bodies viz Technology Information Forecasting and Assessment Council (TIFAC) and National Accreditation Board for Testing & Calibration Laboratories (NABL) during 2003-06, though these institutes had sufficient funds available from their internal sources. DST released grants-in-aid amounting to Rs. 47.91 crore during the year 2003-04 to 2005-06 to TIFAC though the institute had funds amounting to Rs. 84.69 crore available from internal sources as against expenditure of Rs. 74.38 crore during the period. Similarly, in case of NABL, grants-in-aid amounting to Rs. 12 crore was released during 2003-06 though Rs.8.25 crore was available from the internal sources as against the expenditure of Rs. 11.51 crore during the period.

DST stated in January 2007 that its Integrated Finance Division was closely monitoring the projected requirement of the Institutes vis-à-vis the balance available. No funds were released to TIFAC and NABL after 2005-06 as they are earning revenues and the fund releases were made as per actual requirement.

5.3.2.3 Irregular expenditure by the grantee institutions by diverting Plan funds for Non Plan activities

As per Rule 10(6) (d) of Delegation of Financial Powers Rules (DFPRs), appropriation or re-appropriation from Plan heads to Non – Plan heads should be made only with the prior approval of MOF. DST had been providing grants to its autonomous bodies under the Plan and Non-Plan heads. It was, however, noticed that the following nine institutes had incurred excess expenditure of Rs. 36.70 crore during the years 2003-04 to 2005-06 on non-plan heads, which was met from Plan funds, without obtaining the approval of MOF, as detailed below:

Table 17: Grants released for non-plan activities and expenditure incurred thereagainst

(Rupees in lakh)

Name of the Institute	2003-04			2004-05			2005-06		
	Grant released	Expr.	Excess	Grant released	Expr.	Excess	Grant released	Expr.	Excess
Sree Chitra Tirunal Institute of Medical Sciences &Technology	903.00	1421.00	518.00	855.00	1799.00	944.00	NA	NA	NA
Birbal Sahni Institute of Paleobotany	166.00	190.00	24.00	158.00	189.00	31.00	140.00	212.00	72.00
Technology Information Forecasting &Assessment Council	10.00	172.00	162.00	9.00	203.00	194.00	8.00	235.00	227.00
Indian Academy of Sciences	71.00	148.00	77.00	67.00	154.00	87.00	60.00	160.00	100.00
Indian National Science Academy	255.00	327.00	72.00	243.00	291.00	48.00	204.00	258.00	54.00
Wadia Institute of Himalayan Geology	143.00	485.00	342.00	135.00	484.00	349.00	120.00	192.00	72.00
Indian Institute of Astrophysics	285.00	333.00	48.00	270.00	300.00	30.00	NA	NA	NA
Agharkar Research Institute	119.00	157.00	38.00	113.00	146.00	33.00	100.00	178.00	78.00
Indian Science Congress Association	33.25	58.53	25.28	31.00	75.63	44.63	NA	NA	NA
Total	**1985.25**	**3291.53**	**1306.28**	**1881.00**	**3641.63**	**1760.63**	**632.00**	**1235.00**	**603.00**

*NA - Not Available

Thus, the aforesaid institutes diverted Rs. 36.70 crore from Plan head to Non Plan head, without obtaining the approval of MOF, which was irregular.

DST stated in January 2007 that the diversion of funds from Plan to Non-Plan heads by its grantee Institutes was done in accordance with the instructions issued by MOF in January 2002. The reply is not based on facts as the instructions regarding diversion of funds from Plan to Non Plan heads was only upto the year 2002-03.

5.3.3 Accounting Controls

5.3.3.1 Outstanding Utilisation Certificates

As per Rule 212 (1) of GFR, in respect of recurring grants, Ministry/ Department concerned should release the amount sanctioned for the subsequent financial year only after the receipt of Utilisation Certificates

(UCs) in respect of grants of preceding financial year. This was also reiterated in the instructions issued by MOF in September 2004 and November 2005. DST did not furnish to audit the details of UCs for the grants-in aid released to its autonomous bodies for the year 2004-05. It was, however, noticed that DST released grants-in-aid to its autonomous bodies for the year 2005-06 without obtaining the UCs for the previous financial year 2004-05. Further, it did not maintain any register or records to show the position of UCs in respect of grants released to its autonomous bodies.

While accepting the facts, DST stated in January 2007 that release of grants-in-aid from the financial year 2005-06 onwards was being done only after obtaining UCs for the previous year and consolidated statement of outstanding UCs in respect of grants-in-aid upto financial year 2004-05 was being collected from the concerned divisions and the details would be furnished to audit as soon as it would be available. It was also stated that the system of release of grants-in-aid has been further tightened from the year 2006-07. The fact remains that DST took action in this regard only after being pointed out by Audit.

5.3.3.2 Non reconciliation of department's receipts with PAO

As per para 1.16.2 of Civil Accounts Manual, all the receipts of the department deposited in the relevant branch of the bank accredited to the Ministry/ Department should be reconciled monthly with the figures booked by the Pay and Accounts Office (PAO) of the department in order to ensure that all receipts had been deposited into the bank and were classified under proper heads of accounts. It was, however, noticed that monthly reconciliation of department's receipts with the figures booked by the PAO was not done during the years 2003-04 to 2005-06.

While accepting the facts, DST stated in January 2007 that the matter of reconciliation of receipts in terms of provisions contained in the Civil Accounts Manual was being taken up with concerned departments.

5.3.3.3 Non-maintenance of register of settlement of Audit objections

As per Paragraph 12.12.1 of the Civil Accounts Manual, in order to keep a watch over the settlement of audit objections included in the Test Audit Notes issued by the Statutory Audit Offices, the Internal Audit Organisation was to maintain a register in the prescribed proforma. The progress made towards the settlement of outstanding objections was to be reviewed quarterly and appropriate further action taken to ensure their speedy settlement. The compliance with the objections reported to have been made by DDOs was to be verified during next internal audit of the concerned office. The register was to be produced to Statutory Audit Parties whenever asked for. It was, however, noticed that no such register was maintained by DST.

DST accepted (January 2007) the Audit's observations for future compliance.

5.3.3.4 Non maintenance of Liability Register

As per Rules 53 and 58 of GFRs, controlling officer should maintain a Liability Register in form GFR 6 in order to see that there is no case of excess expenditure over the sanctioned amount. Further, in order to maintain proper control over expenditure, the controlling officer should obtain from spending authorities, liability statements in form GFR-6-A every month, starting from the month of October in each financial year. It was, however, noticed that statements in the form GFR-6-A were not obtained every month from the spending authorities and no Liability Register for effecting proper control over expenditure was maintained by DST as required under Rules 53 and 58 of GFRs.

DST accepted (January 2007) the Audit's observations for future compliance.

5.3.3.5 Non maintenance of other registers

To have effective monitoring and control of expenditure and to exercise other administrative checks, prescribed registers[15] were to be maintained by DST. It was, however, noticed that DST did not maintain the prescribed registers. DST did not furnish replies to the Audit observations.

5.3.4 Internal Audit

5.3.4.1 Non-conducting of internal audit

DST has an Internal Audit Wing under the overall supervision of Financial Adviser, consisting of three officials at headquarters and five officials in the field Audit Party. The internal audit of the 24 units under DST had not been conducted as on 31 March 2006.

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[15] Register of stock of receipt books, register of transactions of non Government money and accounts, register of overtime allowance, register of sanctions, register of purchase orders, register of letter of credit, register of contingent advances, register of contracts, register of refund of revenue etc.

DST stated in July 2006 that the internal audit of these units could not be conducted during 2005-06 due to acute shortage of manpower. DST further stated in January 2007 that Internal Audit of 16 units had already been completed and audit of balance units would be completed by 31 March 2007.

5.3.4.2 Non revision of Manual of Internal Audit

DST was set up in May 1971. A Manual of Internal Audit was prepared in March 1988 for guidance of members of the staff of departmentalised accounts organisation in the Ministry of Science and Technology. Since then, this Manual had not been revised/updated. The Government of India had issued instructions relating to conducting of Audit from time to time after 1988, which had not been incorporated in the Manual. The manual of internal audit prepared in 1988 had become partly out of date.

While accepting the facts, DST stated in January 2007 that action had been initiated to revise the Manual of Internal Audit and final position would be intimated to Audit in due course.

5.3.4.3 Outstanding paragraphs of internal audit

During the course of audit, it was noticed that 293 paragraphs of inspection reports of internal audit on the accounts of 23 units of DST including DST Headquarters were outstanding as of 31 March 2006. These paragraphs include 12 paragraphs of the inspection reports for the period 1994 to 2001 and 10 paragraphs of inspection reports for the period 1992 to 1994 on the accounts of DST. Another 19 paragraphs of the inspection reports for the period 2001 to 2003 pertained to Sri Chitra Thirunal Institute of Medical Sciences, Thiruvananthapuram. Some of the persistent irregularities pointing at deficient controls were the following:

- Non-reconciliation of bank balances.
- Non-adjustment of advances.

While accepting the facts, DST stated in January 2007 that action had been initiated to settle the outstanding paragraphs and the final position would be intimated to Audit in due course.

5.3.5 Administrative Controls

5.3.5.1 Manpower management and controls: Non abolition of vacant posts

Audit examination of the sanctioned strength vis-à-vis men-in-position of the DST revealed that 5029 posts which were lying vacant for a period of more than one year as of March 2006 were not abolished in terms of the instructions of the Government circulated vide Department of Personnel and Training (DOPT) OM No. 2/8/2001/PIC dated 16-05-2001 and instructions reiterated by MOF in September 2004 and November 2005. The reasons for non-abolition of vacant posts as required in MOF instructions were not elucidated to audit.

DST stated in January 2007 that 22 posts being vacant for more than one year had been abolished based on review conducted for the quarter ended 30 September 2006 while some posts are lying vacant for more than one year but cannot be abolished as these were reserved. DST further stated that action will be initiated to abolish the remaining vacant posts where necessary.

From the details given in the Detailed Demands for Grants for 2006-2007, it was noticed that 295 posts were operated in the higher grade against the vacancies in lower grade, which was also irregular, as concurrence of MOF for up-gradation of these posts was not obtained, as required in DFPRs as detailed below:

Table 18: Statement showing details of sanctioned strength and men-in-position in DST as on March 2005

Scale of Pay	Group A, B, & D	Sanctioned post	Men-in-position	Excess
18400-500-22400	A	18	41	23
16400-450-20000	A	6	50	44
12000-275-16500	A	174	183	9
7450-225-11500	B	56	57	1
2610-60-3150-65-3540	D	171	389	218
Total		**425**	**720**	**295**

5.3.5.2 Non-framing of norms for S&T staff

DST was set up in May 1971. DST had framed recruitment rules for its administrative and S&T staff but it failed to evolve work norms for its S&T staff even after 35 years. Further, the recruitment rules framed for its administrative and S&T staff were not updated.

While accepting the facts, DST stated in January 2007 that Audit observation had been brought to the notice of concerned divisions for evolving the requisite norms and for incorporation of the rules.

5.3.5.3 Non constitution of Staff Inspection Unit

As per instructions issued by MOF in August 1988, all scientific departments were to constitute a Staff Inspection Unit (SIU) in their department. The functions of SIU in respect of scientific departments were to be entrusted to a team appointed by the head of the respective department consisting of the core member of the SIU (MOF) and scientific/technical personnel from the concerned department.

It was, however, noticed that DST did not constitute any SIU to review its various activities since 1988.

While accepting the facts, DST stated in January 2007 that all posts except one post of Research Assistant of concerned wing were abolished in June 2005. Thereafter practically no SIU existed in DST.

5.3.5.4 Non observance of provisions of Manual of Office Procedures

a) Non formulation of Annual Action Plan

As per Paragraphs 128 to 132 of Central Secretariat Manual of Office Procedure (CSMOP), every department should formulate an Annual Action Plan indicating time frame of action with month-wise break-up of targets to be achieved in respect of each of the activities to be performed during the ensuing financial year in the month of January, so that the programmes and projects undertaken by the department are implemented in a systematic manner within the prescribed time frame.

Monthly performance reports on the items of Action Plan indicating the details of targeted and actual performance with comments on variance, if any, were required to be sent by DST to the Prime Minister's Office, Cabinet Secretariat and Ministry of Programme Implementation. In addition, a quarterly report on the programme achieved in key items identified by the Prime Minister's Office for special monitoring was to be sent to that office.

It was, however, noticed that DST did not formulate any such Annual Action Plan during the years 2003-04 to 2005-06.

While accepting the facts, DST stated in January 2007 that the matter had been brought to the notice of the concerned division.

b) Non inspection by officers of DST

As per Paragraph 133 to 136 of CSMOP, each section/desk in the department was to be inspected once in a year to ascertain as to what extent the provisions of the manual and the instructions issued thereunder were being followed. The record room in the department was to be inspected in association with the National Archives of India (NAI) once in a year. The inspection was to be conducted by an officer of or above the rank of Under Secretary/Desk Officer who was not entrusted any part of the work of the section/desk concerned.

It was, however, noticed that inspections as required in CSMOP were not carried out by DST during 2003-04 to 2005-06.

DST stated in January 2007 that the record room was being inspected under the appraisal of NAI during the current financial year.

5.3.6 Cash Management

5.3.6.1 Surprise check of cash

Surprise check of cash was required to be conducted in every month by an authority not responsible for maintenance of the cash book. Also, a certificate to the effect that the cash balance found during the physical verification had agreed with the balance recorded in the cash book was also to be recorded in the cash book. It was, however, observed that surprise check of cash was not done by DST during May 2003, August 2003, October 2004 and December 2004. Non-observance of this control renders the department vulnerable to misappropriation of public funds.

While accepting the facts, DST stated in January 2007 that surprise check of cash could not be made regularly due to non-availability of head of office.

5.3.6.2 Contingent Advances

a) Drawal of contingent advances in excess of requirement

As per GFR 291, permanent advance or imprest for meeting day to day contingent and emergent expenditure should be granted to a government servant by the head of department in consultation with Internal Finance Wing, keeping the amount of advance to the minimum as required for smooth functioning.

A test check of paid vouchers revealed that DST had been sanctioning contingent advances in excess of requirement, which ranged from Rs. 1.01 lakh to Rs. 4.78 lakh.

Further, as per Rule 292(2) of GFR, the adjustment of advance was to be done within 15 days of the drawal of advance. However, in the above cases the contingent advance was adjusted after a period varying from two to three months from the date of drawal of advance.

While accepting the facts, DST stated in January 2007 that concerned divisions/sections had been instructed to follow the procedure scrupulously in future.

b) Non adjustment of contingent advances within the financial year

A test check of paid vouchers revealed that contingent advance of Rs. 13.85 lakh (nine cases) for seminars and meetings were drawn by the officials during the period 22 February 2006 to 23 March 2006 and after spending Rs. 6.78 lakh, balance amount of Rs. 7.07 lakh was refunded during the period 9 March to 29 March 2006, but these expenses were not booked/adjusted in the books of accounts till 31 March 2006.

DST stated in January 2007 that all outstanding bills had since been adjusted. The fact remains that the said bills were adjusted only after the close of financial year.

5.3.6.3 Outstanding Advances

As per Rule 292 (2) of GFR, all contingent advances should be adjusted within 15 days of drawal of advance. It was, however, noticed that contingent advances of Rs. 14.14 crore pertaining to the years 1984-85 to 2005-06 were not adjusted as of 31 March 2006.

Similarly, as per Rule 261 of GFR, LTC advance should be adjusted within one month of completion of return journey. However, LTC advances of Rs. 1.17 lakh paid during 2004-05 and Rs. 3.22 lakh paid during 2005-06 were outstanding as of 31 March 2006.

As per TA rules, TA advance should be adjusted within 15 days of completion of the return journey. It was, however, seen in audit that TA advances of Rs. 8.45 lakh paid during 2003-04 to 2005-06 were outstanding as of March 2006. The details of outstanding TA advances prior to the year 2003-04 were not furnished to Audit.

While accepting the facts, DST stated in January 2007 that efforts were being made to adjust all outstanding contingent advances, LTC and TA advances.

5.3.6.4 House Building Advance

As per HBA rules, the house built out of the house-building advance, on its completion, should be insured by the official at his cost against fire, flood and lightening for a sum not less than the amount of advance. The insurance policy should be deposited with the Government and the premium receipts should be produced for inspection. The insurance should be kept alive till liquidation of advance. It was, however, noticed that in respect of eleven cases, the property was not insured though the advance of Rs. 45.04 lakh was disbursed during December 2003 to March 2006 as detailed in **Annex-V**.

It was also noticed that no register for HBA was maintained by DST to watch the insurance, regular upkeep and maintenance of the house, etc. Further, amount of HBA released to Government Servants and number of instalments recovered from them were also not reconciled with the PAO, DST.

While accepting the facts, DST stated in January 2007 that papers were received from four out of eleven officials and the matter was being pursued to obtain the insurance papers from the rest of the officials.

5.3.7 Non maintenance of Register of Parliamentary Assurances

As per Para 123 of the Manual on Office Procedure for Central Government offices, each section in a department was to keep a record of assurances given by the Minister to either House of Parliament, whether in replies to questions or in the course of discussion on bills, resolutions and other motions. A separate register was to be maintained for each House and the entries therein was to be made session wise. It was, however, noticed that no such register was maintained by the respective sections of DST for review of the position of assurances given in the Parliament on various subjects for keeping the higher officers informed of the progress made in the implementation of assurances given during 2003-04 to 2005-06.

While accepting the facts, DST stated in January 2007 that suitable instructions had been issued to all divisions to maintain a Register of Parliamentary Assurances.

5.3.8 Delay in submission of final completion report of projects

During scrutiny of records of R&D projects sanctioned by International Division and JTP Division of DST, it was noticed that in 10 projects, there was delay of over six to twelve months in submission of final completion reports from the date of completion during 2003-04 to 2005-06 as detailed in **Annex-VI**.

While accepting the facts, DST stated in January 2007 that the delay in submission of final completion reports on these projects was due to compilation of accounts on the projects and submission of utilisation certificates to finance division of the concerned institutes.

Recommendations

- **DST should ensure that all MOF instructions are strictly adhered to.**
- **DST should regularly and effectively monitor expenditure by grantee institutions and timely receipt of Utilisation Certificates.**
- **DST should strengthen its internal audit wing to clear all pending paras and to remove the deficiencies pointed out in the internal audit reports at the earliest.**
- **DST should ensure proper maintenance of various registers as required under the existing GOI instruction.**

6 Conclusion

Internal controls in the three test-checked departments were weak. The controls instituted had also not been documented. Provisions of the Central Secretariat Manual of Office Procedure and instructions of Government of India for economy and austerity measures were not observed. The departments did not strictly adhere to rules, regulations and instructions of government and did not maintain control registers properly. Manpower management was deficient and budget and accounting controls were inadequate. Utilisation of grants-in-aid was also not monitored properly. Internal Audit Wings could not inspect the targeted units during previous three years and the departments did not take adequate action on the observations of Internal Audit.

(A.K. THAKUR)
Director General of Audit
Central Revenues

New Delhi
Dated: 24 April 2007

COUNTERSIGNED

(VIJAYENDRA N. KAUL)
Comptroller and Auditor General of India

New Delhi
Dated: 27 April 2007

Annex-I

(Refers to Paragraph 5.1.8.1)

Table 19: Improper maintenance of control registers

Sl. No.	Name of the Register	Shortcomings	Remarks
1.	**Cash Book**	a) Entries in the cash book were not attested by the Head of the Office. b) Over-writings were not attested. c) Daily totals were not cross checked by a person other than the writer of the Cash Book.	Cash book is the most fundamental and basic accounting record. The department did not follow Rule 13(ii), 13(iv) and 13(vi) of the Receipt and Payment Rules which are provided to ensure safeguards while maintaining records of cash transactions.
2.	**Bill Register**	a) Not maintained in the Form GAR-9, as required under Note 1 below Rule 34 of the Receipt and Payment Rules	Improper maintenance and non-review of Bill Register carries a risk of non-detection of possible use of fraudulent bills.
3	**Dead Stock Register**	a) It was not maintained in the prescribed form (S-158). b) The inventory was not prepared as per Rule 112 of the GFRs as it did not have columns like numbers received, numbers disposed off (by transfer, loss, sale etc.) and balance in hand. c) All articles have been shown 'nil' balance.	In case of loss, theft etc. the department would not be in a position to check articles in its possession with the balance in the present Stock Register.
4	**Register of undisbursed pay and allowances**	a) The Register was maintained in the 'form of abstract of pay bills' and did not contain a columns as per form GAR-25. b) The Register was not reviewed periodically by the DDO.	As the balances of previous month were not carried forward, it was not possible to arrive total amount of un-disbursed pay and allowances.
5	**Stock Register of Receipt Book**	It was not maintained at all. As per Rule 22 to 24 of Receipt and Payment Rules, Stock accounts of Receipt Books should be maintained and closing balance in the Stock account should be verified by the Head of the Office periodically and a certificate to that effect recorded in that register	It's non-maintenance puts as potentional risk of non-detection of possible use of counterfeit receipts.
6	**T.A. Bill Register**	In many cases columns of date of completion of return journey and date of adjustment bill was not filled up.	Timely submission of adjustment bill could not be verified.
7.	**Log books**	a) It was not scrutinised by a senior officer of the rank of Joint Secretary once in a month as required under Rule 39 of the Staff Car Rules. b) History sheet of vehicles were not maintained.	Rule 39 must be followed to ensure that there is no misuse of staff cars, and entries made in the log books are correct.

Annex–II

(Refers to Paragraph 5.1.10.3)

List of Internal Audit objection common in the Annual Reports 2003-04, 2004-05 and 2005-06

A. Enforcement Directorate

- Non-realisation of penalties imposed under the FERA and FEMA.
- Irregular payment on account of excess calls in respect of residential telephones.

B. DDO, Department of Revenue

- Advances drawn on Abstract Contingent Bills.
- Short recovery of Income Tax under Section 192 of the Income Tax Act, 1961.

C. CBDT

Table 20: List of objections

(Rupees in lakh)

Sl.no	Nature/Type of case	2003-04	2004-05	2005-06
1.	Non-recovery of dues like TDS, wrong payment of increments, difference of HRA, HBA, Licence fee, transfer traveling allowance, penal interest on delayed remittance, penalty from private agencies etc.	6.16	1,32.78	16.56
2.	Overpayment of pay and allowances, electricity bills, final payment of GPF, contingent payments and on hiring charges of computers etc.	55.14	18.37	3.91
3.	Idle machinery and surplus stores	Nil	14.50	Nil
4.	Loss/ infructuous expenditure on repair and maintenance, rent paid, electricity duty, recovery of license fee, sale of property	9.60	33.86	11.46
5.	Irregular expenditure on payment to contractors ,for maintenance of ACs, electricity bills and purchases without quotation and without sanction of appropriate authority etc.	195.72	96.76	290.20
6.	Irregular purchases	167.04	113.41	196.20
7.	Non-adjustment of advances	27.74	17.14	77.12
8.	Blocking of Govt. money/costly stores like properties free from litigation remaining unsold etc.	1.95	3.37	7790.72
9.	Non accountal of Govt. money/costly stores	1.59	2.82	13.04

D. CBEC

Table 21: List of objections

(Rupees in lakh)

Sl.no.	Nature/Type of Case		Amount		
			2003-04	2004-05	2005-06
1.	Non-disposal of seized confiscated gold etc.		3134.00	445.91	477.54
2.	Delay in disposal of confiscated goods		21759.00	4927.07	6008.41
3.	Non- realisation excise/ customs duty/ penalties		8720.55	41229.36	45882.00
4.	Non- recovery of arrears of Central Excise and Customs		379678.55	290622.85	372642.89
5.	Non-reconciliation of revenue receipts	More credit	1496908.87	40414.19	147059.00
		Less credit	470.33	15331.99	24334.28
6.	Non-reconciliation of revenue refunds and drawbacks		2054.75	24288.28	26231.15
7.	Non-recovery of huge amount against post created on cost recovery basis		233.47	141.48	428.29
8.	Non- deduction of tax at source from contractors, landlords		26.97	96.03	37.61

Annex-III

(Refers to Pargraph 5.2.3.1)

Table 22: Yearwise details of savings under various sub-heads/schemes)

(Rupees in Crore)

Sl. No.	Major/Sub Head	Total Provis ion	Savings and Percentage	Remarks
	2003-04			
1	2852-06-103-23 Interest subsidy as a part of BIFR package for HEC.	36.74	36.74 100%	The date for providing interest subsidy expired on 31.3.2003. (Evidently the provision was wrongly made during 2003-04)
2	2852-80-800-16 Schemes of Grants-in-aid to Industrial Associations and PSUs for Undertaking Promotional Activities	2.00	0.88 44%	Due to less requirement of funds
3	4854-60-800-01 Crucial balancing Investments for sustained viability of PSUs	7.00	7.00 100%	Due to re-appropriation for providing equity to Andrew Yule & Co. Ltd.
4	4854-60-800-02 Investment for Additional, Modification & Replacement in PSUs	8.00	8.00 100%	Entire provision was re-appropriated for providing plan equity to Andrew Yule and Co. Ltd. as per approved financial restructuring scheme.
5	4858-03-190-02 Investment in Scooters India Ltd.	1.00	1.00 100%	Reduction of Plan provision at RE stage
6	4858-60-190-05 Investment in Instrumentation Ltd	5.06	3.84 76%	Due to non utilization of funds
7	4858-60-190-09 Investment in BYNL	1.75	1.75 100%	Reduction of Plan provision at RE stage
8	4858-60-190-10 Investment in BBUNL	1.75	1.01 58%	Non utilization of funds
9	4858-60—190-13 Investment in HMT Ltd.	3.28.	3.28 100%	-Do-
10	4860-60-218-02 Investment in HSL	2.50	1.75 70%	-Do-
11	6854-60-800-01 Implementation of revival schemes of PSEs	150.00	150.00 100%	Due to re-appropriation for implementation of revival plan payment of salaries & wages and statutory dues to the PSEs from concerned head of the PSEs.
12	6858-03-190-14 Loans to Scooters India Ltd	1.00	1.00 100%	Reduction of Plan provision at RE Stage
13	6858-60-190-07 Implementation of VRS and payment of statutory dues	O 250.00 S 150.00	400.00 100%	Due to re-appropriation of funds for implementation of VRS in the concerned head of PSEs.
2004-05				
1	2852-06-103-23 Interest subsidy as a part of BIFR package for HEC.	36.74	36.74 100%	Due to non requirement

(Rupees in Crore)

Sl. No.	Major/Sub Head	Total Provision	Savings and Percentage	Remarks
2	2852-06-103-29 Guarantee fee subsidy as part of revival package for subsidiaries of BBUNL	56.00	56.00 100%	Due to non-submission of bill by the concerned department
3	2852-80-800-16 Scheme of grants in-aid of Industrial Association and PSUs for undertaking Promotional Activities	2.00	2.00 100%	Due to non-finalization of proposal
4	4854-60-800-01 Crucial Balancing Investments for sustained viability of PSEs	5.00	5.00 100%	Due to non-approval of some schemes by Planning Commission
5	4854-60-800-02 Investment for Additional, Modification & Replacement in PSUs	5.00	5.00 100%	As comprehensive revival plans were being considered in Individual PSEs
6	4858-60-190-07 Investment in HEC	1.50	1.09 72%	Due to less requirement of funds owing to administrative reasons.
7	4858-60-190-10 Investment in BBUNL	1.52	1.52 100%	Due to uncertain future of the PSEs
8	4858-60-190-13 Investment in Hindustan Cables Ltd.	1.01	1.01 100%	Due to less requirement of funds
2005-06				
1	Coal Gasification in project	2.00	1.33 67%	Due to less requirement of funds
2	Allocation for DHI towards support of Bharat Earth Mover Ltd(BEML)	72.90	56.00+ 6.93 86%	Grants-in-aid for BEML are surrendered in full as the project had not approved. Balance amount of Rs.9.97 crore diverted to HEC for AMR.

Annex - IV

(Refers to Paragraph 5.2.4.1)

Table 23: PSU-Wise Position of Pending Utilisation Certificates as on 24.04.2006

(Rupees in crore)

No.	Name of PSU	2000-01		2001-02		2002-03		2003-04		2004-05		Total U.Cs
		Released	O/s UC	Released	O/c UC	Released	O/s UC	Released	O/s UC	Released	O/s UC	Outstanding
1.	Andrew Yule & Co. Ltd., Kolkata	1.00	0.00	7.53	0.00	17.20	0.00	10.78	0.00	36.14	4.02	4.02
2.	Bharat Bhari Udyog Nigam Ltd. Kolkata	109.08	1.70	227.43	0.00	90.98	0.56	58.29	1.84	24.44	6.50	10.69
3.	Bharat Yantra NIgam Ltd.,Allahabad	83.56	0.00	54.98	0.00	85.00	0.00	86.20	0.77	113.26	0.52	1.29
4.	Hindustan Cables Ltd., Kolkata	48.45	0.00	10.25	0.00	31.24	0.00	13.76	0.00	105.11	0.00	0.00
5.	Heavy Engineering Corporation Ltd., Ranchi	92.36	0.00	110.07	0.00	56.71	0.00	10.89	0.01	126.07	0.42	0.43
6.	Hindustan Machine Tools, Bangalore	1.35	0.00	0.00	0.00	4.10	0.00	227.55	2.50	105.42	5.50	8.00
7.	Praga Tools Ltd., Sikandrabad	11.74	0.00	12.95	0.00	22.00	0.00	3.12	0.00	2.54	0.00	0.00
8.	Instrumentation Ltd. Kota	32.28	0.00	5.75	0.00	2.65	0.00	18.97	1.00	0.53	0.00	1.63
9.	Hindustand Photo Film Corporation Ltd., Ooty	32.88	0.00	27.26	0.00	37.48	0.00	4.80	0.00	9.96	0.00	0.00
10.	Tyre Corporation of India Ltd., Kolkata	17.70	1.50	16.39	1.40	8.78	0.00	3.02	0.00	0.00	0.00	2.90
11.	National Instruments Ltd. Kolkata	3.38	0.00	0.53	0.00	31.30	0.	0.00	0.00	2.87	0.55	0.55
12.	Scooter India Ltd., Lucknow	0.00	0.00	3.00	0.00	0.00	0.00	0.00	0.00	2.04	0.00	0.00
13.	Bharat Ophthaimio Glass Ltd. Durgapur	4.93	4.93	0.00	0.00	0.00	0.00	1.47	1.47	3.13	1.90	8.30

(Rupees in crore)

No.	Name of PSU	2000-01		2001-02		2002-03		2003-04		2004-05		Total U.Cs
		Released	O/s UC	Released	O/c UC	Released	O/s UC	Released	O/s UC	Released	O/s UC	Outstanding
14.	Cement Coporation of India Ltd., New Delhi	86.23	0.00	64.72	0.00	65.83	0.00	41.23	0.00	17.08	0.00	0.00
15.	Hindustan Paper Corporation Ltd. Kolkata	4.40	0.00	3.77	0.00	12.18	0.00	0.00	0.00	0.00	0.00	0.00
16.	Hindustan Salt Ltd. Jaipur	7.55	0.00	1.91	0.00	3.77	0.00	1.74	0.00	6.69	6.15	6.15
17.	NEPA	11.69	0.00	6.31	0.00	48.41	0.00	16.18	0.00	12.86	0.00	0.00
18.	Rehabilitation Industries Corporation Kolkata	15.08	0.00	0.70	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
19.	Mining and Allied Machinery, Durgapur	60.51	0.00	89.38	0.00	1.80	0.00	1.68	0.00	0.22	0.00	0.00
20.	National Industrial Development Coporation	4.52	0.00	3.58	0.00	10.87	0.00	2.68	0.00	0.15	0.15	0.15
21.	National Bioy. Corporation Ltd., Mumbai	7.42	7.42	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7.42
22.	Cycle Corporation India Ltd. Kolkata	7.90	7.90	9.03	9.03	0.00	0.00	0.00	0.00	0.00	0.00	16.93
23.	Bharat Leather Ltd. Kolkata	6.95	6.85	0.28	0.28	0.00	0.00	0.13	0.13	0.00	0.00	7.26
	TOTAL	**650.86**	**30.39**	**655.82**	**10.71**	**530.90**	**0.56**	**502.49**	**7.72**	**568.41**	**25.71**	**75.62**

Annex–V

(Refers to Paragraph 5.3.6.4)

Table 24: Irregularities in House Building Advance

S.No.	Name & Designation of the official Shri/Smt	Date of release of last instalment	Whether Insurance/Renewal was done
1.	Ajay Kumar Sharma, UDC	25 May 2005	Not done
2.	Satish Kumar Marar, UDC	20 July 2004	Not done
3.	Rakesh Kumar, PA	14 February 2005	Not done
4.	Sanjay Bajpai, Sc D	10 March 2004	Not done
5.	B K Khurana, PPS	18 August 2005	Not done
6.	B.K.Tyagi, Sc B	30 January 2004	Not done
7.	B.K. Shukla, Sc F	29 July 2004	Not done
8.	Praveen Kumar, Sc. B	31 December 2003	Not done
9.	Rashmi Hussain, PA	20 March 2006	Not done
10.	R. Brakaspathy, Sc. F	15 March 2005	Not done
11.	Surinder Singh Rawat, UDC	10 June 2005	Not done

Annex–VI
(Refers to Paragraph 5.3.8)
Table 25: Delay in submission of final completion report of projects

S.No	Title	Expenditure *(Rs. in lakh)*	Date of completion	Date submission of Final Report
INDO- MEXICO PROJECTS				
1.	Ontogeny and Biochemistry of Digestive system of carp Larvae Catla and Cirrhinus Mrigala	2.59	01-03-04	24-05-05
INDO-US PROJECTS				
2.	Engineering of Oxygen affinity of a unique bacterial haemoglobin from Vitreoseilla and studies on its implications on cellular physiology and bio-technological processes	4.05	30-06-03	18-03-04
3.	Spectral and inverse spectral problems for schrodinger operators	5.35	31-07-02	31-03-03
4.	Use of fibre re-inforced polymer material for repair of deteriorated concrete and masonary structures	3.77	30-06-03	24-04-04
5.	An ecological and taxonomic study of ectromy corrhizal fungi	6.71	30-09-03	31-07-04
6.	Synthesis and study of interactions of organic legends with various spectroscopic and DNA Sequencing techniques	3.59	31-08-03	30-08-04
7.	Thermo tectonic evolution of Himalayan metamorphic rocks, Sikkim, India	2.31	26-07-03	09-06-04
8.	Aerosol optical characterisation and investigation of aerosol radioactive forcing at the surface and top of the atmosphere	4.41	31-12-04	27-07-05
9.	Quantum cromo dynamics a light front Hamiltonian approach	3.75	29-04-05	24-02-06
JTP /GL DIVISION				
10.	Training of manpower for repair and maintenance of instruments	Not furnished	02-07-03	03-08-05