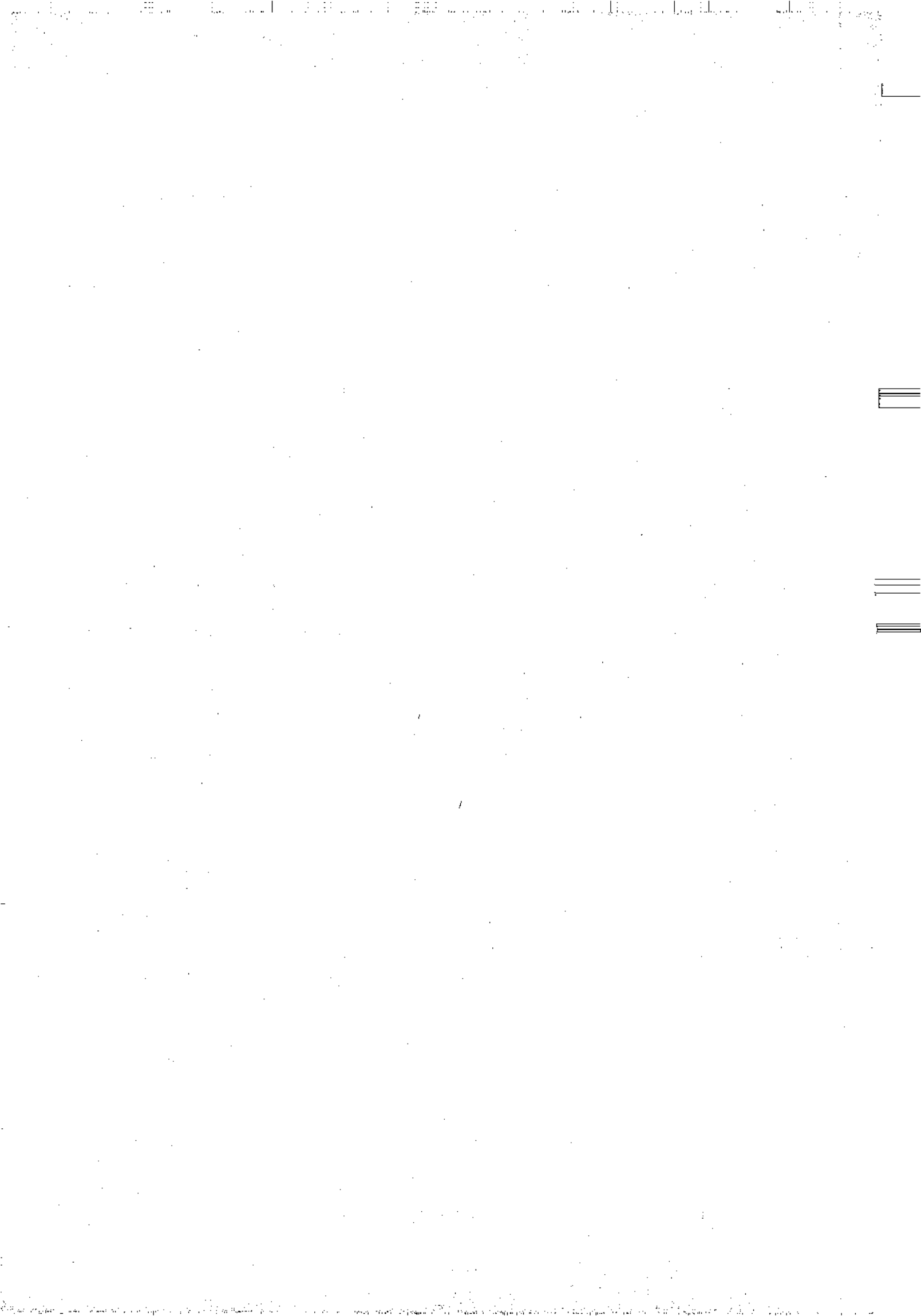




Performance Report
of
Indian Audit and
Accounts Department

- Ensuring accountability through audit -

2006-07



Comptroller and Auditor General of India



It has certainly been another excellent year for the Department and this Report contains a gist of performance during the period April 2006 and March 2007. It is a matter of great satisfaction that during this period we were able to improve both the quality and timeliness of the accounts as well as provide good value for the expenditure incurred on audit. As Government auditors, we contributed to recovery of over payment/under recovery of Rupees 23 for every rupee spent on audit. Our audits resulted in initiating recoveries aggregating Rs. 17,007 crores against a total expenditure of Rs. 747 crores on audit.

During the financial year 2006-07, we conducted on-site audit in more than 63,000 auditee offices of the Union, State and Union Territory Governments across the entire country and abroad, and carried out audit tests on 10.7 million vouchers and transactions. The Department issued more than 54,000 Audit Inspection Reports at the conclusion of on-site cyclic audits of Government departments, Government companies, corporations, bodies and authorities under my audit jurisdiction.

During 2006-07, we prepared 98 Audit Reports for the financial year 2005-06 for presentation to Parliament and legislatures of the States and Union Territories under Article 151 of the Constitution of India and Section 49 of the Union Territories Act, 1963. Till the finalisation of this Report, a total of 97 Audit Reports - 41 Audit Reports during 2006-07 and 56 Audit reports thereafter - have been presented to Parliament or legislatures of the States and Union Territories.

We continued with the modernisation and reform of the two main strands of our work i.e. Regularity Audit and Performance Audit. We are implementing risk-based audit planning to improve the quality of audit and streamline deployment of manpower. Regularity Audit - both financial audit and compliance audit - ensures that public bodies maintain accounts correctly and render complete accounts for the funds appropriated to them by the Parliament and legislatures of the States and Union Territories. Regularity Audit also provides independent assurance to all stakeholders that authorities audited have complied with the intent of legislature as well as the orders of the executive. On the other hand, Performance Audit allows the examination of the economy, efficiency and effectiveness achieved in the use of Government resources.

The Audit Reports to Parliament and legislatures of the States and Union Territories for the financial year 2005-06 contain performance audits on 405 topics and IT audits on 41 topics. Out of 405 performance audit topics, 17 were on environmental issues. We found that the response to our Performance Audit Reports, particularly the stand-alone reports, which are issued as a separate series from 1 April 2006, has continued to be very encouraging. I am happy to mention that the Public Accounts Committee of the Parliament has been generous in its praise of the initiatives taken by us to strengthen Performance Audit.

We have also undertaken a project to benchmark the principles and procedures of our financial audit practices to global standards under a capacity building project funded by the World Bank. Selected officers from this Department were provided training in United Kingdom under this project.

Under the Constitution of India, while State Governments are primary auditors of Panchayati Raj Institutions and Urban Local Bodies, the Comptroller and Auditor General of India has been entrusted the responsibility of providing training, guidance and support (TGS) for audit of the third tier of Government by 19 States. Besides fulfilling our responsibilities under the TGS scheme, we have brought out three Audit Reports on audit of local bodies of Tamil Nadu, Karnataka and Kerala this year for presentation to the respective State legislatures.

Some of the other areas in public audit receiving priority attention in the Department include: (a) framing of Regulations under the Comptroller and Auditor General's (Duties, Power and Conditions of Service) Act, 1971; (b) a sharper focus on identification, reporting and follow-up on cases relating to fraud and corruption; and (c) implementation of quality management framework for public audit.

As far as compilation of States accounts is concerned, our main objective continues to be improvement in the timeliness and the quality of accounts. This was achieved in a substantive way during the year.

We continue to be at the forefront of international audit and play an important role in the international arena. We are a member of the Governing Board of International Organisation of Supreme Audit Institutions (INTOSAI). The Comptroller and Auditor General of India is also the Secretary General of the Asian Organisation of Supreme Audit Institutions (ASOSAI) upto the year 2009. The Comptroller and Auditor General of India also chairs the IT Audit Committee of INTOSAI and also functions as a Member of INTOSAI's Standing Committee on Finance and Administration. We have made significant contributions to deliberations of the Global Working Group and to the Commonwealth Auditor General's Conference. Currently, the Comptroller and Auditor General of India is the external auditor of the World Health Organisation, the Food and Agriculture Organisation, the International Maritime Organisation and the World Tourism Organisation.

The success that we have achieved during the year has been made possible only because of the unstinted support and cooperation that I have received from the senior management of the Department and the dedication and professionalism of thousands of officers and staff of the Indian Audit and Accounts Department.



(Vijayendra N. Kaul)

Comptroller and Auditor General of India

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Note: Chapter 2 to 7 contain relevant information required under Right to Information Act



Highlights

- We continued our emphasis on risk-based audit planning guided by maximum value addition to the performance of the entities and on timely and purposeful accounts and entitlement services.
- During 2006-07 the Comptroller and Auditor General of India prepared 28 Audit Reports for presentation to the Parliament and 70 for presentation to the State/Union Territory legislatures pertaining to the financial year 2005-06.
- The Audit Reports of the Comptroller and Auditor General of India to the Parliament and legislatures of States/Union Territories for the financial year 2005-06 contained performance audits on 405 topics and 3,252 transaction audit paragraphs, besides opinion/comments on accounts.
- Consistent with the critical importance, we conducted 41 IT audits and 17 environment audits.
- The aggregate money value of the audit findings in the Regularity (Compliance) Audit Reports, calculated on the basis of norm/criteria determined by the C&AG was a massive Rs. 8,505 crore.
- We realised considerable value for money through our audit work. For every Rupee spent on the audit functions, we realized Rs. 22.77 by way of recoveries made at the instance of audit. The total over payment/under recovery at our instance accepted by the Departments of the Central and State Governments during the year was Rs. 17,006.83 crore.
- We issued audit certificates/opinion in 20,850 cases during the year.
- Our supplementary audit of Government companies and audit of Government corporations led to revision of accounts of 45 companies/corporations leading to increase/decrease in the reported profit/loss by Rs. 1,727.43 crore. Besides this, we pointed out understatement/overstatement of profit/loss and assets/liabilities amounting to Rs.7,430 crore and Rs. 35,908 crore respectively.
- We audited at least 1.07 crore vouchers in Central Audit and issued in all 40,914 Audit Notes.
- We continued our active association with international and regional organisations of Supreme Audit Institutions. The C&AG continue to function as Chairman of the INTOSAI Steering Committee on IT Audit, member of the Governing Board of INTOSAI and Secretary General of the ASOSAI. He was also the member of the Standing Committee on Finance and Administration of the INTOSAI.
- The C&AG of India was the external auditor of Food and Agriculture Organisation; World Health Organisation; International Maritime Organisation; and World Tourism Organisation during 2006-07.
- Apart from incessant upgrading of our auditing techniques and procedures, we also put considerable emphasis on further improving our accounting services. Significant progress was achieved in computerisation of General Provident Fund accounts and pension authorization function. Interactive Voice Response System was operation in several States.

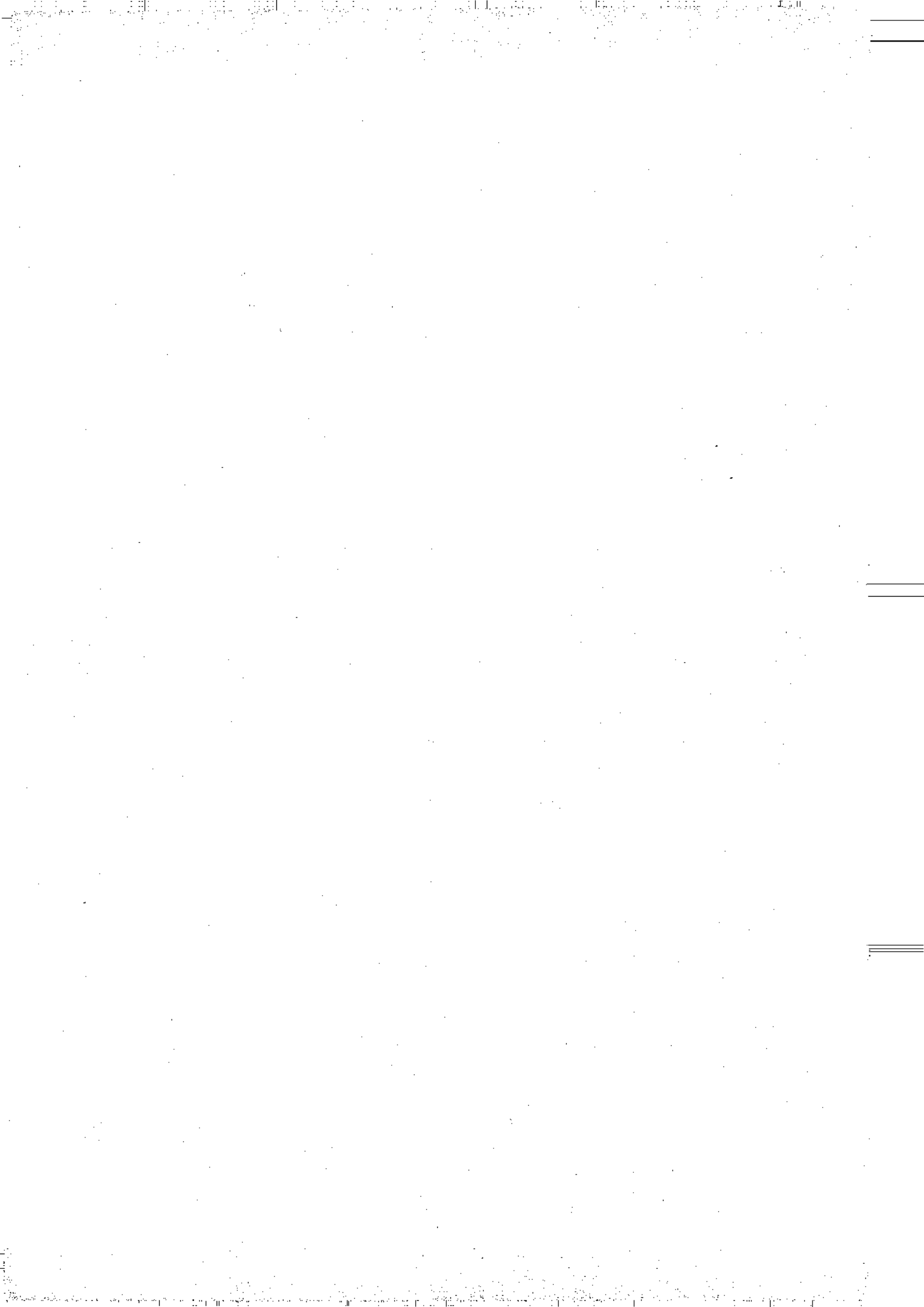
- With a view to processing the cases of pensioners, we held 19 'Pension Adalats' during the year and cleared 1,930 cases on the basis of representations in these 'Adalats'.
- We continued to accord highest priority to timeliness in preparation of States monthly accounts and annual accounts and completed them as per the schedule.
- We achieved significant value through our audit work at a very low cost. For every rupees one lakh of transactions audited by us, we spent only Rs. 41 down from Rs. 45 during the previous year.

Vision

“To promote excellence in the public sector auditing and accounting services towards improving the quality of governance”

Mission

“To enhance accountability of the executive to the Parliament and state legislatures by carrying out audits in the public sector and providing accounting services in the states in accordance with the Constitution of India and laws as well as the best international practices. Where entrusted, to provide technical guidance to local bodies including Panchayati Raj Institutions to enhance their accountability.”



Areas of Focus

It is our endeavor to perform our role with distinction consisting of good audit planning, comprehensive and globally benchmarked audit procedures and good quality reports, including accounting services. A few specific areas of focus are determined every year and special emphasis is put on them.

To improve the quality of audit, risk-based audit planning is being implemented and will further be strengthened by detailed analysis of budget and expenditure, identifying thrust areas, major projects, key plan schemes and important policy changes. Deployment of manpower will be streamlined based on risk based planning.

In our endeavor to improve the quality of Financial (Attest) audit, special thrust is given for imparting training on the subject in RTIs/RTCs.

We continued to strengthen our capacity for Performance Audit and IT Audit and audit in IT environment. During 2006-07 we organized 16 IT Audit training programmes in which 333 officials were trained. To improve the quality of Performance Audit we issued the Practice Guides on Audit of Procurement, Audit of Poverty Alleviation Programmes, Audit of Contract Management and Planning Individual Performance Audits. Besides, a Supplementary Guideline on Evidence Gathering, Analysis and Evaluation Techniques in Performance Auditing was also issued. To facilitate the monitoring of Performance Audit work in the Department, a database has been prepared and made available on office intranet.

Work flow automation project has been completed for Indirect Taxes and Railways wings of the IA&AD. The Audit findings from field offices are now being processed in the Headquarters electronically through work flow automation to improve work system.

To achieve a sustainable and efficient workplace with optimized Total Cost of Operation and IT resources utilization in the selected offices with revised norms, a study on Business Process Reengineering (BPR) was completed and the recommendations have been accepted.

As a follow-up to the recommendations of Twelfth Finance Commission, two appendices detailing information regarding expenditure on 'Salaries' and 'Subsidy' were appended to the Finance Accounts for 2005-06 along with a footnote on the number of pensioners.

A new pension software to deal with monitoring and authorization of pensions was tested and implemented in Maharashtra. This software is being rolled out in other States.

The Government Accounting Standards Advisory Board (GASAB) in the Office of the Comptroller and Auditor General of India (C&AG) approved the Roadmap of Transition from Cash basis to Accrual basis of Accounting and forwarded the same to the Government of India for their consideration.

The efforts of GASAB to sensitize State Governments prepare for movement from Cash to Accrual based accounting resulted in nineteen (19) State Governments agreeing in principle to move towards accrual based accounting. Seminars were conducted in eleven (11) States and the Governments agreed to go ahead with pilot studies.

Two Indian Government Accounting Standards, viz, IGAS 1 on Guarantees and IGAS 2 on Grants-in-aid were approved by the GASAB and forwarded to the Ministry of Finance for notification.

International Centre for Information Systems and Audit (iCISA) was granted BS 7799 certification for IT Security which would go a long way in ensuring alignment of IT in iCISA with global best practices. During the year the iCISA had the privilege of hosting an ASOSAI Seminar on “Managing Audit Effectiveness”. The Seminar was attended by participants from various countries. There were two subject matter experts – one from GAO, USA and the other from SAI, India.

India, as Secretary General of ASOSAI and a member of the 8th ASOSAI Research Project on “Environment Audit Guidelines”, is coordinating and working on the start up meeting of the Research team. A start up meeting to finalise the road map for the 8th ASOSAI Research Project on “Environment Audit Guidelines” was held at Delhi.

A comprehensive Communication Policy of the IA&AD has been framed for better communication of Audit results as reflected in various Audit Reports. This is with a view to cater to the growing interest among the stakeholders, media and the people at large to be better informed and better aware about Government’s performance and implementation of its plans and programmes.

For examining and providing assurance on quality of work of audit and accounts Offices, 21 Civil Audit and Accounts Offices were brought under the coverage of Peer Review during the year 2006-07.

Chapter-2

Duties and powers of the Comptroller and Auditor General of India

The C&AG derives his duties and powers from Articles 148 to 151 in Chapter V of Part V of the Constitution of India and the CAG's (DPC) Act, 1971, made under the provisions of the Constitution.

The duties of the C&AG include audit of

- Receipts and expenditure from the Consolidated Fund of India and of the State and Union Territory having legislative assembly;
- Trading, manufacturing, profit and loss accounts and balance sheets, and other subsidiary accounts kept in any Government department;
- Accounts of stores and stock kept in Government offices or departments;
- Government companies as per the provisions of the Companies Act, 1956;
- Corporations established by or under laws made by Parliament in accordance with the provisions of the respective legislation;
- Authorities and bodies substantially financed from the Consolidated Funds of the Union and State Governments;
- Any body or authority even though not substantially financed from the Consolidated Fund, the audit of which may be entrusted to the C&AG;
- Grants and loans given by Government to bodies and authorities for specific purposes; and
- Entrusted audits e.g. those of Panchayati Raj Institutions and Urban Local Bodies under Technical Guidance & Support (TGS).

Statutory responsibility

- Audit of Union and State Governments accounts – expenditure and receipts;
- Audit of bodies and authorities funded and/or established by the Union or State Governments; and
- Government companies and corporations.

The Accounts offices are responsible for

- Compilation of accounts of the State Governments and keeping of related accounts;
- Preparation of the annual accounts of the State Governments and Union Territories having a legislative assembly; and
- Rendering accounting information and assistance to the State Governments..

Audit Reports

The C&AG submits his Audit Reports and Appropriation Accounts and Finance Accounts relating to the accounts of the Union to the President, who is to cause them to be laid before each House of Parliament. His Audit Reports and Appropriation Accounts and Finance Accounts relating to the accounts of States¹ are submitted to the governors² of the States for laying before respective legislatures.

Separate Audit Reports on all statutory corporations and autonomous bodies are also submitted by the C&AG, for which he is the sole auditor.

The C&AG presents one or more volumes of his Audit Reports to Parliament/State legislatures and Union Territories with legislative assemblies under the following sectors:

Union Audit Reports	State Audit Reports
• Civil;	• Civil;
• Autonomous bodies;	• Revenue;
• Scientific departments;	• Commercial; and
• Defence services;	• Local bodies.
• Railways;	
• Direct taxes;	
• Indirect taxes; and	
• Commercial.	

Guiding principles for audit and accounting

Constitutional provisions

The C&AG derives his position and authority in relation to audit of expenditure and receipt of both the Union Government and the State Governments from the Constitution. Article 149 of the Constitution prescribes that the C&AG shall perform such duties and exercise such powers in relation to the accounts of the Union and of the States, as prescribed by law made by the Parliament.

The Constitution also prescribes that the accounts of the Union and of the States shall be kept in such form as the President may, on the advice of the C&AG, prescribe.

Enactment by Parliament

In pursuance of the Constitution, the Parliament enacted the law defining duties, powers and conditions of service of the C&AG in 1971³. This Act *inter alia* prescribes the duties and responsibilities of the C&AG in respect of audit of the expenditure of the Union and State Governments, autonomous bodies under them, bodies and authorities in receipt of grants-in-aid from the Governments, revenue receipts, stores and stocks and Government companies and corporations.

¹ includes Union Territory with legislature

² includes Lt. Governors of Union Territories with legislature

³ CAG's (DPC) Act, 1971 <www.cag.gov.in/html/about_legal_dpc.htm>

With a view to ensuring the accountability of the executive of the Government companies and corporations to the Parliament and State legislatures, the Act envisages that the C&AG shall have powers to conduct the audit of the accounts of the Government companies and corporations⁴. These provisions are consistent with the Companies Act, 1956 and the Acts establishing the corporations. The Companies Act, 1956 empowers the C&AG to:

- appoint/ re-appoint the auditors of a Government company;
- direct the manner in which accounts shall be audited;
- give such instructions to the auditors in regard to any matter relating to audit;
- to conduct a supplementary or test audit of the accounts; and
- to comment upon or supplement the audit report of the statutory auditors.

The Act prescribes the authority of the C&AG in respect of inspection of offices, production of documents and information by the audited entities. The Act also provides the authority to the C&AG to determine the manner and scope of audit.

As per the C&AG's (DPC) Act, 1971, the C&AG is responsible for compiling and keeping the accounts of the Union and of each State, any particular services or departments of the Union. Under the Act, the President/ Governor after consultation with the C&AG can relieve him from the responsibility for compiling of such accounts. Under section 10 of the Act, the President has relieved the C&AG from the responsibility of compiling and keeping the accounts of various departments/ministries of the Union Government and Union Territories except Chandigarh and Dadar & Nagar Haveli. In so far as the States are concerned, the C&AG continues to compile and keep the accounts of all the States except the State of Goa and prepare the Appropriation and Finance Accounts thereof.

Auditing Standards

With a view to maintaining high quality of audit, the C&AG has promulgated Auditing Standards that prescribe the standards of professional conduct of the officers and staff of the Indian Audit and Accounts Department (IA&AD), both in terms of professional competence and ethics. It also prescribes the principles and minimum standards of audit. The standards are consistent with the Act prescribing the duties and powers of the C&AG. These are also consistent with the contemporary global best practices, including those of INTOSAI. Apart from the standards of professional conduct, the Auditing Standards also lay down the quality assurance system within the institution and overall framework for the steps to be followed by auditors in conducting and managing audit work and framework for reporting the results of audit.

Standards based audit

- The C&AG's Auditing Standards set minimum standards of professional conduct;
- Wide ranging consultative arrangements through the C&AG's Audit Advisory Board; and
- Standing orders and Guidelines guide the conduct of audit.

With a view to ensuring that the audit by the IA&AD conforms to the standards set for itself, the C&AG has issued standing orders and various guidelines.

Standing orders

To give effect to the Auditing Standards and his accounting responsibilities, the C&AG has issued three Manuals of Standing Orders (MSOs); namely (i) MSO (Audit), (ii) MSO (Accounts) and (iii) MSO (Admn.).

⁴ Corporation enacted by or under the law made Parliament or State Legislature

MSO (Audit) deals with general principles and procedure for audit, reporting the results of audit and preparation of Audit Reports for the Parliament and State legislatures. The Manual provides detailed instructions/check-lists for various types of audits, viz. audit of expenditure, receipts, stores and stock, commercial accounts, and non-commercial autonomous bodies, etc. It also contains supplementary instructions for certification, compliance and performance audits, with detailed instructions for audit of establishment expenditure, contingent expenditure, grants-in-aid, pension, contracts, deposits, service provident and other funds, World Bank and other externally assisted projects, etc., besides audit of computerised systems, public works, and forest accounts, etc.

MSO (Accounts) deals with general principles and procedure for classification of transactions between capital and revenue, procedure of accounting of loans and advances, deposits, public works, forests, provident fund, pensions, etc. besides form and contents of the monthly accounts and Finance and Appropriation Accounts.

MSO (Admn.) consists of organisational set up and service matters, various cadres within the Department, recruitment rules, promotion, departmental examinations, financial and administrative powers of subordinate offices, etc.

Guidelines and practice notes

In the light of widely varying, complex and vast auditee environment, the C&AG has issued detailed subject and technique specific guidelines for each sector of audit, viz. Civil, Commercial, Defence, Post & Telecommunications and Railways, etc. These guidelines contain step-by-step procedure/methodology and techniques for conduct of audit in pursuit of the Act and Auditing Standards established for conduct of audit as well development of the professional competence of the officers and staff.

Consultative procedure

While the audit is conducted in the background of the Constitution of India and the Act made there-under, the C&AG has established a framework of a consultative arrangement for audit through his high level Audit Advisory Board. The inputs/ suggestions by the Public Accounts Committee and Committee on Public Undertakings of the Parliament are also taken into account for audit planning.

Audit Advisory Board

An Audit Advisory Board has been set up under the Chairmanship of the C&AG, which consists of eminent persons in diverse fields. Deputy Comptroller and Auditors General are ex-officio members of Audit Advisory Board. Director General (Audit) in the office of the C&AG is the Member Secretary of the Board. Apart from the three Deputy Comptrollers and Auditors General, who are ex-officio members, the other members of Audit Advisory Board enjoy a two year term. The eminent persons on the Audit Advisory Board (2007 & 2008) are as follows:

S. No.	Name	
1.	Shri N.R. Narayana Murthy	Chairman and Chief Mentor, Infosys Technologies Ltd., Bangalore
2.	Shri Naresh Chandra	Former Cabinet Secretary and Ambassador to the USA
3.	Shri T.S. Krishna Murthy	Former Chief Election Commissioner
4.	Dr. R. A. Mashelkar	Director General, Council of Scientific & Industrial Research
5.	Shri Pratyush Sinha	Central Vigilance Commissioner
6.	Shri Deepak Nayyar	Member, Knowledge Commission
7.	Shri Dharam Vir	Former Deputy Comptroller and Auditor General of India
8.	Shri C.P. Jain	Former Chairman, National Thermal Power Corporation Ltd
9.	Shri C.L. Kaw	Former Chairman, Railway Board
10.	Vice Admiral (Retd.) Avnish Rai Tandon	Vice Admiral (Retd.)
11.	Ms. Sunita Narain	Director, Centre for Science and Environment
12.	Shri Sunil Talati	President, The Institute of Chartered Accountants of India

Audit Boards for Central PSUs

Audit Boards are constituted with Deputy C&AG (Commercial) as ex-officio Chairman. The Secretary of the Board and two - three Principal Directors are full time members. In addition, the respective Ministry/Department controlling the PSU appoints two part-time technical members in consultation with the C&AG.

These Boards are set up to undertake comprehensive appraisal of the performance of the Government companies and corporations and to discuss their findings and conclusions with the managements of the enterprises and their controlling ministries and departments of Government to ascertain their view points before finalisation of Audit Reports. The results of such comprehensive performance audit are incorporated in the Audit Reports of the C&AG.

Government Accounting Standards Advisory Board (GASAB)

In order to standardise the various codal provisions and transition from an era of Rule based system to Standards based accounting common to all departments, the GASAB was set up by the C&AG in August 2002. The Board functions under the chairmanship of Deputy C&AG. The members of the Board include Controller General of Accounts, Financial Commissioner Railways, Controller General of Defence Accounts, Additional Secretary (Budget),

Accounting reforms

- GASAB set up by the C&AG to develop accounting standards; and
- Also responsible for accounting reforms.

Government of India, Deputy Governor of RBI and President of ICAI, Director General of NCAER and Principal Finance Secretaries of four States (by rotation). Director General (AEC) in the office of the C&AG is the Member Secretary of the Board.

The mission of the GASAB is to establish and improve standards of State and local governmental accounting and financial reporting that will result in useful information for users of financial reports. The Board also seeks to promote the basic characteristics of understandability, reliability, relevance, timeliness, consistency and comparability of Government accounts across departments, authorities and organisations in the Union and State Governments.

Audit Committees

There are Audit committees in the Government department to follow up and monitor compliance to audit observations. Audit Committees comprise of representatives of the Audit Department and the Government departments.

Compliance to Right to Information Act 2005

The information required under the Right to Information Act, 2005, has been made available at our web page < www.cag.gov.in/html/rti.htm >

Chapter-3

Process of Public Accountability

(Public accountability relationships)

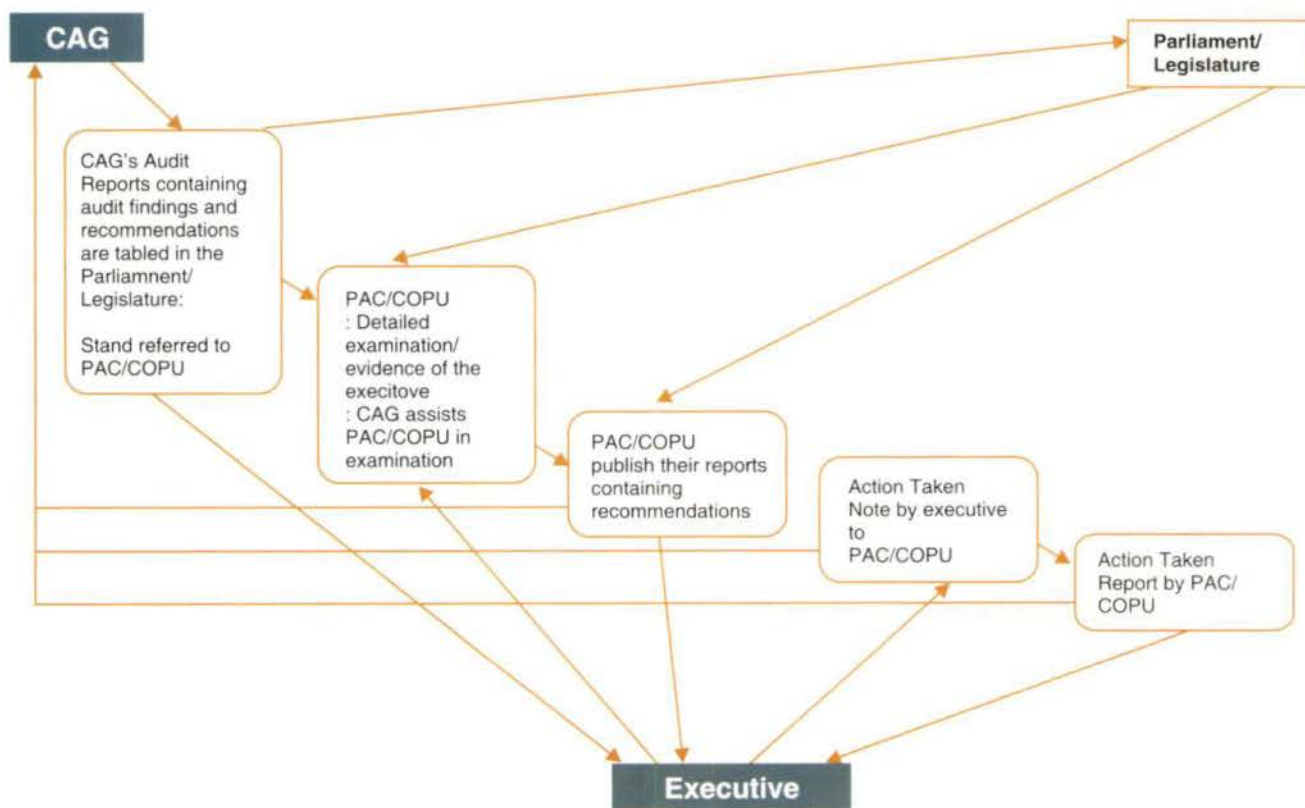
The C&AG secures the accountability of the executive to the Parliament/State legislatures with help of performance audit and regularity audits. The following diagram depicts the accountability relationships:

Accountability procedure :

Executive-Audit relationships



Accountability relationships through Parliament/State Legislature



In pursuit of maintaining high standards of audit, the Audit Department strives for :

- planning audit to ensure high quality audit economically, efficiently and effectively;
- analysing the financial statements to establish whether acceptable accounting standards for financial reporting and disclosure are complied with;
- evaluating the reliability of internal control for compliance and performance;
- obtaining competent, relevant and reasonable evidence in order to support the auditor's judgement and conclusions;
- ensuring effective supervision and control over the audit work; and
- maintaining effective quality management framework.

Types of audit

Striving to effectively discharge the duties for improving quality of governance, efficiency and accountability, following types of audit were undertaken by the C&AG:

- Performance audit;
- Regularity (financial) certification audits and Regularity (compliance) or Transactions audits.

Performance Audit

The C&AG continued to lay significant emphasis on performance audit, with a view to assessing the efficiency and effectiveness with due regard to economy, with which the entities run their programmes and activities. Performance audits were carried out across all sectors of functions of the Union Government and the State Governments; which inter alia included Civil, Defence, Post and Telecommunications, Railways, Government companies and corporations, autonomous bodies, Union and States receipts, etc. During the year, we conducted performance audits on 405 topics including eight exclusive ones. Findings of these audits were included in 19 Performance Audit Reports and other Transaction Audit Reports placed in the Parliament/legislatures. Some of the more important Performance Audits conducted during the year were :

- Passport, Visa and Consular Services (Ministry of External Affairs & Ministry of Home Affairs)
- Internal Control in Departments of Revenue, Heavy Industry and Science and Technology
- Implementation of Industrial Disputes Act, 1947 and Contract Labour Regulation and Abolition), Act 1970
- Accelerated Power Development and Reform Programme (Ministry of Power)
- Performance Audit of Mail Management in the Department of Posts
- Performance Audit on National Institute of Malaria Research
- Review on implementation of TDS/TCS schemes
- Cleanliness and Sanitation on Indian Railways
- Track Renewal Works on Indian Railways

- Performance of Thermal Power Stations
- Performance of offshore rigs in shallow water areas
- Performance audit of Cellular Mobile Telephone Services in Bharat Sanchar Nigam Limited
- Review of infrastructure and Operational facilities of Airports Authority of India

Regularity Audit (Compliance)

Regularity (compliance) or transaction audits are carried out with a view to verifying that expenditure conforms to the relevant provisions of the Constitution, laws, rules, regulations and other instructions pertaining to the entities being audited.

During 2006-07, the C&AG approved 12 Transaction Audit Reports on the accounts of the Union Government for placing before the Parliament and 67 Audit Reports on the accounts of State Governments/Union Territories for placing before their legislatures. The aggregate money value of the transaction audit findings in the Audit Reports calculated on the basis of the norms/ criteria determined by the C&AG was Rs. 8,505.20 crore as detailed below:

Wide-ranging audit

- On-site audit carried out in around 63,000 units of Union and state governments; and
- Audited 1.07 crore vouchers.

Results of audit

- Money value of the Transaction Audit Reports amounted to Rs. 8,505 crore.

Union Government

Sl. No.	Category of reports	No. of reports	No. of paras included in reports	Money value of reports (Rs. in crore)
1.	Civil including Scientific departments	2	50	64.91
2.	Autonomous Bodies	1	37	76.03
3.	Direct Taxes	1	862	632.38
4.	Indirect Taxes			
	Customs &	1	139	38.24
	Central Excise & Service Tax		207	1,297.21
5.	Defence Services			
	Army and Ordnance Factories	1	18	43.16
	Air Force and Navy	1	23	508.39
6.	Railways	1	125	347.35
7.	Commercial	4	145	1,198.03
	Total	12	1,606	4,205.70

State Governments and Union Territories

Sl. No.	Category of reports	No. of reports	No. of paras included in reports	Money value of reports (Rs. in crore)
1.	Civil audit	30	608	997.28
2.	Receipt audit	19	605	2,474.39
3.	Commercial audit	15	393	827.83
4	Local Bodies	3	40	.. ⁵
	Total	67	1,646	4,299.50

Volume of work in audit

Volume of work handled by the Audit Department during 2006-07 is indicated below :

A: Central audit

Government	No. of vouchers audited	No. of Audit Notes issued
Union Government, State Governments & Union Territories	1,06,79,246	40,914

B: Local audits in units/offices

Government	No. of units audited	No. of Inspection Report issued
Union Government, State Governments & Union Territories	63,062	54,133

Number of companies and corporations (including non functional companies) under audit jurisdiction at the beginning of the year 2006-07

Wings	No. of Govt. Companies	No. of deemed Govt. Companies	Statutory Corporations	General Insurance Companies	Total
Central	299	94	6	5	404
State	1,059	60	108	-	1,227

Regularity Audit (Financial)

Certification of Accounts

One of the most important functions of the C&AG is to issue audit certificates and audit opinion on the financial statements of the Union and State Governments (Appropriation Accounts and Finance Accounts), autonomous bodies and Government companies/corporations. For the Government companies, the C&AG fulfils this responsibility through supplementary audit over the audits conducted by the statutory auditors under the Companies Act, 1956. In case of certification of Government companies, the Comptroller and Auditor General of India

⁵ Money value criterion for Local Bodies Audit Report is yet to be finalised.

contributes to the quality of certification by way of appointment of chartered accountants as statutory auditors, issuing directions to them and supplementary audit of the financial statements.

Further, the C&AG issued 661 'Financial Audit Certificates' and one Regularity Audit Certificate in respect of accounts and transactions of Union, 5,381 Financial Audit Certificates and 14,807 Regularity Audit Certificates in respect of States and Union Territories.

New specializations in Audit

(a) Information Technology Audit

With continued emphasis on information technology and e-governance, the C&AG of India has developed strategies for audit of IT systems, consistent with the global best practices. Some of the major IT audits out of the total of 41 conducted during the year were :

- Computerised Passenger Reservation System of the Indian Railways
- Computerised applications over Indian Railways
- Performance audit of Billing and Customer Care System in Mahanagar Telephone Nigam Limited
- Integrated Business Solution in Northern Coalfields Limited
- Material Management and Inventory Accounting in ITI Limited
- IT controls in Genisys in National Insurance Company Limited, New India Assurance Company Limited and United India Insurance Company Limited
- Enterprise Resource Planning in Braithwaite and Company Limited
- Inventory Management System in ERP environment in Hindustan Petroleum Corporation Limited
- IT Audit of Material Management in Oil and Natural Gas Commission
- IT Review on integrated check post software (ICps) in Commercial Taxes department in Andhra Pradesh
- Review on Interstate check post automation system in the Motor Vehicles department in Gujarat
- Computerisation in Rajasthan State Excise Revenue System in Rajasthan
- Failure of Decision support system (DSS) to monitor shipment of goods imported against declaration in West Bengal
- Old Age/Widow Pension Scheme in Himachal Pradesh

(b) Environment Audit

Environment audit is increasingly becoming the emergent area. Consistent with the critical importance of the environment protection and conservation issues within the country and global trend among Supreme Audit Institutions (SAIs) for special focus on the audit of environment related matters, the C&AG has set up a nodal office for environment audit. We are imparting special training and skill development sessions through seminars and workshops on environment audit. In our audit planning, environment related subjects are taken up under distinct portfolio. An Environment Audit Manual is under development. During 2006-07, the C&AG approved 17 topics relating to environment issues, some of which are as under:

- Environmental management by Mumbai Port Trust (Ministry of Surface Transport)
- Project Tiger & Eco Development in Arunachal Pradesh, Assam, Bihar, Jharkhand, Madhya Pradesh, Andhra Pradesh, Karnataka, Kerala, Tamil Nadu, Rajasthan and Uttar Pradesh.

- National Parks (including wildlife preservation) in Himachal Pradesh
- Conservation & Management of Dal Lake in Jammu & Kashmir
- Management of National Parks and Sanctuaries in Uttaranchal
- Conservation of wild life in National parks and Sanctuaries in Chattisgarh
- Watershed development programme in Chattisgarh

Responsiveness of the Government

It is imperative that the executive furnishes replies/response to the various forms of reports generated and issued in the process of audit culminating in the C&AG's Audit Reports to Parliament and State/UT legislatures with a view to ensuring that the opinion of the executive is taken into account before finalising the audit findings. In respect of the Audit Reports of the C&AG, the Government of India has prescribed on the recommendation of the Public Accounts Committee that ministries/departments must furnish replies to the draft of the paragraphs, which are forwarded to the secretaries of the ministries/departments demi-officially, within six weeks. Yet, the ministries/departments did not furnish their response to 561 draft paragraphs issued to them out of a total of 1,606 included in the Audit Reports approved by the C&AG for presentation to Parliament. In respect of the State/UT Audit Reports, the Governments did not furnish replies to 183 of the total 1,646 paragraphs approved for inclusion in the Audit Reports of the State/UTs.

The accountability of the executive is established through reports of the C&AG to the Parliament/ State/UT legislatures which stand *suo moto* referred to their Public Accounts Committees and Committees on Public Undertakings. The accountability framework also envisages response of the Government including remedial measures on the findings and recommendations included in the paragraphs, which are required to be submitted to the respective Public Accounts Committees and Committees on Public Undertakings. On the recommendation of the Public Accounts Committee, the Union Government has prescribed a time limit of four months from the date of presentation of the Audit Reports for submission of action taken notes to them. The ministries/departments did not comply with the orders of the Government against 3,563 paragraphs (Annex III refers) contained in the Audit Reports presented before the Parliament until October/November 2006, which were required to be submitted by not later than March 31, 2007. In case of the States/UTs Audit the remedial action taken note in respect of 13,547 paragraphs (Annex IV refers) were not submitted by the respective State/UT Governments to their Public Accounts Committees and Committees on Public Undertakings until March 2007. This impacted the effectiveness of the public accountability.

Follow-up on audit

- Action Taken Notes on 3,563 paragraphs and 13,547 paragraphs awaited from Union and State Governments respectively.

Audit Reports tabled in Parliament/State Legislatures

During 2006-07 the C&AG approved 98 Audit Reports on the accounts of Union Government (Transaction Audit-12; Performance Audit-16) and State Governments/Union Territories (Transaction Audit-67; Performance Audit-3) for the financial year 2005-06. Of these 98 Audit Reports, 97 Reports have been placed before the Parliament/ legislatures (41⁶ during 2006-07 and 56⁷ after March 2007) till the finalisation of this Report (Annex II refers).

Output of audit

- 98 Audit Reports of the C&AG for Parliament and legislatures of States and Union Territories.
- 54,000 Audit Inspection Reports.

⁶ 40 Transaction Audit Reports and one Performance Audit Report

⁷ 38 Transaction Audit Reports and 18 Performance Audit Reports

Examination of audit reports by PAC/COPU

The Committees of Parliament conduct detailed examination of the paragraphs/performance audit reports on a selective basis. In the case of the remaining paragraphs, the ministries submit Action Taken Notes (ATNs) vetted by IA&AD to the PAC/COPU. The Committees of State/Union Territory legislatures examine selected paragraphs/performance audit reviews in a few States, while in others, the entire reports are examined by them.

During the year 2006-07, PAC/COPU carried out detailed examination of a large number of paragraphs included in the Reports of the C&AG. Discussions on the paras/performance audit reviews and the meetings held are as follows :

Central PAC/COPU – Discussions

Audit reports	No. of meetings held	No. of paras/ performance audit reviews discussed
Civil	11	9
Defence	2	2
Autonomous Bodies	5	6
Railways	6	2
Revenue Receipts	6	6
Commercial	10	3
Total	40	28

State PAC/COPU – Discussions

Audit reports	No. of meetings held	No. of paras/performance audit reviews discussed
Civil	453	636
Revenue Receipts	144	700
Commercial	314	538
Local Bodies	2	15
Total	913	1,889

Impact of Audit

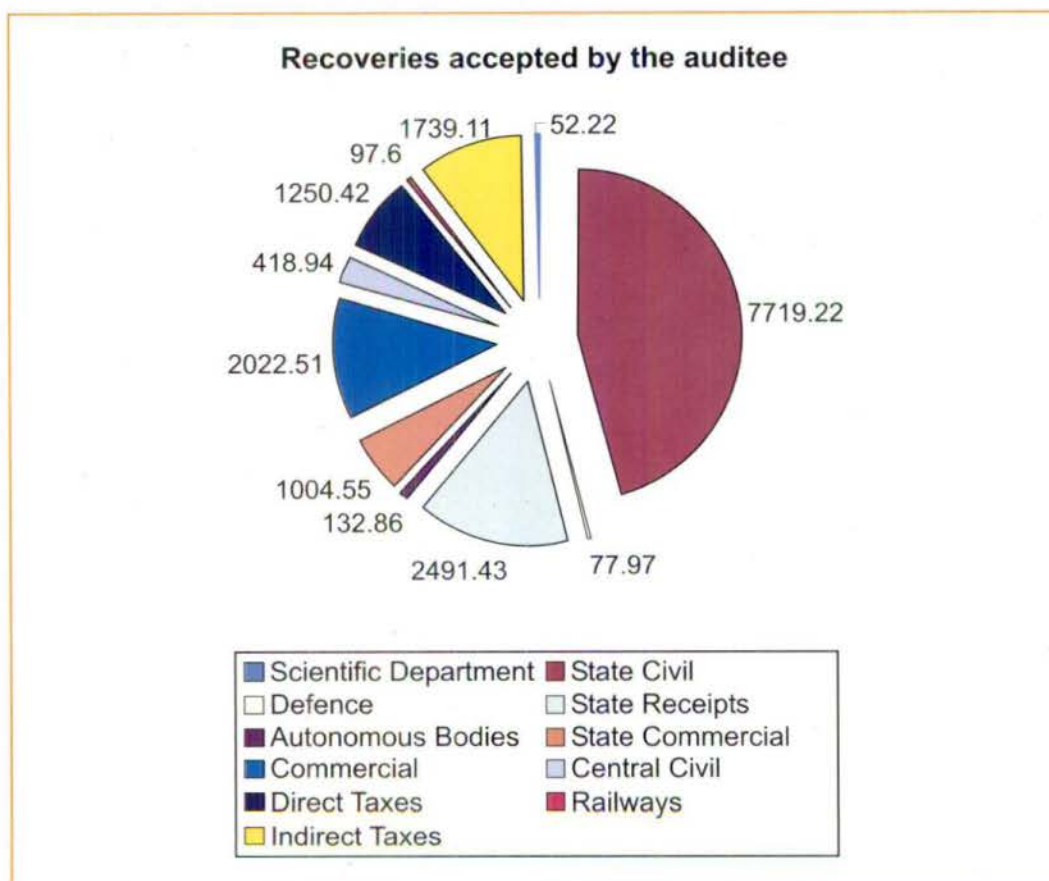
Value addition or the positive difference made in relation to integrity of the financial statements, compliance to the rules, the standards of propriety and performance through audit is the measure of impact of audit. In addition to the visible impact by way of detective findings of audit, much more significant but indeterminable outcome of audit lies in preventive and assurance values. Considering the impact of our audit of internal control in various ministries/department, Maharashtra Government requested to undertake reviews of internal control mechanism in their departments.

The impact of audit is the aggregate value of its findings in all local audit inspection reports issued during the year and the value of the findings included in the Audit Reports of the C&AG to the Parliament/State legislatures.

The entities in the Union/State Governments accepted audit findings for over payment/under recovery of Rs. 17,006.83 crore (State Governments Rs. 11,215.20 crores and Union Government Rs. 5,791.63 crores) out of Rs. 46,053.46 crore (State Governments Rs. 25,871.57 crores and Union Government Rs. 20,181.89 crores) pointed out in the audit reports/inspection reports/audit notes. Till the finalisation of the this report, Rs. 1,523.34 crore (State Governments Rs. 607.12 crores and Union Government Rs. 916.22 crores) had since been recovered. A chart showing the audit findings in respect of recoveries accepted by the executives is as follows :

Impact of audit

- Government accepted audit findings for over payment/under recovery of Rs.17,006.83 crore and recovered Rs.1,523.34 crore so far; and
- This impact on recovery at the instance of audit alone amounts to Rs.23 for every rupee spent on Audit



This impact alone amounts to Rs. 22.77 for every rupee spent on audit, excluding the value of assurance provided, system improvements and deterrent value.

Further, money value of the paras contained in the 12 Audit Reports on the accounts and transactions of the Union Government and 64 (excluding three Audit Reports of Local Bodies) Audit Reports in respect of the States and Union Territories amounted to Rs. 8,505.20 crore as detailed in the Chapter 3.

Certification of accounts of Government companies and corporations

As a step towards monitoring and improving reporting of annual financial results by Government companies and deemed Government companies and corporations, the C&AG conducts supplementary audit under Section 619 (4) of the Companies Act, 1956. As a result of such audits conducted during 2006-07, 12 Central PSUs and 33 State PSUs revised their accounts leading to increase/decrease in the reported profit/loss by Rs. 1,727.43 crore. Where the PSUs did not revise their accounts, comments were issued on their accounts. These comments pointed out understatement/overstatement of reported profit/loss by Rs. 7,429.80 crore (Central PSUs: Rs 562.16 crore and State PSUs: Rs. 6,867.64 crore) and understatement/overstatement of assets/liabilities by Rs. 35,908.49 crore (Central PSUs: Rs. 1,320.00 crore and State PSUs: Rs. 34,588.49 crore).

Outcome of audit of Government companies and corporations

- 12 central PSUs and 33 of state PSUs revised their accounts leading to increase/decrease in the reported profit/loss by Rs. 1,727.43 crore; and
- Comments on accounts issued for understatement/ overstatement of profit/loss by Rs.7,429.80 crore and assets/liabilities by Rs.35,908.49 crore.

Changes in Policy, Law, Rules and other significant changes at the instance of Audit :

Besides monetary impact, the changes made in the policy, law, rules and other significant changes made by the Government on the basis of audit observations in the recent past are as follows:

Union Government:

I- Change in Policy:

Ministry of Finance :

Withdrawal of "Levy of duty on the basis of capacity of production on certain products of iron and steel under compounded levy scheme"

In order to evaluate the detailed procedure formulated by the Government to implement the levy of duty on capacity of production basis on certain products of iron and steel under compounded levy scheme and its operation with special emphasis on its impact on revenue collection, a review was made. The audit findings pointed out :

- lacunae in scheme formulation;
- lapses in implementation;

In view of recommendation of Audit for re-examination of the scheme, the Finance Minister while presenting the Budget for 2000-01, admitted that the scheme did not work and scrapped it. The earlier system of levy of duty on advalorem basis was restored.

Ministry of Textiles

Irregularities in release of subsidy amounting to Rs. nine crore under "Janata Cloth Scheme" was pointed out by Audit. As a result, the entire amount of Rs. nine crore was recovered. The Government considered all aspects of the Janata Cloth scheme and a final decision was taken to discontinue the scheme with effect from April 1998.

Ministry of Railways

Introduction of policy ensuring recovery of maintenance charges in respect of Road Over Bridges/Road Under Bridges

As per provisions of the Indian Railway Code for Engineering Department, if the cost of Road Over Bridge/Road Under Bridge (ROB/RUB) was shared by the Railways and State Government/ Road Authority, the maintenance charges are to borne by the Railways and State Government/ Road Authority in proportion to their respective shares of cost. An agreement clearly spelling out the liabilities for bearing initial as well as recurring costs were to be signed with the concerned party before commencement of work. Audit, through various paragraphs, had observed that Railways had neither executed the agreements nor recovering the recurring maintenance charges.

Keeping in view the problems faced in raising bills for maintenance of ROB/RUBs, Railways had introduced a new policy whereby instead of raising bills annually, the parties were asked to pay one time capitalized maintenance charges and collect them from the sponsoring authorities in advance. The signing of agreement and collection of capitalized maintenance charges should be completed before opening of ROB/RUB to traffic.

Introduction of ensuring economic feasibility

A large number of items used in the Railways are manufactured in house in the Railway Workshops. Audit scrutiny of records of a workshop had revealed that some items which had been manufactured by workshop were also purchased from the market. A comparison of the manufacturing cost with the cost of purchase had revealed that the purchase from market was much cheaper. Audit had found that Railways had incurred avoidable expenditure of Rs. 2.64 crore in manufacturing 45 categories of items which were available at cheaper rates in the open market. On this being taken up through the Audit Report, the workshops engaged in manufacturing activities were given instructions to make regular reviews and analysis by comparing the costs and quality of the items with those available in the market and stop manufacture of those which are available at cheaper rates in the market.

II-Change in Law

Ministry of Finance

Adjudication of demand cases

On a review of "Delay in finalization and collection of demands", Audit pointed out the following shortcomings:

- The existing Act/Rules did not provide any time limit to finalise adjudication of demand notices. Even the executive instructions of the Central Excise and Customs to finalise adjudication cases within six months of issue of show cause cum demand notices were not implemented in a large number of cases leading to financial accommodation to the assesses.
- Time limit of six months for issue of show cause cum demand notice in normal cases was found to be inadequate resulting in many demands getting time barred and issue of show cause cum demand notices without proper examination.
- A large number of cases involving central excise duty of Rs. 3,387.33 crore were pending for adjudication.
- Monitoring system was found to be deficient.

Audit made the following recommendations :

- Demand cases should be decided within a maximum period of six months from the date of issue of show cause notice
- A list of all cases which can not be adjudicated within six months should be sent to commissioner of central excise with explanation thereon

- A time limit for adjudication by the central excise officer should be fixed

In view of recommendation of Audit, the Government made the following amendments in the Central Excise Act, 1944 with effect from 11 May 2001 :

- It was made mandatory for the assessing officer to adjudicate the case, as far as possible, within one year in cases of duty short paid as a result of fraud, mis-declaration, etc, and within six months in other (normal) cases.
- The time limit for raising of demand was increased from six months to one year so as to reduce chances of cases becoming time barred.

Amendment of scheme of taxation of companies under special provisions of Income Tax Act (Section 115 JA)

Under the normal provisions of the Act, claim of higher depreciation on account of revaluation of assets is not allowed for computing income liable to tax. However, a corresponding provision was not available under the MAT provisions that resulted in some companies resorting to revaluation of assets to claim higher depreciation.

Section 115JB(2)(g)(iia) amended by Finance Act, 2006 with effect from 1 April 2007 whereby it has been laid down that claim of higher depreciation through revaluation of assets debited to the profit and loss account, will be added back while computing book profits liable for tax.

Assessment of private schools, colleges and coaching centers

- There is no provision in the case of exemption under section 10(23C)(vi) to furnish the audited accounts with audit certificate along with returns of income. Bulk of the assessments of private schools, colleges and charitable trusts are by and large completed in summary manner.

Finance Act, 2005 has inserted a provision as per which the assessee is supposed to file its tax return every year with the copy of audited balance sheet. CBDT issued guidelines in October 2005 for selection of cases for scrutiny of income tax returns which specifically provide for the selection of cases of universities and other educational institutions subject to monetary limits prescribed.

- Audit had pointed out that trusts running educational institutions were earning income by way of donations, building fund, swimming pool charges, poor fund, etc. apart from income from educational activities which was also being exempted from income tax.

An amendment has been made through Finance Act, 2006 whereby anonymous donations made to wholly charitable trusts and institutions other than religious trusts and institutions shall be charged to tax.

- Audit had pointed out that since there were no provisions for withdrawing the exemption notification granted to assesses for availment of exemption under section 10(23C), ineligible assesses who were not fulfilling the conditions laid out in section 10(23C) were also availing of exemption.

Finance Act, 2004, with effect from 1 October 2004 inserted a new proviso at 10(23C) (via) to enable withdrawal of approval or rescind the notification in case the activities of the assessee are not genuine or are not being carried out in accordance with all or any of the conditions subject to which it was notified or approved.

Refunds under the Income Tax Act 1961

Under section 143(4), if no refund is due on regular assessment or the amount refunded under sub-section (1) exceeds the amount on regular assessment, the whole or excess amount so refunded shall be recovered from the

assessee. However, there is no provision under the Act for levy of interest on excess refunds during summary assessments.

A new provision was introduced as section 234D by Finance Act, 2003 with effect from 1 June 2003 which laid down that where as a result of regular assessment no refund is due to the assessee or the amount refunded exceeds the amount refundable on account of regular assessment then interest shall be levied at the prescribed rates on such excess amounts refunded during summary assessments.

III-Change in Rules

Ministry of Finance

Provisional Assessments

With a view to ascertain the adequacy of the system, a review on provisional assessment cases in the central excise commissionerates was made and the following shortcomings were pointed out:

- No time limit was prescribed for finalization of provisional assessment.
- Non-reconciliation of number of cases and duty blocked in provisional assessment cases.
- Non-levy of interest on recovery of duty on final assessment

This review para was discussed by the Public Accounts Committee which recommended for a statutory time limit for finalization of provisional assessment cases. The Rules were amended on 1 July 2007 and as per Rule 7 of the revised Central Excise Rules, 2002, time limit of six months has been fixed for final assessment which may be extended for a further period not exceeding six months by the commissioner of central excise.

A further review of the provisional assessment cases was carried out and included in Audit Report No. 7 of 2007 (Performance Audit-Chapter-III), to assess the following:

- The impact of the fixation of time limit on pace of clearance of provisional assessment cases,
- Efficiency of internal controls and monitoring mechanism in protecting the interest of revenue and
- The adequacy and effectiveness of rules, regulations and procedures governing disposal of provisional assessment cases

Ten constructive and implementable recommendations have been given to remedy the systemic weakness identified by audit. Of these, nine recommendations have been accepted by Ministry.

Under valuation of goods manufactured on job work basis

The Supreme Court in the case of M/s Ujagar Prints and others ruled that the value of goods manufactured on job work basis shall be determined by adding processing charges (job work charges) to the landed cost of raw materials including all costs incurred for bringing the raw materials to the premises of the job worker.

Audit findings pointed out that excise duty was being paid on behalf of principal manufacturer by job worker at the time of clearance of finished goods. The assessable value was arrived at under Central Excise Valuation (Determination of Price of Excisable Goods) Rules, 2000 which was lower than the transaction value of principal manufacturer of the same product under Section 4 of the Central Excise Act. This resulted in undervaluation of finished goods and consequent short payment of central excise duty.

In the Union Budget 2007-08, Government took remedial measures by introducing a new Rule 10 A under Central Excise Valuation Rules, 2000 (Determination of Price of Excisable Goods) stipulating payment of duty on transaction value of the same goods as adopted by the principal manufacturer.

Patent and propriety medicaments brought under section 4 A (Maximum Retail Price)

Maximum Retail Price (MRP)-valuation of excisable goods under section 4 A was introduced to check undervaluation so as to safeguard Government revenue and prevent revenue loss due to adoption of lower assessable value by job workers in respect of goods manufactured and cleared by brand owners.

Audit findings pointed out that the products of patent and propriety medicaments was not brought under section 4 A Maximum Retail Price (MRP) and there was an estimated loss of Rs. 471 crore from April 1998 to December 2001 to the Government.

Government of India accepted audit views and have brought patent and propriety medicaments under section 4 A (MRP) vide notification dated 7 January 2005.

Ministry of Railways

Introduction of levy of interest for delayed payment

Container Corporation of India (CONCOR) had been collecting all charges including freight from the customers with effect from 1 November 1990. Though, as per agreed procedure, CONCOR was required to deposit the Railway freight at the prescribed rates with the Traffic Accounts Office of the originating Railway on fortnightly basis by 25th day of the month for the first fortnight and by 10th day of the following month for the second fortnight, Audit had found that the amount was being remitted very late. The loss of interest on belated payments worked out to Rs. 5.93 crore.

Keeping in view the audit objection on delay in payment to Railway by CONCOR, Railway Board made provisions in the rules vide circular dated 12 December 1999 and 23 May 2000 to levy interest at the rate of 12.50 per cent on delayed payment and issued instructions to Zonal Railways.

Changes in Freight Rules

As per rules contained in Indian Railway Conference Association (IRCA), goods Tariff, commodities which can not be loaded up to marked carrying capacity of a wagon were booked given a fixed minimum weight for charging freight. Time and again Audit had pointed out anomalies in the minimum weight conditions prescribed and the quantities actually loaded by the consignors which clearly indicated that the wagons can be loaded more than the weight prescribed. In most of the cases consignors were loading the wagons up to the prescribed weight resulting in under utilisation of the actual capacity of the wagon.

In order to overcome these lacunae, Railway Board changed the rules from 1 April 2005 and decided that freight in all cases should be recovered on the basis of marked carrying capacity of a wagon. With this change the scope for underutilisation of capacity of the wagons has diminished.

Introduction of Haulage charges

Taking a serious note of running of under load container trains, Railway Board in September 1993 had instructed Zonal Railways to check the formation of all BFKI and BOX wagon trains operating on container circuits and ensure that trains are formed with full loading of 40 BFKI and 45 BOX wagons.

Audit scrutiny of records at a Domestic Container Depot over Western Railway had revealed that the Railway Board's instructions regarding running of Flat/BOX wagons with full load were not being followed and approximately 77 per cent of the container trains were being run with short load resulting heavy loss of revenue on account of underutilisation of capacity of Railway locomotives, line and crew.

In order to ensure that trains of CONCOR are run with stipulated load, Railway Board introduced a system wherein CONCOR is required to pay haulage charges for a minimum number of containers irrespective of the fact whether they actually load that number of containers or not

Ministry of Urban Development

There were several discrepancies in out-of-turn allotments of Government residential accommodation by the Ministry of Urban Development. On being pointed out by Audit the Ministry issued revised guidelines for discretionary allotments of General Pool Residential Accommodation.

IV Other Significant Changes

Ministry of Railways

Creation of Special Railway Safety Fund

Safety performance of Indian Railways which is the principal mode of transport in the country is of vital significance. A number of committees studied safety aspects in Railways and recommended various measures from time to time to improve the system and reduce accidents. Organisationally, Railway Board has a safety Directorate headed by an executive Director. At Zonal and Divisional levels also, there are earmarked officers dealing with safety.

Audit had observed that the progress of works related to safety such as track renewal, construction and rehabilitation of bridges, etc. was very slow endangering the safety of the passengers and property. Moreover, there was no monitoring mechanism for keeping track of accidents and there was under-reporting of accidents. Commissioner of Railway Safety (CRS), who is responsible for making enquiries of the major accidents, was not able to enquire all the accidents. Many new systems such as providing of Automatic Warning Systems, Communication devices to have direct link with driver, guard and control, etc were yet to be provided.

The audit finding were taken up seriously by Public Accounts Committee and thereafter Ministry of Railways created a Special Railway Safety Fund (SRSF) and prepared a plan for clearance of the arrear of safety related works in a time bound manner. An amount of Rs. 17,000 crore was allocated under SRSF. Apart from track renewal works the fund was also utilized for replacement of distressed bridges, improving Signal and Telecommunication system, and introduction of new design rolling stock. Railway also initiated various measures to improve Safety performance. These were (1) Track Circuiting works (2) Provision of Auxiliary Warning System on trains and tracks, (3) Provision of Mobile Train Radio Communication system and (4) Train Activated Warning Device at Level Crossings.

State Government

I- Changes in Policy

Government of Andhra Pradesh-Irrigation and Command Area Development Department

Ensuring value for Money

Audit pointed out that the Department spent Rs. 34.78 crore during November 1995 to June 2000 on wages of 2,429 surplus work charged employees who had not worked for the last five years, with a recurring liability of over Rs. 11.41 crore per annum.

During the PAC discussion held on 9 November 2005, Chief Engineer (Projects), stated that over a period of five years, staff was redeployed to other units and other departments. As on 30 September 2005, the number was reduced to 936.

The Public Accounts Committee recommended redeployment of the surplus work-charged staff to needy units/new projects coming up and suggested not to recruit work-charged staff in future.

Government of Andhra Pradesh-Social Welfare Department

Ensuring Government funds in Government accounts only

Audit pointed out that the funds relating to State schemes were deposited in banks outside the Government accounts. Government, in the Explanatory Notes to the audit para, stated that the instructions had been issued to the Deputy Directors of Social Welfare to remit to the Government accounts such of the amounts available in banks, post offices, etc., which are not immediately required. Government further stated that a strict watch would be maintained over the funds kept outside the Government account and would ensure that no amount is kept outside the Government account without proper authorization and unless the circumstances absolutely warrant such keeping in public interest.

Government of Andhra Pradesh-Labour Department

Rehabilitation of Child labour

There was no nodal department at State level to monitor the rehabilitation of child labour. Consequent to an audit enquiry issued during the conduct of review, the Government in School Education Department issued orders entrusting the responsibility of rehabilitation and mainstreaming of 'out of school' children to the State Project Director, DPEP at State level and Assistant Project Coordinator, DPEP at district level.

In the Explanatory Notes to audit para, Government also stated that a website was created exclusively for child labour by the Labour Department and a child labour tracking system introduced in the said web site by the Labour Department.

II- Change in Rules

Government of Maharashtra

Accounting of interest earned on government's funds

Maharashtra Prathmik Shikshan Parishad (MPSP) had earned interest of Rs. 7.21 crore during 2002-04 on amounts kept in fixed deposits and saving accounts which remained unutilized. This was pointed out in March 2005 to MPSP which stated that in the absence of instructions from Government of India (GOI) the amount of interest was lying with MPSP.

GOI directed (April 2005) the MPSP to take into account the interest accrued in a year against the release of GOI's and State Government's share towards the release of funds for Sarva Siksha Abhiyan (SSA) for the next financial year. These directions were issued after adding paragraph 89.4 in the Manual of Financial Management and Procurement under SSA.

Government of Uttar Pradesh

Introduction of ceiling on out of Pocket Expenses to Minister

As no limit was fixed on the Out of Pocket Expenses (OPE) of Ministers in the Uttar Pradesh Minister (Travelling Allowances) Rules, 1997, they charged daily allowance on actual basis ranging from Rs. 1,597 to Rs. 19,165 per day without producing any bill or supporting vouchers. On being pointed out by Audit, the Government amended the Rules (October 2002) and fixed ceiling on OPE at the rate of Rs. 301 per day within the State and Rs. 501 per day outside the State subject to the ceiling of Rs. 15,000/- per month.

III. Other significant changes

Government of Uttar Pradesh

Survey and Planning

To ensure adequate availability of road network and its constant upgradation, Public Works Department was required to conduct survey twice a year on earmarked points, i.e., count stations of various categories of roads National Highways (NHs), State Highways (SHs), Major District Roads (MDRs) and Other District Roads (ODRs)) to gauge the traffic density and fix the priorities for their upgradation wherever necessary. However, survey was conducted only once in a year, that too, ranging from 12 to 56 per cent in respect of NHs and SHs during 1997-2001 and a few count Stations on MDRs and ODRs.

The matter was discussed in PAC meeting held on 29-30 August 2005. The PAC directed the Public Works Department to conduct surveys regularly for the proper planning of strengthening and upgradation of roads. Engineer-in-chief issued orders for necessary action (November 2005)

Chapter-5

Significant audit findings included in the Audit Reports

The C&AG presents a number of Audit Reports on the basis of audit of the Union Government and State/UT Governments to the Parliament/legislatures. This chapter contains gist of some of the more important audit findings included in the Reports of the C&AG to the Parliament and State/Union Territory legislatures. Based on the technical nature of audit involved in the various audits, the reports have been divided into eight sectors⁸ and two groups namely Regularity Audit Reports and Performance Audit Reports.

Union Government

The C&AG of India audits Finance Accounts and Appropriation Accounts of the Union Government as well as various transactions in these accounts.

Civil

The observations from the audit of various financial transactions of the civil ministries and departments are included in the Civil Audit Reports. Highlights of the some of the significant audit findings are discussed below:

Regularity audit

- The failure of the Ministry of Shipping, Road Transport and Highways to specify time limit for issue of notifications for levy of toll fees after the completion of national highways sections and bridges resulted in revenue loss of Rs. 85.90 crore owing to delayed notification on levy of toll fee.
- Senior Superintendent of Post Offices, City Division, Ahmedabad under the Gujarat Postal Circle and Chief Postmaster General, Maharashtra Postal Circle authorised concessional tariffs to ineligible publications resulting in short realisation of postage charges of Rs. 3.23 crore.
- The Director General, Border Security Force (BSF), in violation of scales laid down by the Ministry of Home Affairs, withdrew 158 vehicles from various field formations/units and deployed them at the BSF Headquarters in addition to its 100 authorised vehicles. The expenditure of Rs. 1.76 crore on petrol, oil and lubricants (POL) and repair and maintenance of these attached vehicles for the period 2004 to 2006 was thus irregular. This action also affected operational effectiveness of the field units.
- Failure of the Official Liquidators of Delhi, Kolkata, Mumbai, Bangalore, Allahabad and Jaipur to credit to the Government account fees realised from the liquidated companies, resulted in keeping Rs. 6.13 crore outside Government account for one month to five years and consequential loss of interest of Rs. 66.53 lakh at the average borrowing rate of the Union Government.
- The Ministry of Finance released Rs. 100 crore to National Bank for Agriculture and Rural Development (NABARD) in March 2003 under the scheme “revitalisation of co-operative credit structure” in anticipation of the passage of Banking Regulation (Amendment) Bill by the Parliament. The scheme could not take off since the Bill was not passed, which led to the funds remaining unutilised for three years resulting in loss of interest of Rs. 25.30 crore.

⁸ Civil, Autonomous Bodies, Scientific Departments, Defence Services, Direct Taxes, Indirect Taxes, Railways and Commercial

- The Director General, Indo-Tibetan Border Police irregularly attached a large number of officials withdrawn from various field formations/units in the Directorate in excess of the sanctioned strength and in disregard of instructions of the Ministry of Home Affairs in this respect. The expenditure on pay and allowances of the attached staff over and above the sanctioned strength for the period 2003-2004 to 2004-2005 alone was Rs. 5.19 crore.
- In the Department of Education of NCT Delhi, delay in finalising arrangements for Computer Education Project-V deprived the students of Government schools in Delhi of the intended benefit of computer education. It also resulted in idling of equipment worth Rs. 12.37 crore for one year.
- Delhi Jal Board failed to recover cess amounting to Rs. 2.68 crore from the bills of contractors as required under the Building and Other Construction Workers' Welfare Cess Act, 1996. Due to non-remittance of the cess, the Board was also liable for penalty of a sum not exceeding Rs. 2.68 crore.

Performance audit

- A Performance Audit Report of Mail Management in the Department of Posts revealed that Mail traffic registered a decline of nearly 50 per cent during last five years due to increased competition from private couriers and other modes of communication especially the value added services in telecom sector. Department of Posts failed to improve its operational efficiency, reduce staff costs and modernize its operations to render better services to the customer and continued to incur losses during last five years and 16 out of the 20 postal services continued to sustain losses over the years. The net loss for the year ending 31 March 2006 was Rs. 1,207.71 crore. Department's efforts to modernize and mechanize mail sorting operations at Chennai and Mumbai to improve operational efficiency through introduction of Automatic Mail Processing machines and Culler-Facer-Cancellor machines also did not succeed despite investment of Rs. 60.25 crore due to its failure to standardize mail and ensure adequate public awareness about the advantages of using standard postal stationery.
- A Performance Audit of the functioning of four major public hospitals in the NCT of Delhi was conducted to assess their functioning in terms of providing proper medical care by efficient use of available resources and infrastructure. The hospitals reviewed were Lok Nayak Hospital (LNH) and Deen Dayal Upadhyay Hospital (DDUH) under the Government of Delhi, Hindu Rao Hospital (HRH) under the MCD and Charak Palika Hospital (CPH) under the NDMC. The audit revealed that the strength of medical, para medical and nursing staff in the four hospitals was less than adequate which adversely affected patient care. The waiting time of patients, who had been advised surgeries and various investigations, increased substantially. The problem was further compounded by significant increase in the patient load while the number of beds in the hospitals remained static leading to overcrowding in the wards. The casualty and emergency services in the hospitals were equally affected by shortage of medical staff, essential drugs and infrastructure facilities. In DDUH, 73 purchase orders were awarded to other than the lowest tenderers that led to an extra expenditure of Rs. 31.67 lakh. LNH and HRH accepted medicines and vaccines valuing Rs. 1.04 crore from the suppliers with reduced shelf life in violation of the laid down norms. Hospital ambulances were not utilised for bona fide purpose of shifting the patients alone. The ambulances in two hospitals were also not equipped with essential life support equipment. The stock management policy in the hospitals for stocking of essential life saving drugs and medicines was deficient. Patients suffering from serious diseases including the terminally ill patients remained deprived of the essential life saving drugs and medicines. The management and handling of the bio-medical waste by the hospitals was not efficient and the hospitals were also found to be violating the Bio-Medical Waste Management and Handling Rules, 1998. The prevention and control of hospital-associated infections was weak and the patient grievance redressal system in the hospitals lacked direction and perspective.

Defence Services

Some of the more important observations noted during the audit of Defence Ministry and Defence Services are as follows :

Regularity audit

- Abnormal delays ranging from 6 to 36 years in renewal of leases of Defence land occupied by Madras United Club at Chennai, Indian Oil Corporation at Jabalpur and Belagaum, State Bank of India at Avadi and Hindustan Petroleum Corporation Ltd at Belagaum resulted in non-recovery of substantial amount of rent and premium of several crores of rupees and loss of interest thereon.
- In contravention of the orders governing admissibility of counter insurgency allowance, Army officers and personnel below officers rank posted to Border Roads Organisation were paid insurgency allowance aggregating to Rs. 2.99 crore though they were not actually engaged in the counter-insurgency operations.
- Indian Air Force permitted running of an auditorium as a commercial venture on prime defence land and no financial benefits were being passed on to the Government as per MoD instructions even though manpower and other resources were being diverted from IAF to run the facilities. While the Government has incurred a loss of revenue to the extent of Rs. 8.02 crore on account of non recovery of rent, it incurred unauthorized expenditure of Rs. 1.37 crore for creating a supernumerary establishment for the auditorium and loss on account of consumption of electricity, which was yet to be quantified.

Performance audit

A Performance audit of the capital acquisitions pertaining to the Army with main focus on procurement through import revealed the following :

- While acquisition planning and budgetary management has shown improvements since 2005, the last three-five years Army plans largely remained unfulfilled. There was lack of co-ordination in procurement of items common to the three services viz., Army, Air Force and Navy resulting in inefficiency. Deficiencies in formulation of the GSQRs hampered selection of the optimum product besides causing delay in procurement. The process of technical and trial evaluation did not demonstrate objectivity and fair play. In 60 per cent of the cases, only a single vendor was pre-qualified. Time taken for trial evaluation was unduly long and the time taken for preparation of the trial evaluation report was even longer than the trials. Internal lead time for majority of procurements was too high and there were inordinate delays in procurement through Fast Track Procedure due to inefficient method of procurement processing. Multiple agencies with dispersed centres of accountability resulted in lack of coordination, diffused accountability and delay.

Scientific Departments

Performance audit

- A performance Audit of the modernization plan for Council of Scientific and Industrial Research (CSIR), New Delhi, a centre for research for development and for improvement of indigenous technologies revealed that, although CSIR incurred a total expenditure of Rs. 262.38 crore on modernisation of its laboratories, it earned a negative incremental External Cash Flow (ECF) of Rs. 15.06 crore against the expected incremental ECF of Rs. 361.09 crore. There was a shortfall of 43 and 45 per cent in achievement of targets for publication of research papers and filing of patents respectively. The equipment purchased by the laboratories/institutes of CSIR under modernisation programme were mismanaged. There were cases of non installation (four equipment valuing Rs. 0.57 crore in three laboratories), delay in installation for the period ranging between one year to more than three years (25 equipment costing Rs. 8.41 crore in eleven laboratories), non repair

(eight equipment valuing Rs. 1.47 crore in five laboratories) and non-utilisation/under-utilisation (14 equipment costing Rs. 7.38 crore in eight laboratories).

Autonomus Bodies

During 2005-06, there were 259 central autonomous bodies. Government of India released grant of Rs. 13,222.69 crore and loan of Rs. 175.47 crore to these autonomous bodies. Major audit findings are summarised as under :

Regularity audit

- Bureau of Indian Standards revised the marking fee in August 1994, but the Management took eleven years to notify and publish it in the official Gazette. This led to an avoidable loss of Rs. 1.63 crore.
- Injudicious decision of the Securities and Exchange Board of India to appoint the Chief Executive Officer and other supporting staff for the Central Listing Authority without formally establishing the latter resulted in wasteful expenditure of Rs. 43.73 lakh on their pay and allowances and office expenses, etc. during 2003-05 when they did not perform any official duty.
- Audit scrutiny of records of Prasar Bharati disclosed that it acquired the cricket telecasting rights to telecast over Doordarshan of test cricket matches to be played between India & Australia, India & South Africa and India & Pakistan without appropriate marketing plan followed by arbitrary advertisement rates lower than the projected rates. This resulted in loss of expected revenue of Rs. 51.59 crore; Prasar Bharati sustained cash loss of Rs. 9.98 crore in the transaction.
- In order to carry out cargo operations round the year in Sagar Anchorage of the Kolkata Port Trust, the Port Trust constructed the Virtual Jetty at a cost of Rs. 5.73 crore. The Virtual Jetty was commissioned in February 2004. However, the Jetty remained unutilised for two years and nine months after its commissioning due to non-availability of barges of appropriate class and size essential for cargo handling rendering the entire expenditure unfruitful. The dredging done at the channel leading to Virtual Jetty at a cost of Rs. 5.96 crore also failed to meet its objective of increasing draft to 7.8 metres required for proper utilization of the Virtual Jetty.
- For pilotage operation for the shore-based pilot station at Sagar Island, Kolkata Port Trust spent Rs. 3.07 crore for dredging/excavation of an approach channel and basin without adequately assessing the efficacy of the measures recommended by the consultant. As a result the approach channel and basin so created had practically ceased to exist rendering the total expenditure of Rs. 3.07 crore wasteful.

Performance audit

Performance Audit of security and maintenance of Assets of the Visva Bharati University revealed that :

- There are several encroachments of the University land. The University failed to take any effective action against encroachers.
- The University has not made adequate effort to account for and secure the artifacts and other museum objects by applying modern technology like digitization, photo documentation and computerized documentation of the artifacts.
- No physical verification of movable assets was conducted in the University during last five years except for the museum holdings belonging to Rabindra Bhavana.
- It was ascertained from the Kala Bhavana that 30 paintings by artists like Rabindranath Tagore, Nandalal Bose and 886 other art objects were missing. No investigation into the matter was conducted.

- The museums of the University, viz. Rabindra Bhavana and Kala Bhavana are not equipped with modern electronic security gadgets like intruder alarm/CCTV/metal detector.
- The fire fighting measures in the campus are inadequate. The buildings of the University being old are vulnerable to fire.
- The expenditure on conservation/restoration showed a decreasing trend during the period under review.
- In Rabindra Bhavana, 175 artefacts were in damaged condition due to improper preservation. The heritage buildings of Udayana Punascha, Udichi, Shyamali and Rabindra Bhavana were in dilapidated condition and needed immediate attention for the restoration and renovation.
- There was no system in Kala Bhavana to periodically assess the physical condition of artifacts and identify the nature of damages to their art objects.
- The large number of outdoor sculptures and murals created by famed artists did not find place in any departmental accession register. No Bhavana took any responsibility for the maintenance of some of these priceless outdoor treasures. Many of these objects have already developed signs of degradation due to lack of proper maintenance.

Performance Audit on Environmental Management by Mumbai Port Trust revealed that :

- The port did not have a documented Environmental Management Plan (EMP). It did not carry out environmental management audits despite regulatory requirements, which reduced its control over environmental matters.
- Adequate environmental protection measures to mitigate the adverse environmental effects on new projects were not taken.
- Shortage of qualified manpower coupled with failure to maintain mandatory equipments purchased for environmental monitoring, combating oil spillage, etc. constrained the working of Pollution Control Cell.
- Old pipelines abandoned six years back were yet to be removed and were posing risk to the environment.
- Hazardous waste management was neglected as Mumbai Port Trust (MbPT) failed to take adequate measures to mitigate the adverse effects of sludge, slop and dirty ballast.
- MbPT did not properly monitor air and water quality and failed to control pollution in harbour water. The methodology adopted by it for testing air pollution level was not as per regulatory guidelines.
- MbPT did not monitor the activities of ship-breaking despite clear directives of the Supreme Court.
- MbPT did not attend to its responsibilities relating to the National Oil Spill Disaster Contingency Plan (NOS-DCP).

Railways

Separate Audit Reports are presented to the Parliament on Railway Ministry. The gist of more important audit findings are as follows :

Regularity audit

- Failure of Railways to complete the periodical overhauling of coaches as per prescribed time schedule resulted in loss of earning capacity of Rs.201.96 crore.
- Restoration of a Broad Gauge line treating it as viable on the basis of unrealistic estimates has resulted in unfruitful investment of Rs.97.46 crore.

- Railway Administration could not execute various works during gauge conversion of a metre gauge line in time resulting in surrendering of allotted funds (Rs.58.72 crore) besides blocking up of Rs.29.83 crore.
- Railway's failure to keep its land free from encroachments deprived them of the benefit of additional net earnings of Rs.11 crore per annum for about six years and also resulted in cost escalation of Rs.35.13 crore on account of time over runs.
- Weak formation of embankment with clayey soil during construction and, later, non-adherence to Research, Design and Standards organisation's recommendations for blanketing resulted in loss/damage to stock amounting to Rs.39.92 crore.
- Execution of an out of turn work, without assessing its real prospects, resulted in avoidable expenditure of Rs.44.06 crore, including the cost of land (Rs.22.64 crore), which has become surplus to requirement.
- Railway Administration ignored codal provisions laid down for the transfer of Railway land resulting in loss of Rs.34.12 crore to Railways.
- Poor management in execution of agreements with the siding owners and in raising of bills as per extant rules led to non/short-recovery of Rs.81.65 crore.
- Non-adoption of rates of maintenance charges as per the committee's recommendations resulted in a loss of Rs.180.51 crore to railways. The failure to correctly assess capital cost as per the extant instructions led to short recovery of maintenance charges of Rs.14.20 crore.
- The failure of the Railways to take adequate steps for segregation of power connections as also for arranging direct connections to railway quarters has resulted in loss of Rs.46.77 crore in two years alone. The recurring loss will continue till appropriate action is taken.

Performance audit

- Railways permitted enhanced loading of wagons in freight trains without complying with the conditions and suffered a loss of earning of Rs.168.48 crore on account of detentions at stations, yards, etc. and Rs.65.26 crore on account of detention of wagons at workshops.
- Indian Railways had neither developed any standards as benchmarks for various cleanliness activities nor a cohesive action plan. Involvement of multiple departments responsible for cleanliness led to lack of co-ordination among them rendering the cleanliness efforts ineffective.
- Indian Railways incurred more expenditure in planning and execution of track renewal works than estimated due to delays in completion of works and there was a possibility that the completion of the remaining works would spill over to the subsequent years as against the targeted year 2006-07.
- Phase I of the project of Multimodal Commuter Transport System, Hyderabad comprising two rail sections (42.64 kms), was taken up by the Railways without conducting a proper feasibility study and the project was financially justified on the basis of inflated/ incorrect data.

Information Technology audit

The services of the Passenger Reservation System were disrupted at various booking locations due to frequent and extensive failures of the leased BSNL channels despite a broad policy to switch over to the Railway OFC network. There was no road map with clear milestones for the switch over.

Direct Taxes

During 2005-06, Union Government collected Rs. 1,65,216 crore as Revenue from direct taxes. Audit of collection of revenues (direct taxes and indirect taxes) was conducted under section 16 of the CAG's DPC Act, 1971. A total of 15,930 observations on underassessment/over assessment involving tax effect of Rs.7,651 crore were raised in audit during 2005-06. The Report includes 862 cases of major irregularities involving under charge of tax of Rs.1,770 crore. Highlights of the important audit observations are indicated as follows :

Regularity audit

- A total of 905 cases with tax effect of Rs. 1,971.33 crore were issued to the Ministry of Finance as individual draft paragraphs out of which 862 cases involving tax effect of Rs. 1,770.30 crore are included in the Audit Report.
- Total collections from direct taxes increased from Rs. 69,198 crore in 2001-02 to Rs. 1,65,216 crore in 2005-06 at an average annual rate of growth of 19.73 per cent. In the case of corporate assesses, 74.98 per cent of gross collections was made at pre-assessment stage, of which 53.37 per cent was by way of advance tax. In the case of non corporate assesses, 90.64 per cent of the gross collection was made at pre-assessment stage, of which 51.89 per cent was by way of TDS.
- Assessing officers committed mistakes in allowing un-entitled expenditure or provisions, liability and claims and depreciation in 149 cases involving revenue impact of Rs. 476.73 crore.

Performance audit

Assessment of selected companies in the selected sectors of computer software, automobiles and ancillaries, steel and trading

- The effective rate of tax of the selected companies assessed under the normal provisions of the Act for the assessment years 2002-03, 2003-04 and 2004-05 were estimated as 20 per cent, 27 per cent, 17 per cent and tax expenditures in respect of all the benefits allowed under the Act were Rs. 915.30 crore, Rs. 768.70 crore and Rs. 2,287.60 crore respectively.
- Audit noticed 559 mistakes of various types involving tax effect of Rs. 1,508.83 crore in the assessments of all the selected companies in the four selected sectors, whether assessed under the normal provisions or the special provisions of the Act. In computer sector, irregularities amounting to Rs. 266.73 crore were noticed relating to exemptions under section 10A/10B. In automobile including ancillaries and trading sector, irregularities amounting to Rs. 308.43 crore were noticed relating to allowance of depreciation and set off of losses. In steel sector, irregularities amounting to Rs. 91.60 crore were noticed in respect of computation of income under special provisions of the Act.
- Audit recommended that variations in profit pattern of companies/assessment under the special provisions of the Act could be given a higher weightage while selecting the cases for scrutiny. The Government may consider issuing explicit guidelines in respect of deductions under section 10A/10B, deductions under chapter VIA and computation of income under special provisions of Act as to ensure greater clarity while completing assessments. Keeping in mind the quantum of revenue loss to the Government, audit recommended that the internal control mechanism of the department be strengthened so as to have better monitoring and linking of records, improved coordination among assessing officers and higher quality assessments.

Implementation of TDS/TCS schemes

- Audit noticed mistakes in 12,814 cases involving revenue impact of Rs. 389.20 crore; of this penalty leviable was Rs. 63.23 crore. Mistakes were noticed in 82 cases of non-residents/foreign companies with revenue impact of Rs. 204.19 crore. Audit noticed mistakes relating to omission to collect tax at source in 16 cases involving a revenue impact of Rs. 3.90 crore.
- Data collected by audit indicated large potential for TDS and TCS from insurance commission, reinsurance commission, payments to non-residents and sale of liquor.
- Evaluation of e-TDS scheme revealed that e-TDS returns filed remained unprocessed for the past three years largely due to software related problems and inadequacy of trained manpower.
- Audit recommended that Ministry may take necessary steps to bring in all tax deductors into the tax net and enforce recovery of TDS/TCS as required under the Act. Adequate enforcement mechanism be evolved to ensure consistency in assessment and prevent loss of revenue, particularly in the important area of international taxation. Coordination between TDS and regular assessment units as also internal audit mechanism should be strengthened. Problems relating to software and inadequacy in trained manpower are attended to urgently so that e-TDS returns are processed and revenues due to Government realised.

Assessment of sports associations/institutions and sports personalities

- Audit observed a total of 158 cases of irregularities involving tax effect of Rs. 190.92 crore. Of these 130 cases of irregularities involving tax effect of Rs. 179.80 crore were in respect of sports associations/institutions and 28 cases involving tax effect of Rs. 11.12 crore were in respect of sports personalities.
- Audit noticed cases of irregular exemptions and deductions granted to sports associations/institutions and sports personalities, non deduction of tax at source from the payments made to sports persons, non filing of returns in case of sports associations/institutions and inconsistency in the decisions taken by the department. Audit also noticed large number of sports associations/institutions and sports clubs which were required to be brought into tax net, weak internal audit and internal control mechanism in respect of accumulations made and its utilisation. In respect of sports persons, audit noticed cases where deductions were allowed in respect of income that was not earned in the capacity of sports persons.
- Irregular exemption granted owing to non investment of accumulated income/investment made not in specified modes in seven cases involving tax effect of Rs. 20.83 crore.
- Audit recommended that the internal control mechanism in the department may be strengthened to check year wise details of investment, its utilization for specified purpose within stipulated period, and to check if income/ accumulated income has been applied to specified objectives for which the associations/ institutions were established.

Indirect Taxes - Customs

During 2005-06, Union Government collected Customs duty of Rs. 65,050 crore. Some of the more important audit findings of the audit are as under :

Regularity audit

- Misclassification of a used imported 'Lincoln car' under CTH 8702 instead under CTH 8703 resulted in short levy of duty of Rs.12.64 lakh.
- The Department suffered a loss of Rs. 3.78 crore of custom duty and interest by allowing M/s Balaji Hotels and Enterprises Ltd., Chennai to redeem two import licences under EPCG scheme against the foreign

earning of M/s Oberoi Hotels and Enterprises Ltd. Ltd. to the extent of Rs. 2.63 crore. M/s. Balaji Hotels and Enterprises did not belong to the group of M/s. Oberoi Hotels and Enterprises and accordingly reckoning of earnings of M/s. Oberoi Hotels and Enterprises to discharge EO by M/s. Balaji Hotels was incorrect.

- Improper removal of warehoused goods as well as incorrect extension of Duty Exemption Entitlement Certificate benefit resulted in loss of customs duty of Rs.1.87 crore, including interest.
- Eight consignments of medicines seized between September 2003 and April 2004 by the Aurangabad Customs Preventive Unit of the Krishnanagar Customs Division, under the commissionerate of Customs (Preventive), West Bengal were not disposed of after their seizure and these medicines had expired/damaged due to prolonged storage. This resulted in loss of Rs.76.85 lakh.

Indirect Taxes : Central Excise Receipts and Service Tax

In 2005-06, Union Government collected Central Excise of Rs. 1, 11,226 crore. Highlights of the some of the important audit findings are as follows:

Regularity audit

Central Excise Receipts

- Revenue of Rs.1,197.09 crore was short allocated to Central Government as duty was wrongly credited to States as Additional Excise Duty (AED) in lieu of sales tax.
- Cases of incorrect availment of Modvat/Cenvat credit on exempted goods or input materials written off, availment of credit on ineligible goods or duties, incorrect passing on Cenvat credit to downstream manufacturers or buyers of exempted goods, availment of double benefit, premature availment of credit or availment of credit without payment of duty, etc., was noticed in audit. Duty involved in these cases was Rs.64.63 crore.
- Instances of undervaluation due to incorrect adoption of transaction value, incorrect valuation of goods on cost basis, etc., were noticed. Duty levied short amounted to Rs.52.71 crore.

Performance audit

Review of Provisional Assessment

- In 2,087 pending provisional assessment cases, the differential duty was not quantified. The adequacy and sufficiency of the amount of bond/security required to be obtained in these cases could not, therefore, be evaluated in audit. In spite of incorporation of normal time limit of six months in the Rules, 2,260 provisional assessment cases were pending for more than six months and up to 25 years.
- Revenue of Rs.133.23 crore was at risk for want of administrative action in three provisional assessment cases, which were not finalised.

Review on excise duty on plastic and articles thereof

- The percentage of Cenvat to duty paid in cash was exceptionally high in plastic industry. Audit recommended that the Government should ascertain the exact reasons and plug the loopholes to avoid possible misuse of Cenvat by plastic sector.
- Undervaluation of goods consumed captively resulted in revenue loss of Rs.64.88 lakh.
- Irregular availment of Cenvat credit resulted in revenue loss of Rs.9.07 crore

Review on service tax on management consultant's services, scientific or technical consultancy services, technical testing and analysis services & technical inspection and certification services

- Measures taken by the department to bring unregistered service providers into tax net were ineffective and inadequate. Audit identified 777 unregistered service providers with estimated loss of revenue of Rs. 86.96 crore. Penalty of Rs.86.96 crore and interest of Rs.15.12 crore was also leviable.
- Service tax of Rs.6.12 crore was evaded by 105 registered service providers during the period when they did not file returns.
- Scrutiny of returns was ineffective and policy for scrutinising these was ambiguous. There is a need to adopt risk based selection of returns for detailed scrutiny.
- Service tax of Rs.5.66 crore was short paid by 116 registered service providers on account of suppression of taxable value.

Service tax

During 2005-06, Union Government collected Service tax of Rs. 23,055 crore. Audit of the collection of service tax disclosed that Service tax of Rs.23.47 crore was not paid to Government or escaped payment in 32 cases.

Commercial - Central Public Sector Undertakings

In 2005-06, there were 304 Central Government companies, 94 deemed Government companies and six statutory corporations. Some of the more important findings included in the Central Commercial Audit Reports are as under :

Regularity audit

- Non-disposal of 35.04 MMT of iron ore fines accumulated at Gua Ore Mines of Steel Authority of India Limited resulted in non-realisation of revenue of Rs.1,507 crore upto March 2005.
- Food Corporation of India incurred extra expenditure of Rs.348.61 crore due to hiring of godowns from State Warehousing Corporations under the Seven Year Guarantee Scheme at higher rates payable to Central Warehousing Corporation. The storage space acquired was also not properly utilised resulting in idle/surplus capacity valued at Rs.287.90 crore for the period February 2002 to March 2006.
- Food Corporation of India allowed transportation charges to rice millers for delivery of levy rice within eight kilometres resulting in avoidable payment of Rs.160.39 crore during 1999-2000 to 2002-03.
- Acceptance of inflated transportation bills by Food Corporation of India in respect of Hill Transport Subsidy resulted in excess payment of transportation charges amounting to Rs.67.40 crore to Government of Arunachal Pradesh during 2002-03 to 2004-05.
- Due to failure in adhering to the directions of the Government of India by Food Corporation of India, excess food grains were issued in Andhra Pradesh under mid-day meal scheme during 2004-05 resulting in subsidy burden of Rs.18.06 crore on the Government of India.
- In spite of expected favourable returns and adequate demand for Very Large Crude Carriers, the Shipping Corporation of India Limited deferred the procurement of two VLCCs. Subsequent procurement resulted in extra expenditure of Rs.553.69 crore.
- Delay on the part of Oil and Natural Gas Corporation Limited in award of a contract resulted in re-tendering and award of the contract at a cost higher by Rs.235.51 crore.

- NTPC Limited made irregular payment of ex-gratia in the form of special incentive amounting to Rs.116.88 crore during the nine years ending 2004-05 to its employees whose wages/salary exceeded the limit as stipulated under the Payment of Bonus Act.
- Indian Airlines Limited and Pawan Hans Helicopters Limited paid bonus/ex-gratia to ineligible employees in contravention of the Department of Public Enterprises instructions and without the approval of the Administrative Ministry, resulting in irregular payment of Rs.16.44 crore during the period April 2000 to March 2005.
- Due to lack of planning in the procurement and maintenance of inventory of spares, Indian Airlines Limited incurred avoidable expenditure of Rs.68.40 crore on outsourcing of repair and overhaul of engines/modules and on leasing of engines. The Company lost revenue of Rs.45.96 crore due to grounding of aircraft from July 2005 to June 2006.

Performance audit

The Draft Project Report (DPR) of Rajrappa Open Cast Project (OCP) was approved in June 1983 by the Government of India at an estimated capital cost of Rs.91.46 crore with targeted output of three million metric ton (MMT) of coal and 8.5 Mcum of overburden (OB) removal. However, it never achieved the production level as per the Project Report. Considering the accumulation of backlog of OB removal, the World Bank agreed to fund this project with the main emphasis on procurement of Heavy Earth Moving Machinery (HEMM) amounting to Rs.91.56 crore. The HEMM were inducted in 1998-99. Examination of various aspects of the working of the OCP in performance audit revealed that :

- The Area Management deviated from the mining practice as per DPR and undertook selective mining from upper seams at a favourable stripping ratio in the earlier years. This resulted in huge backlog in OB removal during the later period.
- Systematic method of OB dumping was not followed which resulted in rehandling of 3.69 Mcum of OB to sustain coal production with an extra expenditure of Rs.58.57 crore during 1997-98 to 2005-06.
- In spite of spare departmental capacity being available, the mismatch of equipment imposed severe constraints on production and transportation of coal resulting in extra expenditure of Rs.6.73 crore during 2001-02 to 2005-06 on engagement of contractors for coal production.
- During 2001-02 to 2005-06, on an average 13 out of 58 dumpers on roll remained under breakdown each year and the availability (23 to 44 per cent) of working dumpers was far below the norms (72 per cent) due to poor maintenance.

During performance audit of functioning of Telecom factories in Bharat Sanchar Nigam Limited, it was noticed that :

- The telecom factories are in-house manufacturing units of BSNL for supply of various line stores, cable accessories, coin box telephones, exchange equipment, towers, etc. There are seven telecom factories at Alipore, Gopalpur, Kharagpur, Mumbai, Wright Town, Richhai and Bhilai.
- All the telecom factories put together had a turnover of Rs. 290 crore for the year 2005-06 and staff strength of 4,000 as of March 2006. The telephone services provided by BSNL grew exponentially with the introduction of wireless technologies, especially cellular mobile telephone services. The Company could not exploit this opportunity to increase the scale of production in the telecom factories.
- Production of telecom factories still accounted for a very small proportion of the overall procurement made by the Company.

- There is an urgent need for the Company to increase the scale of production in the telecom factories by shifting the product range towards wireless technology. The increase in production, coupled with fixation of standard cost and efficient manufacturing would help the factories to reap the advantages of economies of scale and become profit centres.

During performance audit of infrastructure and operational facilities in Airport Authority of India, it was noticed that :

- During the period 2000-01 to 2005-06, the Authority spent Rs.3,161.94 crore for creation of infrastructure facilities at the airports. There was shortfall in actual expenditure compared to the plan outlay in all the years which ranged between 1.82 per cent (2005-06) and 58.35 per cent (2000-01). These were due to delays in finalisation of schemes and tenders, midway alteration and delays by contractors during execution of work, etc. In respect of Delhi and Mumbai, due to the proposed restructuring of the airports, no major infrastructure project was taken up in the four years ending 2005-06.
- The 84 airports which had meagre/no commercial operations continued to incur revenue expenditure and in the four years up to 2005-06, 20 such airports ended with cash loss of Rs.50.38 crore. The share of non traffic revenue in the Authority which is above 50 per cent internationally was woefully short at around 11 to 14 per cent.
- The Authority did not standardise its procedures and contract documents. The International Airports Division and the National Airports Division were following different Works Manuals and procedures with attendant inconsistencies.
- Several works were foreclosed due to non availability of work sites/disputes leading to wasteful expenditure, cost and time overrun.
- Customer satisfaction level in a number of airports was below 70 per cent in respect of general comfort, toilet facilities, flight information system and trolley availability.
- The Authority did not meet the International Civil Aviation Organisation (ICAO) recommendations on safety standards fully. There was inordinate delay in taking decision regarding fresh procurement or refurbishment of fire tenders. The Authority placed orders for procurement of 130 X-ray machines costing Rs.39.09 crore for the international airports even after being aware that these machines were not meeting the requirements as prescribed under ICAO guidelines.
- The Authority has not been able to achieve fully the objectives laid down in the Policy on Airport Infrastructure due to delays in creation and augmentation of infrastructure and operational facilities resulting in envisaged benefits not being derived.

Information Technology Audit

Integrated Business Solution in Northern Coalfields Limited

Integrated Business Solution (IBS), an ERP package containing five Modules, was implemented by CMC in Northern Coalfields Limited on 31 March 2005. A review of the system revealed that system lacked integration among different Modules and validation and application controls were inadequate. Incorrect mapping of business rules led to items not being identified as non moving stores. Lack of coordination between various units resulted in unnecessary purchases in spite of holding stock of same items in other units. Review also revealed that :

- Integrated Business Solution (IBS) was not utilised optimally leading to unnecessary purchases of Rs. two crore though the same material was available in other projects.
- Materials worth Rs.13.69 crore were not consumed since their procurement.

- IBS had various deficiencies in input control leading to unreliability of database.

Material Management in ONGC

- In October 2003, Oil and Natural Gas Corporation Limited implemented a generic Enterprise Resource Planning (ERP) package, the SAP - mySAP Financials and Logistics under project Information Consolidation for Efficiency (ICE). All ten modules of ICE were utilized along with mySAP Oil & Gas Upstream Solutions consisting of joint venture accounting, production sharing agreement and offshore logistic management. The existing data in the Integrated Materials Management System was migrated into the ERP System. ICE went live across the company in phases from October 2003 to January 2005.
- Performance of material management module in the ERP System was reviewed in audit. It was observed that inadequacy of input controls resulted in wrong valuation of material and consequently in wrong material accounting, lack of data integrity and incorrect MIS. Stock receipts and issues were not being captured accurately and timely due to deficient internal control mechanism resulting in wrong material accounting. Inherent design defects resulted in generation of incorrect reports. Legacy data was loaded into the ERP System without adequate data cleaning resulting in incomplete and incorrect data. Even after implementation of the ERP, checks for material requirement planning were being carried out manually.

State Governments

The C&AG conducts audit of all expenditure incurred from the Consolidated Fund of each State/Union Territory and audit of their Public Accounts and Contingency Funds. The Audit Reports on each State/Union Territory are presented in the legislature of the respective State/Union Territory. More important audit findings are as follows :

Regularity audit

- In Andhra Pradesh, fraud was detected in collection and accounting of tuition fees and other receipts from students of Dr. B.R. Ambedkar Open University resulting in short account of tuition fees/examination fees of Rs. 4.54 lakh in test checked cases.
- In West Bengal, failure of internal control over management of stores in the Institute of Post Graduate Medical Education and Research resulted in doubtful procurement and suspected leakage of chemicals worth Rs.4.66 crore by way of fake entries and deliberate omission of closing balances during 1996-2003.
- Injudicious sanction of inter state bridge work without prior consultation with the Government of West Bengal and acquisition of private land in Jharkhand led to non-commencement of approach road which resulted in unfruitful expenditure of Rs.6.54 crore on the idle bridge.
- An Assistant Engineer under the Minor Irrigation Division, Sambalpur, Orissa allegedly misappropriated subsidised rice weighing 1,345 MT valuing Rs.1.68 crore received under Food for Works (FFW) Programme.
- In Maharashtra, adoption of incorrect rates for payment of Transport Allowance to the Government employees in Nagpur led to excess payment of Rs.6.45 crore.
- Expenditure of Rs.1.30 crore was incurred on the pay and allowances of Police personnel whose services were unauthorisedly utilised at the residence of Police Officers in Jaipur City, Rajasthan.
- Fraudulent expenditure of Rs.24.68 lakh was incurred on physical verification of depots of Conservator of Forests, Raipur Circle, Chhattisgarh.
- Failure of the Drawing and Disbursing Officer to exercise the prescribed checks and non-existence of Internal Audit system led to embezzlement of Rs.14.38 lakh by the District Nazir in the Office of the Deputy Commissioner, Sonapat, Haryana.

- In Bihar, Fraudulent payment of Rs. 17.84 lakh was made to the contractor on account of carriage of stone chips.
- Payment of Rs.96.61 lakh was made by the Executive Engineer based on the fictitious recording towards receipt of material and execution of works in the Measurement Books at the Shenbagathope Reservoir Project Division, Thiruvannamalai District, Tamil Nadu.
- Failure of the Executive Engineer, Majitha Division Upper Bari Doab Canal, Amritsar, Punjab to follow the procedure laid and observe codal provisions and instructions issued for handling Government money, facilitated embezzlement of Rs.70.30 lakh.

Performance audit

Centrally sponsored schemes :

Sarva Shiksha Abhiyan across the States

There were inadequate basic infrastructural facilities like building, drinking water, play grounds, electricity, etc. in the schools. Large differences in the teacher-students ratio and inadequate strength of teachers were noticed. Deficiencies in imparting of training to the teachers were also noticed. There was inadequacy of Primary Schools in the habitations. High drop-out rate at the primary and upper primary level across the States was noticed. It was also noticed that inadequate provisioning of Teaching Learning Equipment/Material (TLE/TLM) deprived teachers and students of the benefits of TLE/TLM. Audit recommended that :

- The drop-out ratio at the primary and upper primary levels should be stemmed so as to achieve the program objective.
- To even out the variation in Teacher-students ratio, teachers may be appointed or redeployed.

Food Security, Subsidy and Management of Food grains

The objectives of the schemes were not achieved due to improper identification of Below Poverty Line (BPL) and Antodaya Anna Yojna (AAY) beneficiaries. Food grains had not been provided to the beneficiary families as per the prescribed norms. Insufficient quality control of food grains before distribution to the targeted beneficiaries and ineffective and insufficient procurement/distribution of food grains were noticed. There were losses recurring due to damage of wheat, non-supply of rice by the millers after milling paddy and inadequate storage facilities. Unauthenticated records of distribution at the level of fair price shops and inadequate inspections by district officials and non functional vigilance committees were noticed. Audit recommended that the identification of BPL/AAY should be done in accordance with the guidelines issued by Government of India. Process of periodical review of ration cards should be strengthened, effective measures should be taken for procurement of targeted quality and an effective monitoring mechanism including arrangements for inspection of fair price shops should be put in place.

Audit of Internal Control

Adherence to the Internal Control measures envisaged for various Government Departments was evaluated across the States like Women Development, Child and disabled Welfare Department (Andhra Pradesh), Health Department (Bihar), Public Health Engineering Department (Chhattisgarh), Public Works Department (Goa), Industries & Mines Department (Gujarat), Social Justice & Empowerment (Haryana), Department of Co-operation (Karnataka & Orissa), Fisheries Department (Kerala) & (Jharkhand), Animal Husbandry Department (Maharashtra & Madhya Pradesh), Labour Department (Puducherry), Punjab Roadways (Punjab), Social Welfare Department (Rajasthan), Small Industries (Tamil Nadu), Medical Education Department (Uttar Pradesh), Cottage & Small Industries (West Bengal). Deficient budgetary and expenditure controls, deficient re-appropriation, ineffective administration and

operational controls, supervision & monitoring, deficient cash management and manpower management were noticed across the States and departments. The functions of internal audit wing in most of the departments were ineffective and weak.

Information Technology audit

Reviews conducted on IT were on e-procurement (Andhra Pradesh), Computerisation of Land Records "BHUIYAN" (Chhattisgarh & Madhya Pradesh), Computerisation of Industries Commissioner (Gujarat), Directorate of Accounts & Treasuries (Karnataka), Forest Management Information System and Billing & Revenue collection system in Water Authority (Kerala), SETU- Integrated Citizen Services and Computerisation of Employment exchanges (Maharashtra), Well Census Project and Audit of Police Department (Tamil Nadu). Several deficiencies in the application of software, security controls, audit trails, system documentation, etc. were noticed in these reviews.

Special Category States

For special attention to the audit of special category States, a separate wing in the Headquarters is responsible for processing the Audit Reports of those States. Some of the findings included in their Audit Reports are as follows :

Regularity audit

- In 743 cases in **Nagaland**, fraudulent pension involving Rs.13.19 crore was paid by two treasuries (Dimapur and Phek) and one sub-treasury (Phutsero) by irregularly honouring Pension Payment Orders and Gratuity Payment Orders not authorised by the Accountant General. In another case, the Deputy Inspector of Schools, Longleng fraudulently drew Rs.4.78 crore as pay and allowances of teachers by inflating the number of teachers and also repeating the names of the employees.
- State Government employees in **Manipur** were granted GPF advances/withdrawals by their drawing and disbursing officers in various departments in excess of their balances resulting in negative balances in the GPF accounts of 362 subscribers amounting to Rs.1.24 crore at the end of March 2005. Also in another case the Executive Engineer, Ukhrul Division, fraudulently drew an amount of Rs. 56.21 lakh through 65 cheques during March 2005.

Performance audit

- A review of the "Implementation of the North Eastern Council (NEC) funded roads and bridges" revealed failure in utilisation of available funds by the executing divisions in **Meghalaya** and execution of road works in deviation of the approved specifications in **Arunachal Pradesh** leading to substandard execution of work besides delay in completion of works. There was extra expenditure of Rs.1.39 crore in **Meghalaya** due to execution of works in deviation of the sanctioned estimates and delay of over six years in improvement of a road. In **Arunachal Pradesh** NEC funds amounting to Rs.3.98 crore were diverted towards annual repair and maintenance of roads/vehicles/machines, etc. in contravention of the sanction. The Public Works Department also incurred an irregular expenditure of Rs.6.73 crore on road works even after it was decided to hand over the road to Border Roads Organisation.
- Similarly, a review of six projects pertaining to six civil departments in **Tripura** funded from the non-lapsable central pool of resources brought out significant deficiencies in the planning, implementation and monitoring of these projects, resulting in substantial time and cost overruns besides poor financial management and discipline. Consequently, the delivery of intended benefits to the target groups was adversely affected.
- Dal Lake, a contributor to the economy of **Jammu and Kashmir**, has become a victim of environmental degradation over the years on account of unsatisfactory implementation of conservations and rehabilitation programmes. Despite large investments on developmental programme, the overall health of the Dal lake has not shown any substantial improvement. In fact, there has been a reduction in the water expanse and the

average depth of the lake. Concentration of heavy metals in the water of the lake has crossed permissible limits and this will have adverse health consequences for residents.

- Performance audit of Health Care services in **Nagaland** revealed that the objective of providing improved health care services to the people could not be achieved due to non-adherence to the prescribed purchase policy for procurement of medicines, non-testing of the quality of medicines purchased and purchase of equipment without the necessary infrastructure. Similarly in **Sikkim**, the State's management of health care services revealed that it was yet to formulate a Health Policy. Infrastructure, both in terms of number of CHCs, PHCs and PHSCs and also availability of required faculties in the health centres were inadequate. There were wide inter-district variations in deployment of doctors and nurses. Effective medical care and services were handicapped by shortage of medicines, non-operation of drug testing laboratory, non-commissioning of medical equipment and acute shortage of specialists.
- In **Assam**, the objectives of Prime Minister's Gramodaya Yojana-Rural Drinking water programme aimed at providing potable drinking water to all habitations suffered due to inadequate planning, diversion of funds and faulty execution. Against the target of 260 not covered and 1,261 partially covered habitations in General Areas, the actual coverage was 73 (28 per cent) and 1070 (85 per cent) respectively. Similarly, against the target of 113 (General Areas) and 11 (Hill Areas) piped water supply scheme, the actual achievement was 27 (24 per cent) in General areas and 'nil' in hill areas. Scheme fund of Rs. 60.29 crore was diverted to other purposes.
- A review of the implementation of the scheme *Sampoorna Grameen Rozgar Yojna (SGRY)*, in Himachal Pradesh revealed that the earmarking of resources at prescribed percentage for the creation of need based infrastructure at village level in scheduled caste/scheduled tribe habitations and for beneficiary oriented individual/group works for scheduled castes/scheduled tribes of below poverty line category at Zila Parishad and Block Samiti level was not done. Special safeguards for reservation of 30 per cent employment opportunities for women beneficiaries had not been provided.

State Receipts

Audit of State revenue receipts embraces the audit of all tax and non-tax receipts of State Government/UTs. The total tax and non tax revenue raised by State Governments amounted to Rs. 2,60,306 crore. The reports contain observations involving Rs. 15,299.32 crore. Of these, the department accepted observations involving Rs. 2491.43 crore and recovered Rs. 124.40 crore at the instance of audit. Important findings in the Audit Reports are as under :

Regularity audit

Sales tax

Incorrect determination of turnover of 82 dealers in three States resulted in non realization of Government revenue of 187.98 crore as follows :

- In Jharkhand, cross verification of annual audited accounts and declaration forms utilized by 76 dealers of 17 commercial taxes circles with their trading accounts/returns revealed suppression of sales turnover of Rs. 371.92 crore. Turnover of a dealer was assessed incorrectly by 62.51 crore in Assam. In Haryana, five dealers purchased goods amounting to Rs. 975.88 crore at concessional rate for use in manufacture of goods for sale but transferred these outside the State without payment of tax .

State excise

- Short lifting of country spirit from four warehouses in Assam and non settlement of 640 retail excise shops in Jharkhand resulted in non realization of Government revenue of Rs. 23.71 crore in these two States.

Stamp duty & registration fee

- Undervaluation of property and misclassification of documents executed with registering authorities of Tamil Nadu, Andhra Pradesh, Maharashtra, Rajasthan resulted in short levy of stamp duty and registration fee amounting to Rs. 113.48 crore.

Land revenue

- Non settlement of lease of 120 jalkars and short realization of lease rent from 43 jalkars resulted in non realization of revenue of Rs. 11.99 crore in West Bengal, while non- renewal of lease deed of nazul plots resulted in loss of revenue of Rs. 3.08 crore in Madhya Pradesh.

Mining receipts

- Rural employment and primary education cess of Rs. 93 crore was short realized due to allowing by the assessing officer of irregular claim from the annual value of coal produced in West Bengal.
- In Rajasthan, non inclusion of clause providing for recovery of contract damages from defaulting tenderers in the tender notice by the department inspite of Government instructions resulted in a loss of Rs. 92.08 crore. In Chhattisgarh incorrect gradation of coal resulted in loss of revenue of Rs. 209.93 crore.

Luxury Tax

- Rent/hire charges for banquet/conference halls received by hotels were not included as receipts of the hotels for the purpose of levy of luxury tax. This resulted in short levy of luxury tax of Rs. 13.74 crore in Delhi.

Taxes on Vehicles

- Non payment of special road tax and non levy of penalty in seven regional transport authorities of Himachal Pradesh and inadequate pursuance/non institution of tax recovery proceedings in Orissa led to non realization of Rs. 28.53 crore in these two States.

Profession Tax

- Profession tax of Rs. 24.21 crore was not levied and collected from owners of vehicles on road for the year 2004-05 in Andhra Pradesh.

Non-tax Receipts

- In Himachal Pradesh, delay in transportation of timber to sale depots after extraction resulted in its degradation which adversely affected fixation of royalty rates. This resulted in loss of revenue of Rs. 6.38 crore.
- In Orissa electricity duty and interest of Rs. 3.32 crore leviable under Orissa Electricity Duty Act, 1961 was not levied on two industrial consumers resulting in non realisation of Government revenue to that extent.

Commercial-State Public Sector Undertakings

During 2005-06, there were 1,059 State Government companies, 60 deemed Government companies and 108 statutory corporations owned or controlled by State Governments/Union Territories. Highlights of the more important audit observations in respect of State public sector companies are as follows :

Regularity audit

- Social and economic reform process was marred as Assam State Development Corporation for Schedule Caste Limited diverted Rs.5.20 crore meant for economic upliftment of Schedule Caste and Safai Karmacharies

towards disbursement of salaries to the employees of the Corporation.

- Failure of Assam State Electricity Board to convert unmetered customers into metered ones resulted in loss of revenue worth Rs. 3.26 crore.
- Sardar Sarovar Narmada Nigam Limited did not adhere to the Gujarat State Government instructions for award of work and incurred liability of Rs. 6.43 crore towards price escalation. The Corporation also did not recover liquidated damages of Rs.83.93 lakh on account of delays attributable to the contractor.
- Deficiency in Gas Transmission Arrangement Agreement entered by Gujarat State Petronet Limited with Gujarat Gas Company Limited led to avoidable payment of Rs.30.12 crore to the latter.
- Non insertion of put/call option in the bonds issued by Haryana Vidyut Prasaran Limited resulted in excess interest liability to the tune of Rs. 16.41 crore on redemption of bonds on their maturity.
- Recovery of Rs. 3.44 crore from the loanees, had been rendered improbable to disbursement of loans without ensuring their financial health by Haryana Financial Corporation and acceptance of Corporate guarantee in lieu of collateral security despite knowing doubtful antecedents of Corporate Guarantor.
- Fixation of price of iron ore sold to a marketing agent far below the reference price of MMTC Ltd. resulted in loss of Rs.22.38 crore to Mysore Minerals Ltd.
- Plantation of pines at a cost of Rs.22.74 crore by the Mysore Paper Mills Ltd. without proper feasibility studies proved to be uneconomical.
- West Bengal Essential Commodities Supply Corporation Limited abetted in laundering foreign currencies equivalent to Rs.17.46 crore by remitting funds abroad to unknown entities.
- West Bengal Essential Commodities Supply Corporation Limited discounted three LCs with two different banks, contravening banking regulations by presenting original and photocopies of the same LCs with the motive of drawing EPC of Rs.24.37 crore (US \$ 56.03 lakh) in excess of their value.

Performance audit

- Regularisation of the services of the daily wagers by Himachal Pradesh State Electricity Board was not found justified by the Himachal Pradesh Electricity Regulatory Commission, as a result of which the Board's claim for recovery of cost through tariff amounting to Rs.37.24 crore paid as salary to these workers was disallowed.
- Expenditure of Rs.12.32 crore by the Himachal Pradesh State Electricity Board on schemes without clearance from the concerned Authorities was rendered infructuous, besides loss of interest of Rs.8.38 crore.
- Performance of Punjab Agro Food Grain Corporation Ltd., Punjab State Electricity Board and PEPSU Road Transport Corporation Ltd. were found to be sub optimal during 2001-06.
- Authentic vouchers for payment of Rs.1.56 crore to the Godown Manager towards transportation and handling charges were not found with Bihar State Food and Civil Supplies Corporation Limited.
- Despite clear provisions in the Registration and Allotment Regulations, 1979 (Amendment 1995) for allotment of plots meant for reserved categories to the general category applicants in the event of non availability of applications from the entitled categories, 132 of such plots were unduly retained and carried over for nearly seven years by EMO, Ghaziabad, Uttar Pradesh Avas Evam Vikas Parishad and were later converted into reserved category for MPs/MLAs and displaced persons.

Local Bodies

Local bodies mainly comprises of Zilla Parishad, Panchayat Samities, Gram Panchayat and urban local bodies like municipal corporations. Some of the major audit findings in the audit of local bodies are as under:

Regularity audit

Tamil Nadu

- Due to deficient planning in Chennai City Municipal Corporation, the Integrated on-line information processing system initiated in 1997 could not be implemented and was abandoned after incurring an expenditure of Rs.1.60 crore. There was also short realization of property tax of Rs.100.38 crore due to deficiency in various procedures and controls in computerization of functions.
- Due to non-adoption of the Urban Health Care Policy announced by the State Government, Urban Health Centres could not be established in needy ULBs. There was inadequate disease surveillance besides non-utilisation of funds for various health care measures.

Kerala

- Due to non-accountal of cash drawn from treasury and failure to close cash book daily, there was a misappropriation of Rs.15.49 lakh in Thiruvananthapuram Municipal Corporation.
- Failure to follow the prescribed internal control system enabled misappropriation of Rs.33.87 lakh in 18 Local self governing institutions (LSGIs).

Performance audit

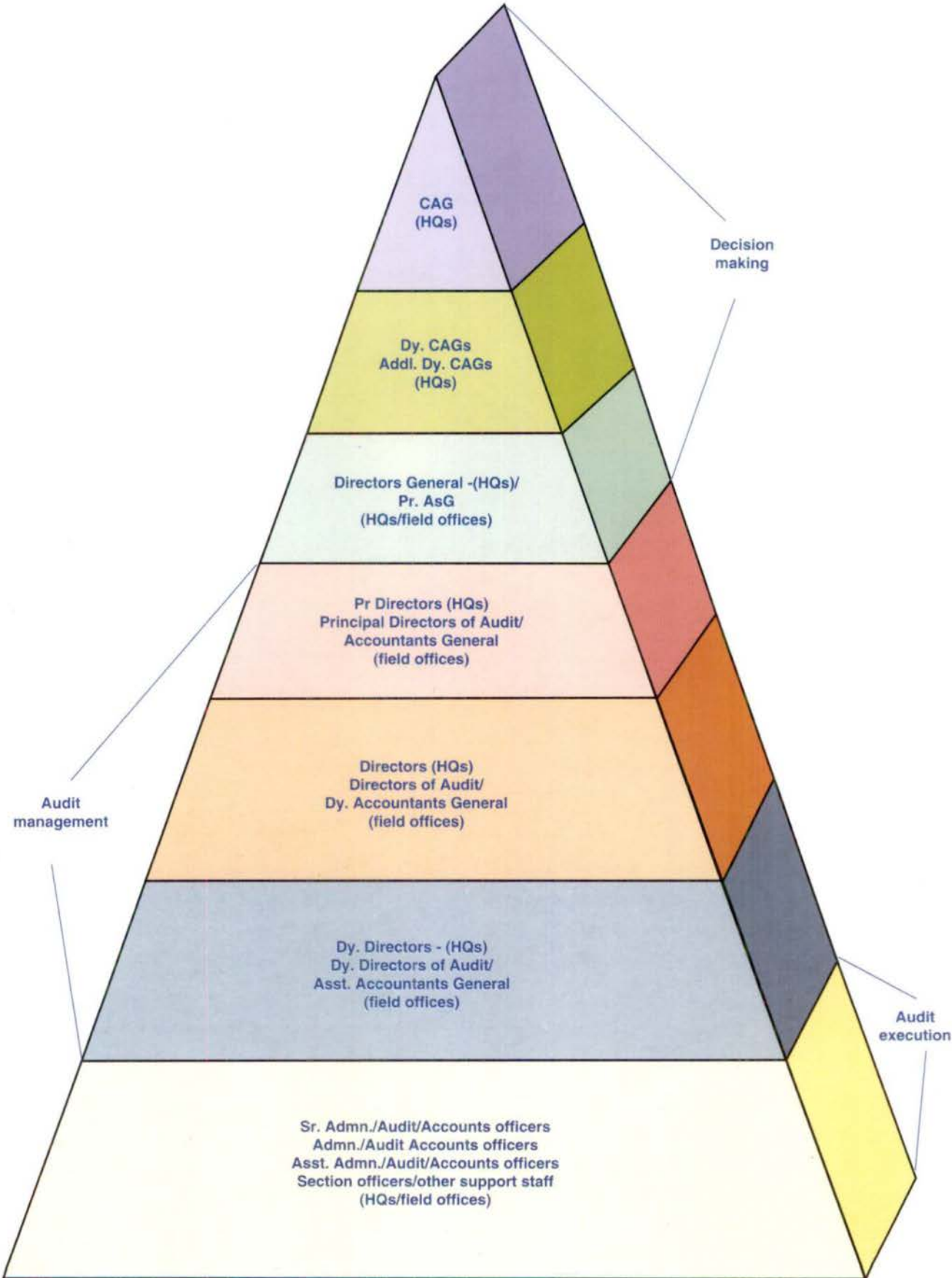
Karnataka

- Swachha Grama Yojana was launched without relevant data regarding the number of households in the villages. Improper selection of villages adversely affected the implementation of the scheme.
- Due to the ineffective functioning of the District Planning Committees and preparation of Annual District Development Plan in a routine manner in the Zilla Panchayats, the spirit of decentralized planning was diluted.
- In the implementation of Sampoorna Grameena Rozgar Yojana during 2000-06, there were instances of denial of 18.66 lakh man days of employment to rural poor and irregular diversion of food grains.
- Gross subversion of prescribed internal controls, involving officials at various levels of Panchayat Raj Engineering Division/Zilla Panchayat/District Treasury, Haveri facilitated fraudulent drawal of funds aggregating Rs.96.41 lakh.

Kerala

- The acquisition and creation of assets were not properly planned and executed by LSGIs leading to abandonment of the process halfway and creation of non-functional assets. The remunerative and non-remunerative assets created were not utilized efficiently resulting in loss of revenue and idle capital investment. There were also cases of negligence in maintenance leading to loss and damage of property.
- 26 to 43 institutions did not assess their employees during 2001-02 to 2005-06, due to non-issue of notices by ULBs requiring employers to assess their employees to profession tax.
- The transfer of functions and functionaries to the LSGIs lacked coordination resulting in non-transfer of functions as envisaged, inter-tier overlapping of functions and activities, improper functioning of transferred institutions and funds not being transferred in proportion to the functions transferred.

Organisation Chart of the IA & AD



Indian Audit & Accounts Department

The C&AG discharges his duties and responsibilities through Indian Audit and Accounts Department (IA&AD).

The IA&AD consists of cadres of

- Group A cadre consisting of officers from Indian Audit and Accounts Service;
- Group B cadre consisting of Sr. Audit/Accounts Officers, Audit/Accounts Officers, Assistant Audit/Accounts Officers and Section Officers; and
- Group C & D support staff.

The Headquarters office of the C&AG is responsible for :

- setting the vision and mission of the Department;
- approval of goals and objectives; approval of strategic and annual plans;
- setting Auditing Standards and Standing Orders; and
- monitoring, review, quality assurance and quality control of the audit and accounts functions.

The C&AG approves the Audit Reports for presentation to the Parliament and state legislatures in which he is assisted by the top management, consisting of Deputy C&AG and Additional Deputy C&AG.

Organisational set up

The institution of the C&AG consists of 136 field offices with 91 branch offices and 465 resident audit offices across the country and abroad and about 51 thousand personnel in Groups A, B, C and D cadre work for the organisation.

The distribution of the field offices responsible for audit, accounts and training of various areas is shown as under:

Category	Main	Branch	RAO*
I. Audit Offices – for audit of Union accounts			
Civil	5 [#]	5	17
Defence	3	16	6
P&T	1	16	34
Railways	17	10	198
Commercial	12	19	121
Overseas	4	-	-
II. Audit Offices - for audit of State accounts	57	15	89
III. State accounts and entitlement offices	26	10	-
IV. Training institutes	11	-	-
Total	136	91	465⁺

* Resident audit offices include divisional audit offices, workshop audit offices, construction audit offices, stores audit offices, traffic audit offices, etc. for railway audit offices and sub-branch offices for defence audit offices and resident audit parties for commercial audit offices.

[#] In addition, State PAsG/AsG conduct audit of units of civil departments of Union Government located in the respective states.

⁺ As on 01 March 2007

Group A cadre

Group A cadre consists of officers of Indian Audit and Accounts Service (IA&AS). They are selected through national civil services competitive examination conducted by the Union Public Service Commission as also through promotion from Group B cadre, in accordance with the recruitment rules. Upon induction, the officers are provided intensive professional (academic and on the job) training in the National Academy of Audit and Accounts (NAAA), Shimla, to turn them into senior audit professionals. A few Group A posts are also for secretariat and welfare functions.

Group B cadre

- Group B gazetted cadre consist of Assistant Audit/Accounts officers, Audit/Accounts officers and Senior Audit/Accounts officers. These are promotion posts, the initial feeder cadre being Section officers. In addition, there are some Group B gazetted posts in the ranks of stenographers, private secretaries and electronic data processing and management.
- Group B cadre constitutes the cutting edge professional auditors, responsible for field audit. It consists of junior supervisory cadre i.e. Section officers (Group B non-gazetted). They are selected from the Group C professional support cadre through a professional qualifying examination conducted for various specialized branches of audit such as civil audit, commercial audit, defence audit, railway audit, post and telecommunications audit, and civil accounts. They are also recruited directly through competitive examination and are confirmed as Section officers upon qualifying the examination.

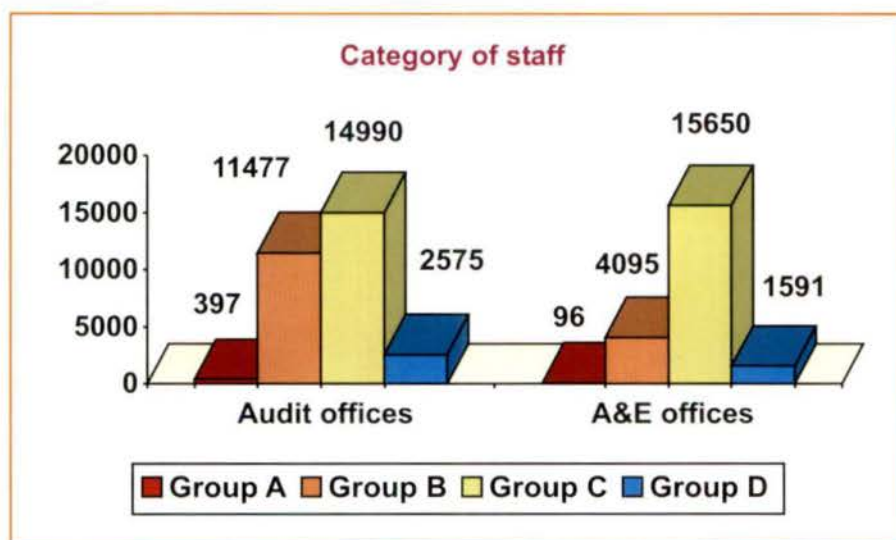
Group C and D cadre

Group C cadre consists of Senior Auditors/Senior Accountants, Auditors/Accountants, Stenographers, Clerks, etc. Auditors/Accountants, Stenographers, clerks are either directly recruited through competitive examination conducted by Staff Selection Commission or by promotion from the feeder cadres. Sr. Auditors/Sr. Accountants are promotion posts, the feeder cadre being Auditors/Accountants. Console Operators and Data Entry Operators are responsible for electronic data processing. Group D cadre is primarily constituted by support personnel recruited by the Department.

The distribution of personnel in the Department in Group A, B, C and D categories is given below :

Category of staff	Number of personnel as on 1 st March 2007		
	Audit offices	A&E offices	Total
A	397	96	493
B	11,477	4,095	15,572
C	14,990	15,650	30,640
D	2,575	1,591	4,166
Total	29,439	21,432	50,871

Pay scales of all officers and employees are available on web page www.cag.gov.in/html/rti/htm.



Accounts support staff in public works divisions

The cadre of senior divisional/divisional accounts officers and divisional accountants is administered in 13 States by the AsG (A&E). They work in divisional offices of the public works departments of the State Governments. Their role combines the functions of accountants-cum-financial advisors. In March 2007, their total strength in all the 13 States was 3,404.

Reservation of posts

In keeping with the national policy, posts are reserved in various cadres belonging to scheduled castes, scheduled tribes, physically handicapped, ex-servicemen, other backward classes, etc.

i. Recruitment during 2006-07

Group	Category				
	SC	ST	PH	ES	OBC
A	2		-	-	2
B	83	46	16	-	146
C	-	-	-	-	-
D	-	-	-	-	-
Total	85	46	16	-	148

ii. Persons-in-position (as on January 1, 2007)

Group	Category				
	SC	ST	PH	ES	OBC
A ⁹	96	36	-	-	40
B	2,180	492	106	-	396
C	5,617	2,399	401	343	985
D	1,266	357	93	426	430
Total	9,159	3,284	600	769	1,851

⁹ Position as on 1 April 2007

Examinations

IA&AD conducts a number of qualifying examinations for screening the candidates for career advancement within the organisation. IA&AS probationers undergo a rigorous professional examination at the end of their training and probation. Junior supervisory posts of section officers are filled up on the basis of section officers grade examination.

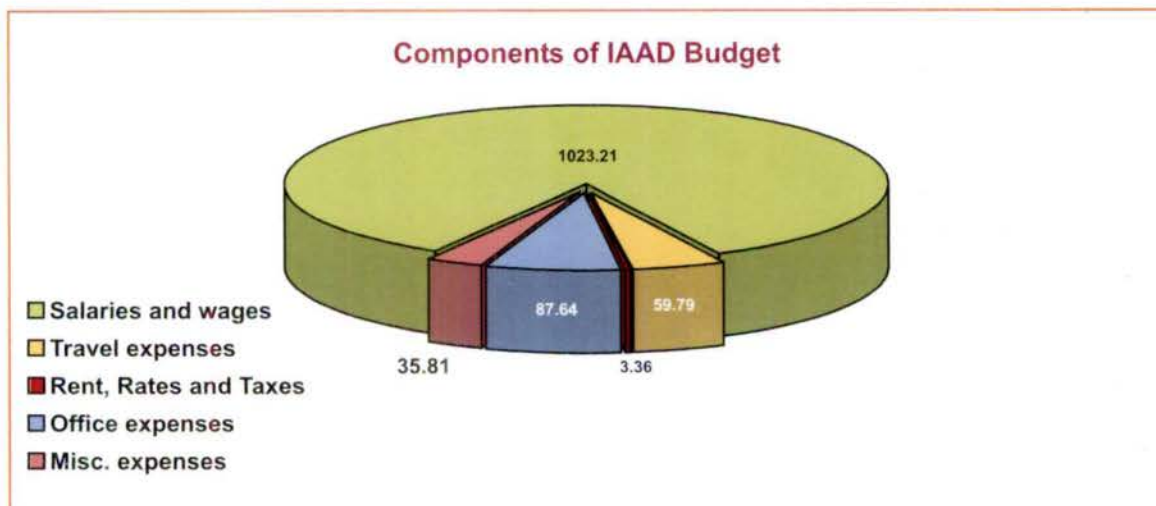
Sl. No.	Name of examination	No. of candidates appeared	No. of candidates passed
1.	First departmental examination for IA&AS (probationers)	01	01
2.	Second departmental examination for IA&AS (probationers)	10	10
3.	Section officers grade examination (Part – I)	3,071	684
4.	Section officers' grade examination (Part – II)	3,930	659
5.	Revenue audit examination for SOs/AOs of Audit offices	718	68
6.	Incentive examination for SOs/AOs of A&E offices	153	07

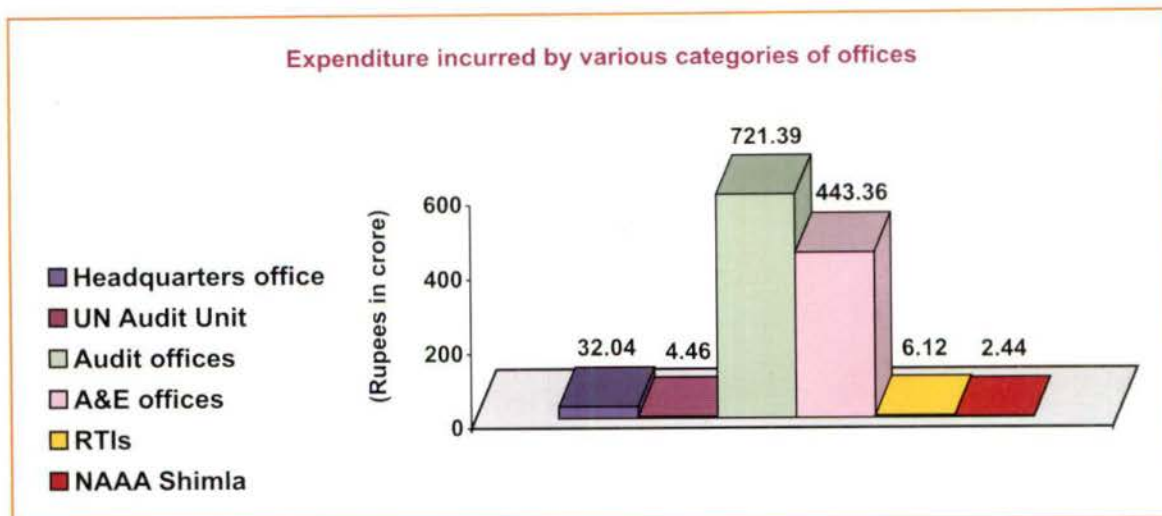
Staff and Officers' associations

Staff and officers' associations function within IA&AD for category I, II, III & IV. At the end of March 2007, IA&AD has 229 units of recognised staff/officers associations in various offices. In addition, five all India federations, consisting of the associations of each category in the field offices were also granted recognition. Departmental Council of IA&AD has also been revived.

Budget of IA&AD

During 2006-07, the total expenditure of IA&AD was Rs.1,210 crore, which consisted mainly of expenditure under salaries.





UN audit units – audits conducted against the funds received from UN Organisations

Cost of audit

Total expenditure on audit functions excluding UN Audit during the year was Rs. 747 crore, including administrative and training overheads. Expressed as percentage, the expenditure on audit was only 0.041 per cent of total of the expenditure and revenue of Central and State Governments for 2005-06; down from 0.045 per cent during the previous year. The details of expenditure and revenue of Central and State Governments for 2005-06 is as follows :

Expenditure on auditing functions
For every rupee one lakh worth of transactions audited, expenditure on Audit was a mere Rs.41.

(Rupees in crore)

Particulars	Union Government	State Governments	Total
I. Revenue receipts			
Tax Revenue	2,71,766 ¹⁰	2,12,595	4,84,361
Non-Tax Revenue ¹¹	1,59,174	47,418	2,06,592
Total - I	4,30,940	2,60,013	6,90,953
II. Expenditure			
Revenue expenditure	5,40,637	4,37,882	9,78,519
Capital expenditure	56,119	77,133	1,33,252
Total - II	5,96,756	5,15,015	11,11,771
Total revenue receipts + expenditure audited by IA&AD (I+II)	10,27,696	7,75,028	18,02,724

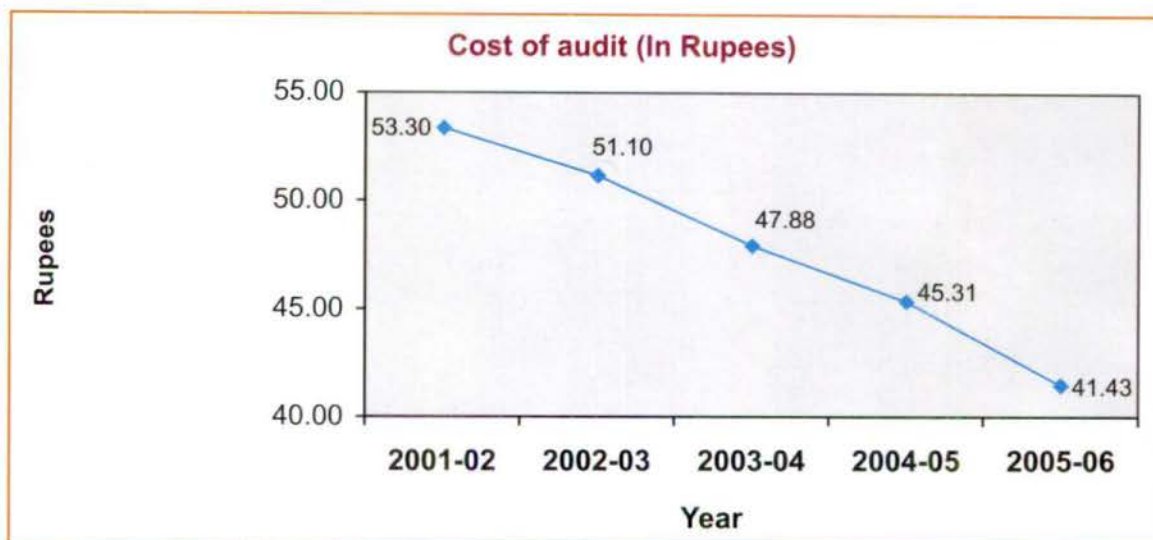
The above figures of revenue and expenditures do not include transactions of the Central and State public sector undertakings, autonomous bodies, bodies substantially financed by Government grants, loans, and public debt transactions of the Union and State Governments, which are also audited by the C&AG. Reckoning these receipt

¹⁰ Excluding income assigned to States

¹¹ Including grant in aid

and expenditure also, the expenditure on audit in terms of its proportion to the total amount of receipts and expenditure audited was significantly less than 0.041 *per cent*. In other words, for every Rs.1,00,000 audited by IA&AD, the expenditure was only Rs.41.

Even this cost of audit per one lakh rupee of actual revenue and expenditure of Central and State Governments has been declining over last four years as depicted in the following graph :



Human resource management and training

In pursuit of its goal to impart professional training and continued professional development in audit and accounts, the C&AG gives significant importance on training to the officers and staff. IA&AD has established international level training institutes at NAAA, Shimla and iCISA, Noida for Group A officers and nine Regional Training Institutes (RTIs) and three Regional Training Centres for training of Group B and C officials. In addition, almost all field offices have facilities for carrying in-house training.

Training of Group A officers

The officers of the Indian Audit and Accounts Service (IA&AS) are recruited through the Civil Services examination conducted by the Union Public Service Commission. They are initially placed on probation and undergo a 15 weeks foundation course at the Lal Bahadur Shastri National Academy of Administration, Mussoorie along with the probationers of other Group A services. Thereafter, they are provided intensive professional training in the NAAA, Shimla.

The classroom training is supplemented by practical training in district treasuries, public works and forest divisions, Reserve Bank of India, Bureau of Parliamentary Studies, and an intensive module in public finance at National Institute of Public Finance and Policy. The probationers are required to clear departmental examination in two parts consisting of papers as under :

Part-I

1. Government Accounts (including Public Works Accounts)
2. Commercial Accounting
3. Public Finance and Indian Financial System
4. Auditing principles and practices

5. Information Technology – basic skills and security issues (theory and practical)

Part-II

1. Government Audit
2. Financial Rules and Supplementary Rules
3. Cost and Management Accounts and concept of financial management
4. Advanced Commercial Accountancy
5. IT Audit and Data Analysis (theory and practical)

The total duration of induction training for IA&AS probationers is 104 weeks. The scheme of training is as follows :

Sl. No.	Type of training	No. of weeks
1.	Foundation course	15
2.	Induction training (Phase I) inclusive of attachment with National Institute of Finance Management (NIFM)	60
3.	Study tour	3
4.	Field training in the offices of Accountants General	16
5.	Induction training (Phase II)	10
	Total	104

In-service training courses at NAAA, Shimla and iCISA, Noida

The Department organises large number of in-service training courses for IA&AS officers. Courses/seminars, etc. conducted during 2006-07 inter alia included subjects of auditing/accounting standards, audit methodologies, management development, executive development, Information Technology audit, audit of ERP systems, revenue audit, statistical sampling, environment management system audit, natural resource accounting, etc. The number of training programmes, workshops and seminars conducted during 2006-07 and the number of IA&AS officers who attended these programmes are indicated as follows:

Sl. No.	Name of the programme	No. of courses	No. of participants
1.	In-service training/seminars/workshops at RTIs, iCISA and Hqrs.	75	623
2.	Training courses/seminars, etc. at NAAA, Shimla	6	120
3.	Training courses/seminars, etc. outside IA&AD	11	32
4.	Training for other departments	1	1
5.	Training courses/seminars, etc. abroad		
	(a) Funded by the Department	8	10
	(b) Others	8	15
	Total	109	801

Technical cooperation and international training

The C&AG of India assists the SAIs in Asia, Africa, Latin America and Eastern Europe in their professional development through training programmes organised in iCISA and by deputing senior officers to the SAIs. The faculty for training is drawn from among the senior officers of the Department as experts in their fields.

Training programmes conducted outside India

The Department organised following four training course outside India :

Sl. No.	Particulars
1.	Audit of Public Utilities for officers of SAI Bhutan: June 2006
2.	Performance Audit for officers of SAI, Saudi Arabia: January 2007
3.	Training on IT Audit for officers of Saudi Arabia: February 2007
4.	Training on Audit Quality System for officers of Saudi Arabia: March 2007

International Centre for Information Systems and Audit - Noida

The C&AG established the iCISA in 2002. The institute is an ISO 9001:2000 certified. It is committed to providing high quality training and to serve as a platform at the international level for various SAIs to come together and share their knowledge and experience in various fields of audit, including in emerging areas like IT audit and Environment Audit. The international courses enable the participants to get an exposure to the contemporary best practices of audit and the emerging audit concerns among the fraternity of government auditors.

iCISA, an ISO 9001:2000 certified institution, provides international level training on IT audit, environment audit, etc. to various SAIs.

iCISA is located at Noida. It is set in a self-contained campus comprising of academic, administrative, hostel and residential blocks. The administrative block has classrooms and computer labs with state of art training facilities. It also contains conference halls with sound recording and limited language interpretation facilities. There is a well-stocked library with books, journals and magazines on subjects ranging from audit, IT, management, literature, travel, history, politics, and economics. A good collection of CDs/VCDs/DVDs of study material is also stocked in the library. Internet services are available 24 hours for the participants. The hostel facilities include 38 single rooms, 15 double rooms and six suites/ deluxe rooms.

International training programmes conducted in India

Until 2006-07, 77 international training programmes (ITP) have been organized by IA&AD since 1979 in which 2,149 senior and middle level officials from 106 countries of Africa, Central Asia, South East Asia, Far East, Middle East, Pacific and East European region have participated.

During 2006-07, we organized five international training programmes at iCISA, Noida as follows :

Sl. No	Name of the course	Duration	No of participants
1	73 rd International Training Programme on Audit of Public Enterprises and Disinvestment Issues	7-8-2006 to 6-9-2006	31
2.	74 th International Training Programme on Auditing in Information Technology Environment	18-9-2006 to 17-10-2006	35
3	75 th International Training Programme on Performance Audit	20-11-2006 to 19-12-2006	38
4	76 th International Training Programme on Environment Audit	8-1-2007 to 7-2-2007	36
5.	77 th International Training Programme on Audit of Energy Sector	26-2-2007 to 27-3-2007	28

National training programmes conducted in India

During 2006-07 following training programmes/Workshop/Seminars/ Conferences, etc. were conducted :

Training on IT Skills /IT Audit

Sl. No.	Name of the Programme	Period	No. of Participants
1	Environmental Management System Audit	03.04.2006 to 07.04.2006	22
2	Accelerated IT Audit Training Initiative	03.04.2006 to 15.04.2006	12
3	Training programme on Admin Wizard	17.04.2006 to 21.04.2006	20
4	Accelerated IT Audit Training Initiative	17.04.2006 to 29.04.2006	23
5	Accelerated IT Audit Training Initiative	01.05.2006 to 13.05.2006	18
6	Accelerated IT Audit Training Initiative	15.05.2006 to 27.05.2006	20
7	Audit of ERP Systems	22.05.2006 to 24.05.2006	14
8	Accelerated IT Audit Training Initiative	29.05.2006 to 10.06.2006	30
9	Accelerated IT Audit Training Initiative	12.06.2006 to 24.06.2006	25
10	Accelerated IT Audit Training Initiative	26.06.2006 to 08.07.2006	18
11	Accelerated IT Audit Training Initiative	10.07.2006 to 22.07.2006	20
12	Accelerated IT Audit Training Initiative	24.07.2006 to 05.08.2006	34
13	Accelerated IT Audit Training Initiative	07.08.2006 to 19.08.2006	34
14	Training programme on IT Audit	15.01.2007 to 19.01.2007	11
15	Training programme on IT Audit	18.02.2007 to 22.02.2007	11
16	Training Programme on IT Audit	19.03.2007 to 23.03.2007	21

Training on Audit Skills

Sl. No.	Name of the Programme	Period	No. of Participants
1	Training Programme on Audit of Missions/ PSUs situated abroad	24.04.2006 to 28.04.2006	33
2	Training programmes for officers in charge of Central Excise Wing	10.07.2006 to 11.07.2006	34
3	Training programme for Group Officers in charge of Customs wing	13.07.2006 to 14.07.2006	31
4	Orientation Training Programme for newly inducted IA&AS Officers	17.07.2006 to 05.08.2006	22
5	Training programme on Accounting and Auditing Standards	25.09.2006 to 28.09.2006	22
6	Training on Audit of Food and Agriculture Organisation	06.11.2006 to 10.11.2006	25
7	Training programme on Statistical Sampling in Audit	13.11.2006 to 15.11.2006	25
8	Training Programme for Welfare Officers	21.12.2006 to 23.12.2006	30
9	Training Programme on Audit of P&T	08.01.2007 to 12.01.2007	39

Workshops/Seminars/ Conferences, etc.

Sl. No.	Name of the Programme	Period	No. of Participants
1	Seminar on Reviews for Audit Reports – Direct Taxes	10.04.2006	20
2	Seminar on Reviews for Audit Report – Customs	12.04.2006 to 13.04.2006	22
3	Conference for Command Officers of Defence Audit	23.04.2006 to 25.04.2006	43
4	Workshop for Group Officers in charge of LB Audit & Accounts in Field offices	03.07.2006 to 05.07.2006	22
5	Workshop on All India Performance Audit on APDRP & Educational Development of SCs/STs	12.09.2006 to 13.09.2006	40
6	Workshop on Financial (attest) Audit for NAO	11.12.2006 to 16.12.2006	32
7	Northern Zonal Workshop on Direct Taxes	30.10.2006 to 31.10.2006	40
8	Eastern Zonal Workshop on Direct Taxes	02.11.2006 to 03.11.2006	32
9	Workshop on Natural Resource Accounting (NRA)	07.11.2006 to 08.11.2006	25

Training for the officers of other Departments

Sl. No.	Name of the Programme	Period	No. of Participants
1	Training Programme for Officers of the Indian Army on Financial Management & Audit Sensitisation	01.05.2006 to 20.05.2006	35
2	Training Programme on Financial Management for Officers of Lok Sabha Secretariat	12.06.2006 to 16.06.2006	25
3	Training Programme for Officers of Indian Army on Financial Management & Audit Sensitisation	22.01.2007 to 10.02.2007	32

Other Special programmes

Five days ASOSAI- Seminar was organized from 30 October 2006 to 4 November 2006 on "Managing Audit Results" which was attended by 25 participants

Training of Group B and C officials

Regional Training Institutes (RTIs)

Group B and C officials are imparted in-service training in nine Regional Training Institutes at Allahabad, Chennai, Jaipur, Jammu, Kolkata, Mumbai, Nagpur, Ranchi and Shillong and three Regional Training Centres at New Delhi, Hyderabad and Bangalore. Each RTI conducts training programmes for a set of neighbouring offices. The RTIs conduct value added training courses on audit methodology, modern auditing techniques and training for trainers

Two National and nine Regional Training Institutes, located across the country, conduct value added training courses for IA&AD personnel on IT and various audit related areas.

apart from conducting seminars and workshops catering to the requirement of field offices. Special programmes for staff who are promoted to the supervisory cadres are designed to enable them to manage new responsibilities. Direct recruit Section Officers are also provided induction training in RTIs.

Special computer courses are also conducted in the RTIs for word processing, database management, spreadsheet application and IT audit, etc. The details of the training programmes organised and the number of persons provided training in the RTIs during 2006-07 are as follows :

Nature of courses	No. of programmes	No. of participants
General courses	234	4,244
IT Audit/EDP courses	272	4,153
Total	506	8,397

Regional Training Centres

Regional Training Centres at New Delhi, Hyderabad and Bangalore are different from RTIs in as much as they cater to the local training needs only for the courses of general nature, including EDP courses. The number of programmes organised and persons provided training in the Regional Training Centres during 2006-07 were as follows :

Nature of courses	No. of programmes	No. of participants
General courses	61	1,142
EDP courses	60	929
Total	121	2,071

Training Centres

Seven Training Centres were set up at Bhubaneswar, Chandigarh, Guwahati, Gwalior, Patna, Rajkot and Thiruvananthapuram during 2000-2001. Besides conducting practical examination in "Computer System" paper of the Section Officers Grade Examination and "Data Processing and Computer System" paper of Incentive Examination of AAOs/SOs of Accounts and Entitlement offices, these Centres are utilised for conducting in-house training by the local field offices and small offices not having adequate infrastructure facilities. Each training centre is linked to the nearest RTI in relation to the training programmes, while their administrative control is with the local PAG/AG.

In-house training in field offices

With a view to providing depth to the continuing professional development with focus on priority areas of each office, the field offices conduct specific function related training courses in-house. During 2006-07 the following training programmes on Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) were conducted.

Name of the offices	Name of the Course
Uttar Pradesh	<ul style="list-style-type: none"> • Training programme for staff of DLFA on audit of ULBs was conducted during November-December 2006 • Training programme on audit of PRIs was organized in March 2007 for State Government officials • Special training course on audit of ULBs was conducted for staff of DLFA in November 2006
Kerala	Training programme for PRI staff and elected representatives of Kerala in PRI Accounts and Budget formats conducted during April to June 2006
Andhra Pradesh	Training for trainers on audit of PRIs was held in May 2006
Maharashtra	Training session on audit and accounts of ULBs conducted for the staff of DLFA in December 2006.
Haryana	Training for trainers on PRI budget and accounts formats of PRIs for the State Government staff was conducted in May 2006
Karnataka	Training for capacity building mechanism of Assistant Controllers of State Accounts Department was held in May 2006
West Bengal	Five Training programme were conducted during 2006-07 which was attended by 74 staff of the IA&AD and 25 staff from the Government of West Bengal
Gujarat	Training for the staff of Director (LFA), District Panchayat and Local Bodies Audit was conducted in October 2006

Training plan for IA&AD for the period 2003-08

As part of the emphasis on developing capacity consistent with the emerging challenges in the field of auditing, including risk-based audit planning, IT audit, environment audit, performance audit in increasingly complex environment, forensic audit, etc., a five year training plan covering the period 2003-08 has been formulated for the IA&AD. The training plan includes training objectives, broad areas of training, number of training courses in the various training institutes, training infrastructure and quality assurance. The emphasis in the training plan 2003-08 is on consolidation rather than on further expansion in the infrastructure.

The five year training plan is implemented through preparation of annual training plan keeping in view the targets in the five year plan.

ISO certification

In pursuit of excellence in quality of the training institutes and benchmark them against international standards, evaluation by independent external agencies was introduced with a view to attaining ISO Certification. To begin with, RTIs, Jaipur and Chennai were selected for the purpose. They were awarded ISO 9001:2000 certificate. Subsequently, RTIs, Mumbai and Jammu also obtained ISO 9001: 2000 Certification during 2003-04.

Development of structured training modules and training materials

36 topics have been identified for development of Structured Training Modules (STMs)/training materials by various RTIs. In order to ensure quality of the courseware, each STM is to be reviewed by an expert officer of IA&AD and 'peer reviewed' by another RTI.

24 STMs have been finalised so far by the respective RTIs and uploaded in the public folder of website of the C&AG. STMs on 12 subjects are under various stages of development by the RTIs.

Courses on Parliamentary processes and procedures

Two appreciation courses on Parliamentary Processes and Procedures of one week duration each were organised for Senior Audit/Accounts Officers and Audit/Accounts Officers in July and December 2006 at Bureau of Parliamentary Studies and Training, New Delhi and 96 officers were imparted training.

Centers of excellence

Considering the need for institutional linkage for issues being discussed in various working groups, research projects and committees of INTOSAI, ASOSAI, UN panel of Auditors, Conference of Auditor General of Commonwealth, etc., eight RTIs have been nominated as nodal centres of excellence in various subjects. RTI wise position of achievement on assigned subjects and organisation of training programme thereon during 2006-07 is as under :

Sl. No.	Nodal Institution	Subject matter	Achievements
1.	RTI, Chennai	IT Audit- issues covered by INTOSAI IT audit Committee, ASOSAI Research Project, other foreign bodies like Commonwealth Auditors General Conference, etc.	Conducted three training programmes and provided training to 47 officers.
2	RTI, Jaipur	Privatisation- including matters under consideration with INTOSAI working group on privatisation.	Conducted one training programme. Provided training to 19 officers.
3.	RTI, Mumbai	Environment Audit- including issues discussed in INTOSAI working group on Environment Auditing and ASOSAI working group on Environment Audit and other such bodies.	Conducted one training programme and provided training to 14 officers.
4.	RTI, Nagpur	Audit of Frauds- including issues relating to ASOSAI ad-hoc working group on frauds and other groups on fraud guidelines.	Conducted one training programme and provided training to 23 officers.
5.	RTI, Kolkata	Local Bodies Audit and Accounts	Conducted four training programmes for 76 officers.
6	RTI, Allahabad	Corporate Governance and Internal Control	Conducted one training programme and provided training to 20 officers.
7	RTI, Ranchi	IT Audit and Technological Tracking	Conducted four training programmes and provided training to 62 officers.
8	RTI, Jammu	Value Added Tax	This has been recently nominated as nodal centre.

Libraries

The C&AG office library has an excellent collection of about 39,000 books on varied subjects which include books on accounting, auditing, economics, public finance, taxation, management, computer science, literature, biographies/ autobiographies and history; including Parliamentary Committee Reports, Union & State Audit Reports, Finance Accounts, Appropriation Accounts, Codes & Manuals and Activity Reports. It subscribes to 43 Indian and seven foreign periodicals and journals.

The library in the NAAA, Shimla is spread over two floors. Presently it has a collection of over 35,000 books on various subjects. The library also keeps training material and departmental reports and literature. It subscribes to about 40 Indian and Foreign periodical journals.

Field offices and RTIs also have well maintained libraries and are equipped with latest editions of code books/ manuals and books on varied subjects.

Altogether, in 113 IA&AD offices, we have a collection of 3.88 lakhs books on various subjects. Besides, 1070 national and international periodicals & journals are subscribed. Software on *Library Information System* for computerisation of libraries has been introduced in the IA&AD in most of the offices.

Publications and Manuals

Asian e-Journal of Government Audit

'Asian Journal of Government Audit' is the official publication of the ASOSAI. It is brought bi-annually by the C&AG in his capacity as the Secretary General of ASOSAI with the objectives of promoting sound and effective State Audit systems and providing ASOSAI members a forum for sharing experiences. It is not printed but uploaded on the ASOSAI website www.ASOSAI.org.

Audit Bulletin

Headquarters office of the C&AG publishes quarterly, an Audit Bulletin containing important decisions and orders of the Headquarters office and of the Government of India.

Brochure on Audit Reports

The C&AG office publishes an annual publication 'What the C&AG's Audit Reports say', which contains gist of major audit findings included in all Audit Reports on the accounts of the Union Government presented to the Parliament during the year. The AsG/PAsG responsible for audit of accounts of State bring out a publication 'Epitome of the C&AG's Reports' in respect of the Audit Reports presented to each State legislature.

Lekha Pariksha Prakash

Rajbhasha Anubhag at the Headquarters office brings out a quarterly magazine in Hindi titled 'Lekha Pariksha Prakash' which carries articles, poems, write-ups, etc. by the officers and staff of the IA&AD. In addition, field units also bring out various magazines/Hindi periodicals etc.

Receipt Audit Bulletin

Receipt Audit Wing at the headquarters office brings out every quarter a Receipt Audit Bulletin-Direct Taxes with the objective of updating the audit skills amongst the officers and staff of the IA&AD engaged in Receipt Audit.

Internal Audit Manual

A 'Model Internal Audit Manual' was circulated from the Headquarters office during the year 2006-07. This would serve as a model manual for Field Offices and each Office of the IA&AD would be required to prepare a separate Internal Audit Manual based on the guidelines of the Model Internal Audit Manual.

Performance Audit News

Performance Audit Wing is publishing a monthly newsletter of SAI India since November 2006 with the main objective of initiating and sustaining a high level of professional discussion which is essential to continued professional improvement.

International Relations

The C&AG of India is the Secretary General of ASOSAI. He is also a member of the Governing Board of INTOSAI and has been elected a Goal Liaison of INTOSAI's goal-3 on knowledge sharing and knowledge services, besides being one of the members of INTOSAI Finance & Administration Committee.

The C&AG of India continues to be the Chairman of the INTOSAI Standing Committee on IT Audit (ISCITA). He is represented in various Committees, Working Groups and Task Force of INTOSAI. Apart from this, the C&AG of India is also the external auditor for various UN agencies.

International Organisation of Supreme Audit Institutions (INTOSAI)

INTOSAI is an internationally recognized professional organisation of the Supreme Audit Institutions (SAI) with a strength of 186 SAIs. For more than 50 years, INTOSAI has provided an institutionalized framework for coping with ever-increasing demands of public audit.

As the leader in public sector auditing, INTOSAI issues guidelines and best practices for financial management and audit, develops related methodologies, provides training, and promotes exchange of information among members. The C&AG of India is the Chairman of the Standing Committee on IT Audit and is a member of the (i) Governing Board (ii) Finance & Administration Committee (iii) Professional Standards Committee (iv) Working Group on Privatisation (v) Working Group on Environmental Audit (vi) Task Force on Audit of International Institutions.

International cooperation and technical dialogue

The C&AG is

- Secretary General of ASOSAI;
- Member of Governing Board of INTOSAI;
- Chairman of INTOSAI Standing Committee on IT Audit; and
- External auditor of various UN agencies

Journal on INTOSAI Standing Committee on IT Audit

The Committee's Journal 'intoIT' is published bi-annually. 24 issues of the Journal have been brought out so far. Each issue has a main theme. The theme of the 24th issue was 'Training in IT Audit'. The main themes for the 25th issue of the journal have been identified as 'IT Governance'. All the issues of the Journal are available on the committee's web-site www.intosaiitaudit.org.

Global Working Group :

The Comptroller & Auditor General of India is a member of this select group of Auditors General since 1999 that has come together to address current and emerging audit issues of concern that have surfaced in the wake of new challenges such as globalization, privatization and growth of Information Technology.

Reaching out..... Globally.

Meetings

China

- The C&AG of India attended the 36th and the 37th meeting of the Governing Board of ASOSAI held at Shanghai in China on 11 September 2006 and 15 September 2006 respectively. Important issues like training, strategic plan and the 8th research project were discussed.

Mexico

- The C&AG of India attended the **55th meeting of the INTOSAI Governing Board** held in Mexico City, Mexico on 2-3 November 2006. The C&AG of India apprised the Board about the development of an online Collaboration Tool for INTOSAI as goal liaison for goal 3 (knowledge sharing and knowledge services).

India

- The C&AG of India hosted the **4th meeting of the INTOSAI Compliance Audit Sub Committee** in New Delhi during 4-5 January 2007. 15 representatives from 10 SAIs and European Union attended the meeting. The Compliance Audit Guidelines Sub Committee is leading the work on developing guidelines for Compliance Audit. The guidelines for compliance audit will provide practical guidance on how compliance audits should be planned, executed and reported on.

Oman

- The C&AG of India attended the **16th meeting of the INTOSAI Standing Committee on IT Audit** hosted by State Audit Institution of Oman in Muscat during 5-7 March 2007. The meeting was attended by 51 delegates from 20 countries. The meeting deliberated on present and future projects of the committee. The final product on e-governance was presented by SAI-India along with the updated courseware on IT Audit.



Norway

- SAI India attended the **4th meeting of INTOSAI Finance and Administration Committee** hosted by SAI-Norway in Oslo during 26-27 March 2007. The INTOSAI Finance and Administration Committee was established by INCOSAI 2004 with an overall responsibility as Goal Liaison for Goal 4 (Model International Organization) of INCOSAI Strategic Plan 2005-2010.

Workshops

Indonesia

- SAI India participated and provided the technical support to the instructors' team in **ASOSAI sponsored workshop on "Audit of Procurement Process"** held at Jakarta, Indonesia during 7-18 August 2006.

Japan

- SAI India participated in JICA sponsored **ASOSAI workshop on "Challenges to new Frontiers-How to Develop and Manage Human Resources for Dealing with emerging Audit Issues"** held in Tokyo, Japan during 12-22 November 2006. The workshop was intended for senior officials of SAIs of member countries who were in charge of developing and managing human resources in their respective SAIs and in the age group of 30-50 years.



Seminars

India

- The 7th **Indo Polish joint seminar on “Audit of Regulatory Bodies”** was held in Thiruvananthapuram, Kerala during 6-7 November 2006. Both the sides presented country papers and case studies.
- **Indo China joint seminar on “Audit of Government Revenues”** was held in Goa, India during 20-24 November 2006. Both the sides presented country papers and case studies.
- The C&AG of India inaugurated first ever **seminar on “Managing Audit Results”** held at the International training Centre of the office of the Comptroller and Auditor General of India in New Delhi during 12-16 February 2007. The Seminar successfully brought together experienced senior audit professionals from diverse SAIs to discuss and learn about the management of audit results to improve the entire process of accountability of government and related organizations. 24 participants from ASOSAI member SAIs and two SMEs from GAO and SAI-India participated in the seminar besides some eminent speakers from commercial enterprises, Media and NGOs. Deputy Comptroller & Auditor General of India of India presided over the valediction function.

Oman

- 5th Seminar on Performance Audit on IT Governance was held during 3-4 March 2007. The seminar was coordinated by SAI-USA, with the SAIs of Brazil, Canada, the Netherlands and India on the editorial board.

Visits

- **The Auditor General of Pakistan Mr. Mohd. Yunis Khan** along with his two officers Mr. Arif Usman Khan and Mr. Khurram Farooq visited India during 12-17 March 2007. During his stay, he visited the National Academy of Audit and Accounts in Shimla to see the training facilities of the probationers, besides a visit to the office of the Accountant General, Himachal Pradesh, Shimla. Mr. Mohd. Yunis Khan also held discussions with Comptroller & Auditor General of India on the areas of mutual interest and cooperation.
- **Mr. Ugen Chewang, Auditor General of Bhutan** visited India during 10-20 December 2006 along with three senior officers. During the visit bilateral issues were discussed. The delegation visited SAI India's offices in Chandigarh, Jaipur and Kolkata besides a visit to the National Academy of Audit and Accounts in Shimla.
- **Mr. Nassir Al Rawahi, Deputy Chairman of SAI-Oman** alongwith a senior officers, visited New Delhi during 16-20 April 2007 to hold discussions on the possible areas of cooperation in capacity building. During the meeting, Mr. Al Rawahy called on Comptroller & Auditor General of India and held discussions with Mr. C.V Avadhani, Deputy Comptroller & Auditor General and Mr. K.P. Lakshmana Rao, Additional Comptroller & Auditor General-International Relations Division.
- On the invitation of Dr. Ahmed El Midaoui, Premier Président de la Cour des Comptes, Morocco, **the C&AG of India Mr. Vijayendra N. Kaul** visited Morocco during 8-10 March 2006 on a bilateral visit. The bilateral meeting put greater emphasis on the cooperation between the institutions in areas of mutual interest in the fields of IT Audit & Performance Audit.

Rendering audit services to international organisations

The C&AG of India was the external auditor of the following UN Specialized Agencies and other International Organisations during 2006-07 :

Food and Agriculture Organisation (FAO)

World Health Organisation (WHO)

International Maritime Organisation (IMO)

World Tourism Organisation (WTO)

Panel of External Auditor of the United Nations, its Specialized Agencies and the International Atomic Energy Agency:

- The Comptroller & Auditor General of India is a member of the Panel by virtue of being External Auditor of the United Nations Agencies since 1993. He is closely associated with its activities in establishing standards, best practices and guidance in the area of audit of International Organizations.

We move on

With the mission of :

- Providing greater degree of assurance to the stakeholders;
- Adding more and more value to the entities' performance through our audit;
- Ensuring greater accountability of the entities and their elements;
- Assisting Government in improving the quality of governance and strengthening their internal control system through our audit;
- Making the entities aware of the shortcomings in their risk assessment and management; and
- Above all, to contribute to improvement in the quality of public administration by encouraging and promoting better planning, sound management practices, comprehensive and relevant information system, economic and efficient utilisation of resources, constant evaluation against predetermined performance measures and programme goals.

Being aware that :

- The entity environment is increasingly becoming complex;
- The risks associated with greater devolution and decentralisation should be safeguarded with matching accountability systems and procedures;
- The policy of more and more programmes implementation being entrusted to autonomous institutions may be associated with higher risk to the accountability;
- Increasing use of public-private partnership in implementation of public programmes and outsourcing of many functions of entities may entail a greater risk to transparency and accountability;
- More and more use of IT systems and e-governance requires continuous review and upgrading of audit planning, procedures and skills of the personnel of the Indian Audit and Accounts Department; and
- With increasing complexities in the manner of programme management and information systems, the risk of fraud and corruption may be higher.

Accounting and Entitlement Functions

The C&AG of India is responsible for :

- Compilation and keeping of the accounts for 27 State Governments except Goa and Union Territories of Chandigarh and Dadra & Nagar Haveli and keeping of related accounts;
- preparation of the annual accounts of the State Governments; and
- rendering accounting information and assistance to the State Governments.

Salient features

- Electronic compilation of accounts in 27 States (including consolidation from the compiled accounts rendered by treasuries in three States).
- Annual publication of 'Accounts at a Glance' by State Accountants General.
- Accountants General has initiated action for hosting key indicators/ information of the accounts of State Governments on website.
- Substantial progress has been achieved in the computerization of GPF and Pension accounts.
- IVRS (Interactive Voice Response System) have been implemented in several States to facilitate online enquiries by serving and retired personnel.
- Several States have launched websites on information regarding GPF accounts.
- Close monitoring of all complaints relating to entitlement is in place in the C&AG office.

Accounting functions- a snapshot

Compilation of monthly accounts –State Governments and Union Territories

The accounts are compiled electronically in 27 States from the initial accounts submitted by the treasuries i.e. vouchers, cash accounts, list of payments, receipt schedules, etc. (except in Andhra Pradesh, Tamil Nadu and Karnataka where treasuries render compiled accounts) and compiled accounts received from Public works, Forest and Public Health Engineering Divisions, etc. During the year, about three crore vouchers were compiled. State Accountants General (AsG) also carry out number of inter-departmental and inter-state adjustments before finalizing the monthly accounts.

Finance Accounts and Appropriation Accounts –State Governments

The Finance Accounts present the accounts of receipts and disbursements of each State Government for the year together with the financial results disclosed by the revenue and capital accounts, the accounts of the public debt and the liabilities & assets as worked out from the balances recorded in the accounts. The Appropriation Accounts compare the actual against the amounts of the Voted Grants and Charged Appropriations with comments on the excesses/savings over the sanctioned provisions. The AsG (A&E) prepare the Finance Accounts and Appropriations Accounts of the State Governments.

From the annual accounts of 1998-99, State AsG issue an annual publication "Accounts at a Glance" in respect of accounts of the respective State Governments for the year. This publication provides a broad view of governmental activities as reflected in Finance Accounts and Appropriation Accounts. In Andhra Pradesh, Assam and Tamil Nadu this booklet is printed in the local languages also.

Certification of accounts by the C&AG

The Finance Accounts and Appropriation Accounts are audited by the respective State Principal Accountants General/Accountants General (Audit), on the basis of which the C&AG certifies these Accounts. The C&AG submits the certified Accounts to the Governor/Administrator of State/Union Territory for being caused to be laid before the State legislature. The accounts for the year 2005-06 for all the States/Union Territories were finalized and certified by the C&AG as per the prescribed schedule.

Hosting the monthly accounts on website

The Department initiated action for hosting key indicator/information of the monthly accounts of the State Governments on the C&AG's website. 24 States, namely, Andhra Pradesh, Arunachal Pradesh, Assam, Bihar, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Jharkhand, Kerala, Madhya Pradesh, Maharashtra, Mizoram, Meghalaya, Manipur, Nagaland, Orissa, Punjab, Rajasthan, Sikkim, Tamil Nadu, Tripura, Uttar Pradesh and Uttarakhand have given consent to host the summary data. Ten offices are hosting the monthly civil account on web.

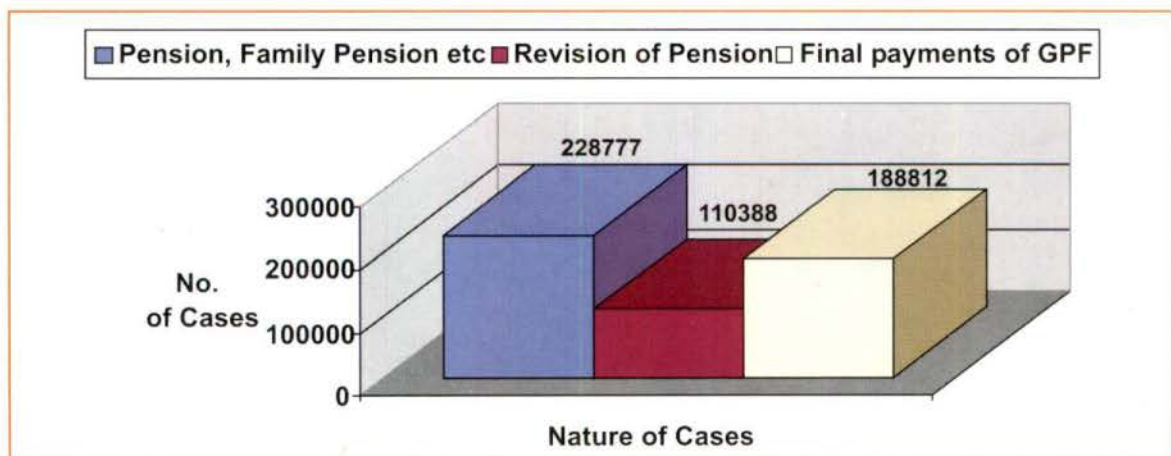
Entitlement functions- a snapshot

Authorization of payment to gazetted officers in States

The work of authorization of payments to gazetted officers remains either wholly or partially with the IA&AD in the states of Assam, Bihar, Jharkhand, Karnataka, Kerala, Manipur, Meghalaya, Nagaland and Tamil Nadu. The emoluments of high-ranking dignitaries like Governors, Judges of the High Courts, MLAs, MLCs, etc. are processed in A&E offices.

Pension authorization and GPF functions

The AsG (A&E) maintain the GPF accounts of State Government employees except in Arunachal Pradesh, Bihar, Goa, Jammu and Kashmir, Jharkhand, Mizoram, Punjab, Rajasthan, and Sikkim. AsG (A&E) also authorize pension and other retirement benefits to the employees of the State Governments except in Arunachal Pradesh, Chhattisgarh, Goa, Gujarat, Madhya Pradesh, Mizoram, Rajasthan, Sikkim, Uttarakhand and Uttar Pradesh. During the year 2006-07, authorization of pension, family pension, etc. and final payment of GPF made by the A&E offices of the IA&AD were as shown in the chart below :



Significant progress has been made in computerising the GPF and Pension. The maintenance of GPF accounts and issuance of yearly statements have been computerised in the offices of all AsG (A&E). Around 48 lakh Provident Fund subscribers were served during the year.

Citizen's charter

A Citizen's Charter was adopted in April 2003 for providing better entitlement services to the serving and retired government employees. It has been displayed by all the A&E offices performing these functions. The citizen's Charter has been reproduced below :

Recognizing the right of the pensioners to receive prompt settlement of their pensionary benefits and provident fund balance dues;

Conscious of our responsibility as scrutinizing and authorising authority;

In evidence of our commitment to provide and maintain the highest quality of service:

We resolve

- To authorize pensionary benefits and provident fund dues within two months of receipt of the cases complete in all respects;
- To address the concerned authorities, in respect of deficiencies and defects within one month; and, to keep the beneficiaries informed of such action;
- To acknowledge receipt of all complaint cases within one week;
- To furnish final replies to complaints relating to retirement benefits within two months of their receipt and;
- To furnish final replies to correspondence relating to discrepancies in general provident fund accounts within three months of receipt.

We further resolve to suitably disseminate knowledge and information on the procedures and processes to all 'stake holders'.

Interactive Voice Response System (IVRS)

To facilitate online inquiries by serving and retired State Government employees in regard to information on their pensions and GPF Accounts, IVRS (Interactive Voice Response System) has been installed in the states of Gujarat, Haryana, Karnataka, Kerala, Maharashtra I & II, Tamil Nadu, Orissa, Andhra Pradesh and Uttar Pradesh. This project is being launched in other remaining States also. Information regarding GPF Accounts has also been made available in the websites hosted by AG(A&E) Andhra Pradesh, Haryana, Karnataka, Maharashtra-II, Orissa, Tamil Nadu and U.P.

Authorisation of pension to pensioners by holding Pension Adalats

During the year 2006-07, AsG (A&E) dealing with pension conducted 19 Pension Adalats and authorized pension in 1930 cases. A booklet containing Pension Documentation Guidelines for State Government officers has been circulated among field offices for circulation in the State Government offices. Two offices (Maharashtra and Tamil Nadu) obtained ISO 9001:2000 certification for their pension authorization system.

Other Functions

Monitoring of complaints

The office of the C&AG closely monitors all complaints relating to entitlement. Complaints are reviewed and directions are issued to the concerned AsG for speedy or interim settlement. The complainant is kept informed of the reasons for delay or non-settlement of the case. During the year 2006-07, as many as 10,653 out of total of 12,214 complaint cases were settled.

Certification of net proceeds of taxes on income and Union excise duties

Consequent to 80th Amendment of the Constitution, all taxes and duties except cess & surcharge levied and collected by the Union Government are sharable with the States. The amendment was made effective from 1 April 1996. The certificates of Direct Taxes & Expenditure Taxes for the year 2003-2004 were issued during the year. Certificates in respect of Union Excise and Customs duties were not issued for want of clarification from the Ministry of Finance, Government of India.

Compilation of Combined Finance and Revenue Accounts

The Combined Finance and Revenue Accounts (CFR) is a document that gives at one place information regarding the finances of the Union and the States. CFRs for the years up to 2004-05 have been prepared and printed copies distributed to all the departments and other users during the year.

Measures taken to improve the quality of accounts

To improve the quality of accounts, all A&E offices were instructed to critically review the initial accounts that are received from treasuries and point out mistakes in vouchers that have escaped the scrutiny at the treasury level. The offices were instructed to bring to the notice of State Governments expenditure on schemes not in budget, inter government claims recovered and settled during the month and status of reconciliation of expenditure by DDO's, etc.

Offices of the Indian Audit & Accounts Department

I. Audit offices – Union and Union Territories

A. Civil

1. Director General of Audit, Central Revenues, New Delhi
2. Principal Director of Audit, Economic & Service Ministries, New Delhi
3. Principal Director of Audit, Scientific Departments, New Delhi
Branch Offices at : Bangalore, Mumbai , Kolkata and Chennai (Sub Office)
4. Principal Director of Audit, Central, Kolkata
Branch Office at : Port Blair
5. Principal Director of Audit, Central, Mumbai

Note :- Audits of Union Territories of Chandigarh, Lakshadweep and Puducherry are covered by the Accountants General (Audit), Haryana, Kerala and Tamil Nadu & Puducherry respectively. Audit relating to Dadra and Nagar Haveli is covered by Accountant General (Civil Audit), Gujarat, Rajkot.

B. Defence

1. Director General of Audit, Defence Services, New Delhi
Branch Offices at : Allahabad, Chennai, Chandigarh, Delhi Cantt., Jammu, Meerut Cantt., Patna and Pune
2. Principal Director of Audit, Air Force and Navy, New Delhi
Branch Offices at : Bangalore, Dehradun and Mumbai
3. Principal Director of Audit, Ordnance Factories, Kolkata
Branch Offices at : Avadi (Chennai), Kolkata, Jabalpur, Kanpur and Kirkee

C. Post and Telecommunications

1. Director General of Audit, Post & Telecommunications, Delhi
Branch offices at : Ahmedabad, Bangalore, Bhopal, Kolkata (2), Cuttack, Delhi, Hyderabad, Jaipur, Kapurthala, Lucknow, Mumbai, Chennai, Nagpur, Patna and Thiruvananthapuram

D. Railways

1. Principal Director of Audit, Central Railway, Mumbai
2. Principal Director of Audit, Eastern Railway, Kolkata
3. Principal Director of Audit, Northern Railway, New Delhi
Branch Office at COFMOW, New Delhi
4. Principal Director of Audit, North-Eastern Railway, Gorakhpur
5. Principal Director of Audit, East Central Railway, Hajipur

6. Principal Director of Audit, North-East Frontier Railway, Maligaon, Guwahati
7. Principal Director of Audit, South-Central Railway, Secunderabad
8. Principal Director of Audit, Southern Railway, Chennai
Branch Office at : Chennai, Ernakulam, Tiruchirapalli, Madurai and Egmore.
9. Principal Director of Audit, South Western Railway, Hubli
10. Principal Director of Audit, South-Eastern Railway, Kolkata
11. Principal Director of Audit, Western Railway, Mumbai.
Branch Office at : Ajmer
12. Principal Director of Audit, North Western Railway, Jaipur
13. Principal Director of Audit, Railway Production Units & Metro Railway, Kolkata
Branch Offices at : Chitranjan (Burdwan), Kolkata and Varanasi
14. Principal Director of Audit, North Central Railway, Allahabad
15. Principal Director of Audit, West Central Railway, Jabalpur
16. Principal Director of Audit, South East Central Railway, Bilaspur
17. Principal Director of Audit, East Coast Railway, Bhubaneswar

E. Commercial

1. Principal Director of Commercial Audit & Ex-officio MAB, Bangalore
Branch Offices at: Bangalore, Hyderabad and Nasik.
2. Principal Director of Commercial Audit & Ex-officio MAB-I, Kolkata
Branch Office at : Kolkata
3. Principal Director of Commercial Audit & Ex-officio MAB-II, Kolkata
Branch Office at : Ranchi
4. Principal Director of Commercial Audit & Ex-officio MAB, Chennai
5. Principal Director of Commercial Audit & Ex-officio MAB, Hyderabad
Branch Office at : Visakhapatnam
6. Principal Director of Commercial Audit & Ex-officio MAB-I, Mumbai
7. Principal Director of Commercial Audit & Ex-officio MAB-II, Mumbai
Branch offices at : Mumbai (Bandra), Baroda and Dehradun
8. Principal Director of Commercial Audit & Ex-officio MAB-I, New Delhi
9. Principal Director of Commercial Audit & Ex-officio MAB-II, New Delhi
Branch Offices at Dehradun and New Delhi
10. Principal Director of Commercial Audit & Ex-officio MAB-III, New Delhi
Branch Office at : Bhopal
11. Principal Director of Commercial Audit & Ex-officio MAB-IV, New Delhi
Branch Offices at : Chandigarh, Kolkata, Chennai, Mumbai and New Delhi

12. Principal Director of Commercial Audit & Ex-officio MAB, Ranchi
Branch Offices at : Durgapur and Rourkela

F. Overseas

1. Principal Director of Audit, India Audit Office, London
2. Principal Director of Audit, Indian Accounts, Washington DC
3. Director of External Audit, Food & Agricultural Organisation, Rome
4. Director of External Audit, World Health Organisation, Geneva

II. Audit offices - States

1. Principal Accountant General (Civil Audit), Andhra Pradesh, Hyderabad
2. Senior Deputy Accountant General (Local Bodies Audit & Accounts), Andhra Pradesh, Hyderabad
3. Accountant General (Commercial & Receipt Audit), Andhra Pradesh, Hyderabad
4. Accountant General, Arunachal Pradesh, Itanagar
5. Principal Accountant General (Audit), Assam, Guwahati
6. Senior Deputy Accountant General (Local Bodies Audit & Accounts), Assam, Guwahati
7. Principal Accountant General (Audit), Bihar, Patna
8. Accountant General, Chhattisgarh, Raipur
9. Senior Deputy Accountant General (Local Bodies Audit & Accounts), Chhattisgarh, Raipur
10. Accountant General (Audit), Delhi, New Delhi.
11. Accountant General, Goa
12. Principal Accountant General (Commercial & Receipt Audit), Gujarat, Ahmedabad
Branch office at : Rajkot
13. Accountant General (Civil Audit), Gujarat, Rajkot
Branch office at : Ahmedabad
14. Senior Deputy Accountant General (Local Bodies Audit & Accounts), Gujarat, Ahmedabad
15. Accountant General (Audit), Haryana, Chandigarh
16. Accountant General (Audit), Himachal Pradesh, Shimla
17. Senior Deputy Accountant General (Local Bodies Audit & Accounts), Himachal Pradesh, Shimla
18. Accountant General (Audit), Jammu & Kashmir, Srinagar
Branch Office at: Jammu
19. Accountant General (Audit), Jharkhand, Ranchi
20. Principal Accountant General (Civil & Commercial Audit), Karnataka, Bangalore
Branch Office at : Dharwad
21. Senior Deputy Accountant General (Local Bodies Audit & Accounts), Karnataka, Bangalore
22. Accountant General (Works, Forest & Receipt Audit), Karnataka, Bangalore

23. Principal Accountant General (Audit), Kerala, Thiruvananthapuram
Branch Offices at: Kochi (Ernakulam), Kottayam, Kozhikode and Thrissur
24. Senior Deputy Accountant General (Local Bodies Audit & Accounts), Kerala, Thiruvananthapuram
25. Principal Accountant General (Civil & Commercial Audit), Madhya Pradesh, Gwalior
26. Senior Deputy Accountant General (Local Bodies Audit & Accounts), Madhya Pradesh, Gwalior
27. Accountant General (Works, Forest & Receipt Audit), Madhya Pradesh, Bhopal
Branch Office at : Gwalior
28. Principal Accountant General (Audit)-I, Maharashtra, Mumbai
Branch Offices at : Pune
29. Senior Deputy Accountant General (Local Bodies Audit & Accounts), Maharashtra, Mumbai
30. Accountant General (Audit)-II, Maharashtra, Nagpur
31. Senior Deputy Accountant General (Local Bodies Audit & Accounts), Maharashtra, Nagpur
32. Accountant General (Commercial Audit), Maharashtra, Mumbai
33. Accountant General (Audit), Manipur, Imphal
34. Senior Deputy Accountant General (Local Bodies Audit & Accounts), Manipur, Imphal
35. Principal Accountant General (Audit), Meghalaya, Shillong
36. Accountant General, Mizoram, Aizawal
37. Accountant General (Audit), Nagaland, Kohima
38. Principal Accountant General (Civil Audit), Orissa, Bhubaneswar
39. Senior Deputy Accountant General (Local Bodies Audit & Accounts), Orissa, Bhubaneswar
40. Accountant General (Commercial, Works & Receipt Audit), Orissa, Bhubaneswar
Branch Offices at : Puri and Bhubaneswar
41. Principal Accountant General (Audit), Punjab, Chandigarh
42. Principal Accountant General (Civil Audit), Rajasthan, Jaipur
43. Senior Deputy Accountant General (Local Bodies Audit & Accounts), Rajasthan, Jaipur
44. Accountant General (Commercial & Receipt Audit), Rajasthan, Jaipur
45. Accountant General (Audit), Sikkim, Gangtok
46. Principal Accountant General (Civil Audit), Tamil Nadu & Puducherry, Chennai
Branch Offices at : Madurai and Puducherry.
47. Senior Deputy Accountant General (Local Bodies Audit & Accounts), Tamil Nadu, Chennai
48. Accountant General (Commercial & Receipt Audit), Tamil Nadu, Chennai]
Branch Office at : Madurai
49. Accountant General (Audit), Tripura, Agartala
50. Senior Deputy Accountant General (Local Bodies Audit & Accounts), Tripura, Agartala
51. Principal Accountant General (Civil Audit), Uttar Pradesh, Allahabad

52. Senior Deputy Accountant General (Local Bodies Audit & Accounts), Uttar Pradesh, Allahabad
53. Accountant General (Commercial & Receipt Audit), Uttar Pradesh, Lucknow
Branch Office at: Allahabad
54. Accountant General, Uttaranchal, Dehradun
55. Senior Deputy Accountant General (Local Bodies Audit & Accounts), Uttaranchal, Dehradun
56. Principal Accountant General (Audit), West Bengal, Kolkata
57. Accountant General (Receipt, Works & Local Bodies Audit), West Bengal, Kolkata

III. Accounts and Entitlement (A&E) offices – States

1. Accountant General (A&E), Andhra Pradesh, Hyderabad
2. Accountant General (A&E), Assam, Guwahati
3. Accountant General (A&E), Bihar, Patna
4. Accountant General (A&E), Gujarat, Rajkot
Branch Office at : Ahmedabad
5. Accountant General (A&E), Haryana, Chandigarh
6. Senior Deputy Accountant General (A&E), Himachal Pradesh, Shimla
7. Senior Deputy Accountant General (A&E), Jammu & Kashmir, Srinagar
Branch Office at: Jammu
8. Accountant General (A&E) Jharkhand, Ranchi
9. Accountant General (A&E), Karnataka, Bangalore
10. Accountant General (A&E), Kerala, Thiruvananthapuram
Branch Offices at : Ernakulam, Kottayam, Kozhikode and Thrissur
11. Accountant General (A&E)-I, Madhya Pradesh, Gwalior
Branch Office at: Bhopal
12. Accountant General (A&E)-II, Madhya Pradesh, Gwalior
13. Accountant General (A&E)-I, Maharashtra, Mumbai
14. Accountant General (A&E)-II, Maharashtra, Nagpur.
15. Senior Deputy Accountant General (A&E), Manipur, Imphal.
16. Accountant General (A&E), Meghalaya, Shillong.
17. Senior Deputy Accountant General (A&E), Nagaland, Kohima
18. Accountant General (A&E), Orissa, Bhubaneswar
Branch Office at: Puri
19. Accountant General (A&E), Punjab, Chandigarh
20. Accountant General (A&E), Rajasthan, Jaipur
21. Senior Deputy Accountant General (A&E), Sikkim, Gangtok
22. Accountant General (A&E), Tamil Nadu, Chennai

23. Senior Deputy Accountant General (A&E), Tripura, Agartala
24. Accountant General (A&E)-I, Uttar Pradesh, Allahabad
25. Accountant General (A&E)-II, Uttar Pradesh, Allahabad
Branch Office at: Lucknow
26. Accountant General (A&E), West Bengal, Kolkata
Branch Office at : Kolkata

Note: Accounts and Entitlement work of the Union Territories of Chandigarh, Dadra & Nagar Haveli and Lakshadweep is done in the offices of Accountants General (A&E) Punjab, Gujarat and Kerala respectively.

IV. Training Institutes

1. International Centre for Information Systems and Audit, Noida
2. National Academy of Audit and Accounts, Shimla
3. Regional Training Institute, Allahabad
4. Regional Training Institute, Chennai
5. Regional Training Institute, Jaipur
6. Regional Training Institute, Jammu
7. Regional Training Institute, Kolkata
8. Regional Training Institute, Mumbai
9. Regional Training Institute, Nagpur
10. Regional Training Institute, Ranchi
11. Regional Training Institute, Shillong

Regularity Audit Reports for the financial year 2005-2006 laid in Parliament/State legislatures during 2006-07

Sl. No.	Particulars	Category of audit reports	Date of placement in Parliament/legislatures
Union Government			
Commercial			
1.	Telecommunications Sector	12 of 2007	14-03-2007
State Governments			
Civil, Receipt and Commercial			
2	Andhra Pradesh	Civil	21-12-2006
3		State Receipts	30-03-2007
4		State Commercial	30-03-2007
5	Arunachal Pradesh	Civil	20-03-2007
6	Assam	Civil	10-03-2007
7		State Receipts	26-02-2007
8		State Commercial	10-03-2007
9	Bihar	Civil	23-03-2007
10	Chhattisgarh	Civil	15-03-2007
11		State Receipts	15-03-2007
12	Gujarat	Civil	30-03-2007
13		State Commercial	30-03-2007
14	Haryana	Civil	09-03-2007
15		State Receipts	09-03-2007
16		State Commercial	09-03-2007
17	Jammu & Kashmir	Civil	08-02-2007
18	Karnataka	State Commercial	26-03-2007
19	Kerala	Civil	28-12-2006
20		State Receipts	28-03-2007
21		State Commercial	28-03-2007
22	Madhya Pradesh	State Receipts	29-03-2007
23		State Commercial	29-03-2007
24	Mizoram	Civil	29-03-2007
25	Nagaland	Civil	26-03-2007

26	Orissa	Civil	30-11-2006
27		State Receipts	29-03-2007
28		State Commercial	29-03-2007
29	Punjab	Civil	27-03-2007
30		State Receipts	29-03-2007
31		State Commercial	29-03-2007
32	Rajasthan	Civil	13-03-2007
33		State Receipts	13-03-2007
34		State Commercial	13-03-2007
35	Sikkim	Civil	26-03-2007
36	Tripura	Civil	29-03-2007
37	Uttar Pradesh	State Receipt	25-01-2007
38	West Bengal	Civil	29-03-2007
39		State Receipts	29-03-2007
40		State Commercial	29-03-2007

Regularity Audit Reports for the financial year 2005-06 laid in Parliament/State legislatures after 31 March 2007

Sl. No.	Particulars	Category of audit reports	Date of placement in Parliament/legislatures
Union Government			
Civil			
1.	Accounts of the Union Government	1 of 2007	14.05.2007
2.	Union Government- Civil Transaction Audit	2 of 2007	14.05.2007
3.	Autonomous Bodies-Regularity Audit	3 of 2007	14.05.2007
Defence			
4.	Army & Ordnance Factories	4 of 2007	14.05.2007
5.	Air Force & Navy	5 of 2007	14.05.2007
Railways			
6.	Transaction Audit	6 of 2007	14.05.2007
Revenue Receipts			
7.	Indirect Taxes (Central Excise & Service Tax)	7 of 2007	14.05.2007
8.	Direct Taxes (Transaction Audit)	8 of 2007	14.05.2007
Commercial			
9.	Financial Reporting by PSUs-Regularity Audit	9 of 2007	15-05-2007
10.	Information Technology Applications in Central PSUs-Regularity Audit	10 of 2007	15-05-2007
11.	Transaction Audit Observations-Regularity Audit	11 of 2007	15-05-2007
State Governments			
Civil, Receipt and Commercial			
12	Bihar	State Receipts	16-07-2007
13		State Commercial	16-07-2007
14	NCT Delhi	Civil & Commercial	20-04-2007
15		State Receipts	20-04-2007
16	Goa	Civil	30-07-2007
17	Himachal Pradesh	Civil	03-04-2007
18		State Receipts	03-04-2007
19	Jharkhand	Civil	04-04-2007
20		State Receipts	04-04-2007

21	Karnataka	Civil	25-07-2007
22		Local Bodies	27-07-2007
23		State Receipts	25-07-2007
24	Kerala	Local Bodies	26-07-2007
25	Madhya Pradesh	Civil	26-07-2007
26	Maharashtra	Civil	17-04-2007
27		State Receipts	17-04-2007
28		State Commercial	17-04-2007
29	Meghalaya	Civil	19-04-2007
30	Manipur	Civil	19-05-2007
31	Puducherry	Civil	02-05-2007
32	Tamil Nadu	Civil	14-05-2007
33		State Commercial	14-05-2007
34		State Receipts	14-05-2007
35		Local Bodies	22-10-2007
36	Uttaranchal	Civil	27-06-2007
37	Uttar Pradesh	Civil	10-07-2007
38		State Commercial	23-05-2007

Performance Audit Reports for financial year 2005-06 laid in Parliament/State legislatures

Sl. No.	Particulars	Category of audit reports	Date of placement in Parliament/legislatures
Union Government			
Civil			
1	Civil and Postal Department	1 of 2007	14-05-2007
2	Scientific Departments	2 of 2007	14-05-2007
3	Passport, Visa and Consular Services	12 of 2007	17-05-2007
4	Internal Control in selected central Ministries	13 of 2007	17-05-2007
5	Implementation of Industrial Disputes Act,1947 and Contract Labour(Regulation and Abolition) Act,1970	15 of 2007	17-05-2007
6	Accelerated Power Development and Reforms Programme	16 of 2007	17-05-2007
Autonomous Bodies			
7	Performance Audit	3 of 2007	14-05-2007
Defence			
8	Army & Ordnance Factories	4 of 2007	14-05-2007
9	Air Force & Navy	5 of 2007	14-05-2007
Railways			
10	Railway Performance	6 of 2007	14-05-2007
11	Information Technology	11 of 2007	14-05-2007
Revenue Receipts			
12	Indirect Taxes	7 of 2007	14-05-2007
13	Direct Taxes	8 of 2007	14-05-2007
Central Commercial			
14	Review of Activities of selected PSUs	9 of 2007	15.05.2007
15	Performance Audit (Telecommunication Sector)	10 of 2006	26-04-2007
16	Review of infrastructure and operational facilities- Airport Authority of India.	17 of 2007	15-05-2007
State Governments			
17	NCT Delhi (Performance Audit of Civil Department)	Civil	20-04-2007
18	Kerala –Stand Alone Report	Civil	20-03-2007
19	Maharashtra- Stand Alone Report	Civil	17-04-2007

Action Taken Notes awaited¹² from various Union ministries/ departments

Sl. No.	Name of Ministry/ department	Comml.	Civil	Scientific department	Autonomous bodies	Local bodies	Direct taxes	Indirect taxes	Defence services	Railways	Total
1	Finance	-	03	-	-	-	2181	293	-	-	2477
2	Information & Broadcasting	08	-	-	06	-	-	-	-	-	14
3	Urban development & Poverty Alleviation	10	-	-	41	-	-	-	-	-	51
4	Youth Affairs & Sports	-	-	-	04	-	-	-	-	-	04
5	Defence	-	-	-	-	-	-	-	58	-	58
6	Railways	06	-	-	-	-	-	-	-	128	134
7	Communication & Information Technology (Dept of Posts)	-	-	-	-	-	-	-	-	-	-
8	Dept of Information Technology	03	-	-	-	-	-	-	-	-	03
9	Telecommuni- cations	112	-	02	-	-	-	-	-	-	114
10	Commerce & Industries	-	03	-	-	-	-	-	-	-	03
11	Consumer Affairs & Public Distribution	16	-	-	-	-	-	-	-	-	16
12	CSIR	-	-	-	-	-	-	-	-	-	-
13	Culture	-	01	-	02	-	-	-	-	-	03
14	Chemical & petro chemicals	18	-	-	-	-	-	-	-	-	18
15	External Affairs	-	10	-	-	-	-	-	-	-	10
16	Finance (Dept of Revenue)	-	-	-	-	-	-	-	-	-	-
17	Dept of Economic Affairs	-	-	-	-	-	-	-	-	-	-
18	Health & Family welfare	11	08	-	03	-	-	-	-	-	22
19	HRD (Dept of Secondary & Higher Education)	-	-	-	-	-	-	-	-	-	-
20	Women & Child development	-	-	-	-	-	-	-	-	-	-
21	Law & Justice	-	01	-	-	-	-	-	-	-	01
22	Power	32	01	-	-	-	-	-	-	-	33
23	Rural development	-	-	-	-	-	-	-	-	-	-
24	Science & Technology	02	-	-	-	-	-	-	-	-	02
25	Atomic energy	-	-	-	-	-	-	-	-	-	-

¹² ATN not received at all.

26	Shipping	10	02	-	05	-	-	-	-	-	17
27	Small Scale Industries & Agro Rural Industries	03	-	-	-	-	-	-	-	-	03
28	Social justice & empowerment	39	-	-	01	-	-	-	-	-	40
29	Steel	80	-	-	-	-	-	-	-	-	80
30	Textile	11	-	-	-	-	-	-	-	-	11
31	Tourism	03	-	-	-	-	-	-	-	-	03
32	Water resources	03	-	-	-	-	-	-	-	-	03
33	Agriculture & Co-operation	03	-	-	-	-	-	-	-	-	03
34	Bio technology	10	-	-	-	-	-	-	-	-	10
35	Fertilizer	23	-	-	-	-	-	-	-	-	23
36	Civilaviation	18	-	-	-	-	-	-	-	-	18
37	Coal	28	-	-	-	-	-	-	-	-	28
38	Mines	01	-	-	-	-	-	-	-	-	01
39	Commerce & Industry	14	-	-	-	-	-	-	-	-	14
40	Defence production & supplies	15	-	-	-	-	-	-	-	-	15
41	North Eastern development	02	-	-	-	-	-	-	-	-	02
42	Environment & Forest	05	-	-	-	-	-	-	-	-	05
43	Finance (Banking division)	92	-	-	-	-	-	-	-	-	92
44	Finance (Insurance division)	68	-	-	-	-	-	-	-	-	68
45	Home Affairs	06	01	-	-	-	-	-	-	-	07
46	HRD	08	02	-	09	-	-	-	-	-	19
47	Human Resources Science & Technology	04	-	-	-	-	-	-	-	-	04
48	Heavy Industry & Public Enterprises	48	01	-	-	-	-	-	-	-	49
49	Non conventional energy resources	03	-	-	-	-	-	-	-	-	03
50	Petroleum & natural gas	64	-	-	-	-	-	-	-	-	64
51	Public Enterprises	-	-	-	-	-	-	-	-	-	-
52	Road transport & highways	05	-	-	-	-	-	-	-	-	05
53	Space	05	-	-	-	-	-	-	-	-	05
54	Surface transport	01	-	-	-	-	-	-	-	-	01
55	Department of Scientific and Industrial Research(DSIR)	-	-	03	-	-	-	-	-	-	03
56	Planning Commission	-	-	-	01	-	-	-	-	-	01
57	Labour	-	-	-	03	-	-	-	-	-	03
	TOTAL	790	33	05	75	-	2181	293	58	128	3563

Action Taken Notes awaited from State Governments

Sl. No.	Name of State	Civil	Commercial	Revenue	Local Bodies	Total
1	Andhra Pradesh	108	47	152	-	307
2	Arunachal Pradesh	40	07	-	-	47
3	Assam	ATNs are not received in the AG Office	171	26	-	197
4	Bihar	3201	ATNs are not received	1916	-	5117
5	Chhattisgarh	108	07	20	-	135
6	Delhi	-	07	39	-	46
7	Goa	16	02	-	-	18
8	Gujarat	40	17	Awaited	-	57
9	Haryana	80	11	56	-	147
10	Himachal Pradesh	47	29	32	-	108
11	Jammu & Kashmir	523	105	-	-	628
12	Jharkhand	-	04	37	-	41
13	Karnataka	132	19	181	108	440
14	Kerala	83	17	66	NA	166
15	Madhya Pradesh	74	919	592	-	1585
16	Maharashtra	1184	23	77	-	1284
17	Manipur	14	94	-	-	108
18	Mizoram	36	24	-	-	60
19	Meghalaya	231	62	-	-	293
20	Nagaland	09	-	-	-	09
21	Orissa	825	129	103	-	1057
22	Puducherry	30	-	-	-	30
23	Punjab	-	ATNs are not received	41	-	41
24	Rajasthan	10	27	26	-	63
25	Sikkim	ATNs not routed through AG Sikkim	ATNs not routed through AG Sikkim	-	-	-
26	Tripura	49	02	-	-	51
27	Tamil Nadu	194	90	1015	54	1353
28	Uttar Pradesh	ATNs not received	ATNs not received	60	-	60
29	Uttarakhand	-	-	-	-	-
30	West Bengal	53	NA	46	-	99
	Total	7087	1813	4485	162	13547

Glossary

A&E	Accounts and Entitlement
ADAI	Additional Deputy Comptroller and Auditor General
AsG	Accountants General, the Heads of field offices, also refers to Principal Accountant General, Accountant General, Principal Director and Director General.
ASOSAI	Asian Organisation of Supreme Audit Institutions – an international and independent body, which aims at promoting the exchange of ideas and experience between Asian Supreme Audit Institutions in the sphere of public auditing. The present membership is 43.
ATN	Action Taken Note
Audit Reports	Reports of the C&AG presented to the Parliament/State legislature in terms of Article 151 of the Constitution of India.
Auditing Standards	Provide minimum guidance for the auditor that helps determine the extent of audit steps and procedures that should be applied to fulfill the audit objectives.
BPL	Below Poverty Line
C&AG	Comptroller and Auditor General of India
CBDT	Central Board of Direct Taxes
COPU	Committee on Public Undertaking of the Parliament/State legislatures - examines the Audit Reports of the C&AG on Public Undertakings.
DAI	Deputy Comptroller and Auditor General
DG	Director General
DPC	Duties, Power and Conditions of service
Dy.AsG	Deputy Accountants General
EDP	Electronic Data Processing
ERP	Enterprise Resource Planning
GASAB	Government Accounting Standard Advisory Board – set up to frame government accounting standards.
GPF	General Provident Fund
IA&AD	Indian Audit and Accounts Department
IA&AS	Indian Audit and Accounts Service
ICAI	Institute of Chartered Accountants of India

iCISA	International Centre for Information System Audit – Training institute of international standard that conducts international training programmes besides training programmes for Departmental officers
IDF	Institutional Development Fund
INTOSAI	International Organisation of Supreme Audit Institutions – an international and independent body, which aims at promoting the exchange of ideas and experience between member Supreme Audit Institutions in the sphere of public auditing. The present membership of INTOSAI is 185.
IR	Inspection Report – containing audit findings of local audit.
IT	Information Technology
MSO	Manual of Standing Orders – Standing Orders of the C&AG dealing with general principles and procedures of audit
NAAA	National Academy of Audit and Accounts – responsible for professional training of IAAS officers, in-service training, research, seminars, etc.
NCAER	National Council for Applied Economic Research
PAC	Public Accounts Committee of Parliament and State legislature – examines the Audit Reports, Finance Accounts and Appropriation Accounts
PAsG	Principal Accountants General
PD	Principal Director
Performance audit	Audit of the economy, efficiency and effectiveness with which the entity uses its resources in carrying out its responsibilities.
PSUs	Public Sector Undertakings
RBI	Reserve Bank of India
Regularity audit	Attestation of financial accountability of accountable entities, involving examination and evaluation of financial records and leading to opinion on financial statements; audit of financial systems and transactions; audit of internal control and internal audit functions.
RTC	Regional Training Centre – caters to the local training needs for courses of general nature.
RTI	Regional Training Institute – where the IAAD personnel belonging to Group B and C cadres are provided training.
SAI	Supreme Audit Institution – the public body of a State which, however designated, constituted or organized, exercises the highest public auditing function of that State by virtue of law.
STM	Structured Training Module
UN	United Nations
UTs	Union Territories

