

## Chapter 4 Internal Controls in Government Department

### Forest Department

#### 4.1 Internal Controls in Forest Department

##### *Highlights*

*Internal Controls are the processes that are put in place by the management of an organisation which would provide reasonable assurance that its general objectives are achieved. An evaluation of Internal Controls in the Forest Department in Rajasthan was undertaken to examine whether proper controls are in place, to assess adequacy of the control design and to suggest necessary corrective action on the deficiencies noticed in audit. While the Department has moved towards its objective of increasing forest area, certain weaknesses have been noticed in budgetary, regulatory, administrative, and operational controls that would require remedial measures. Some of the important findings are as under:*

**Forest Department has not framed a State Forest Policy, and does not have an action plan to achieve the targets, as envisaged in the National Forest Policy.**

*(Paragraph 4.1.7.1)*

**Periodic update of the existing procedure is a significant operational control. The Rajasthan Forest Manual and the Departmental Accounts Procedure Code have not been updated from 1961 and 1978, respectively.**

*(Paragraph 4.1.7.3)*

**Budgetary control was inadequate as reflected in surrender of savings on the last day of the year, old unclaimed deposits not being credited to Government account and estimates for revenue budget being persistently lower than the actual receipts.**

*(Paragraphs 4.1.4.1 and 4.1.4.2)*

**There was a rush to spend during the last month of years 2004-09, which ranged up to 54 per cent of the expenditure in State Plan and 53 per cent in the case of CSS. State Government was deprived of Central funds due to non-utilisation of grants sanctioned for Tiger Project.**

*(Paragraphs 4.1.4.4 and 4.1.7.8)*

**Out of selected 32 units in the Department, physical verification of cash book balances in 11 units and surprise check in 17 units was not done, which indicated inadequate controls in cash management.**

*(Paragraph 4.1.5.3)*

**There was shortfall in administrative inspections by the Divisional Forest Officers. Vigilance cell of the Department had no separate staff. Disposal of the departmental enquiry cases was also delayed; the oldest pending case pertained to the year 2004.**

*(Paragraph 4.1.6.2)*

**The asset registers were not maintained by many divisions. Mutation of more than 5000 sq. km forest land was not done for want of survey by Revenue Department. These indicated lack of operational control.**

*(Paragraph 4.1.7.4)*

**The Department had not formulated any site-specific schemes that led to non-utilisation of Rs 421 crore under the Compensatory Afforestation Fund Management and Planning Authority (CAMPA), a flaw in the functioning of the operational control mechanism.**

*(Paragraph 4.1.7.5)*

**Failure of the Department to take adequate preventive measures to protect plants and ensure tree growth resulted in wasteful expenditure of Rs 0.80 crore on the failed plantations. Encroachments on forest land have grown.**

*(Paragraphs 4.1.7.6 and 4.1.7.9)*

#### **4.1.1 Introduction**

Internal control, an integral process of management, is designed to provide reasonable assurance that general objectives are achieved, such as:

- Accountability obligations;
- Compliance with applicable laws and regulations;
- Execution of orderly, ethical, and economical operations; and
- Safeguard of assets against loss

Rajasthan is the largest State in the country (area: 3,42,239 sq km). The forest area is 32,549.64 sq. km. (9.51 *per cent*). The objectives of the Forest Department are to preserve natural forests, maintain environmental stability and increase forest cover through massive afforestation, social forestry programmes and moisture conservation measures on degraded, barren and non-productive lands through people's participation. The Department is also required to carry out compensatory afforestation in the case of diversion of

forest land for non-forest purposes, prevent encroachment, enforce applicable laws for the protection and conservation of forest and wild life gene pool,

improve the biodiversity of flora and fauna, national parks, etc. and other assets under its control. The Department implements 12 Centrally Sponsored Schemes (CSSs), 16 State Plan Schemes and one externally-aided project with loan assistance from the Japan Bank for International Co-operation (JBIC). (*Appendix 4.1*).

#### **4.1.2 Organisational set up**

The Department is under the administrative control of the Principal Secretary, Forest and headed by the Principal Chief Conservator of Forests (PCCF), Rajasthan, Jaipur, who is the Principal Advisor to the State Government. There are three other PCCFs: (i) PCCF & Chief Wild Life Warden (CWLW), who looks after matters related to wildlife and eco-tourism, (ii) PCCF in-charge of Work Plan and Forest Settlement (WP&FS) and (iii) PCCF in-charge of Training, Research, Extension and Education (TREE). The PCCFs are assisted by seven Additional Principal Chief Conservators of Forest (APCCF), 20 Chief Conservators of Forest (CCF), 23 Conservators of Forest (CF). In field divisions, there are 100 Deputy Conservators of Forest (DCF)/ Divisional Forest Officers (DFOs), and nine at headquarters, 150 Assistant Conservators of Forests (ACF) and three Deputy Chief Wild Life Wardens (Dy. CWLW) for monitoring and implementation of activity of Department up to the field unit level. The State has two national parks, 25 sanctuaries and four zoos, under the concerned DCF/Dy. CWLW, besides three staff training centers under DCF/ACF administration. The sanctuaries and zoos are under the overall control of PCCF & CWLW and the training centers are controlled by PCCF, TREE. The duties of each of the PCCF and the list of schemes being implemented by each of them are given in *Appendix 4.2*. The organisational chart is given in *Appendix 4.3*.

#### **4.1.3 Aim and scope of audit**

Audit examined the provisions of State Government rules, regulations, manuals, orders/circulars, and guidelines/directions to assess compliance, adequacy, and effectiveness of:

- Financial controls relating to budget, expenditure and cash management
- Operational controls
- Monitoring and internal audit arrangements

The review covered the period between 2004-05 and 2008-09 through test check of the records in 17 executive units and 15 administrative units (*Appendix 4.4*), selected out of 74 executive and 31 administrative units in 19 out of 33 districts, respectively. The Office of PCCF training and research (TREE) was set up only in February 2009, hence left out. Audit findings were shared with the Principal Secretary, Forest and PCCF, Rajasthan, Jaipur. The replies of the Department have been incorporated.

## **Audit findings**

### **4.1.4 Financial Control**

Financial controls encompass budgetary as well as expenditure and cash management discipline. Budgetary controls ensure that revenue and expenditure, in particular the liabilities, are accurately assessed, funds allocated are commensurate with objectives and development of prioritized/ approved activities, release of funds is timely and that expenditure is incurred for the purpose it was granted and within the allocation. Similarly, the aim of good cash management is to have the right amount of cash available at the right time, and to do this cost effectively. Making this cash available and storing any surplus cash has both risk and cost implications for the tax payer. Towards this end, controls over cash management are a significant aspect of the overall internal control machinery of the Department.

#### ***Budgetary control***

##### **4.1.4.1 Preparation of budget estimates**

Para 34 of Rajasthan Budget Manual (RBM) stipulates the target dates for submission of the estimates by field authorities (DCF to CCF) in September and to Government (CCF to PCCF and then to Finance Department) in October each year. In 32 test-checked units, the budget estimates were prepared and submitted in time.

As per para 52 and 53(2) of the RBM, the preparation of the budget requires that the estimation should be as accurate as possible and the provision to be included should be based upon what is expected to be actually paid or spent under proper sanction during the year including arrears of the past years and not confined to the liabilities pertaining to the year.

The budget provisions, surrender, re-appropriation and actual expenditure between 2004-05 and 2008-09 are given in **Appendix 4.5**.

- It was observed that during 2004-05, 2006-07 and 2008-09 the original budget provided under capital heads was not fully utilized and sums ranging from 10.12 to 55.36 *per cent* were surrendered. The PAC has recommended in the 209<sup>th</sup> Report of 2007-08 on Para 4.3 Audit Report (Civil) 2000-01 to initiate action against the officers who had not executed the works as per original budget proposal. Even so, 55 *per cent* of budget grant could not be utilized during 2008-09.
- The RBM (para 138) provides for surrender of all anticipated savings to the Government as soon as they are foreseen. The administrative departments are required to surrender all savings not later than 20 March. However, the Department surrendered the savings amounting to Rs 118.67 crore on the last working day of the financial year (2004-05 to 2008-09), which indicates inadequate budgetary control. Government stated (October 2009) that in 2008-09, savings were mainly in the Compensatory Afforestation Fund Management Authority (CAMPA) Fund, in which the amount allotted (without any proposal) was not utilised. Further, due to non-relocation of

villages in Ranthambore and Sariska tiger projects, the amount proposed in revised estimates was not utilised.

- Under the Revenue head, there was an excess expenditure of Rs 5.83 crore during 2008-09. The Department stated (July 2009) that the reason for excess expenditure was payment of the arrears and salaries under the Sixth Pay Commission. However, the Department incurred excess expenditure over and above the supplementary grant of Rs 69.23 crore, which indicated that the assessment was inaccurate.

#### 4.1.4.2 Revenue receipts

The revenue receipts of the Department include sale of forest produce such as timber, bamboo, grass, *tendu patta*, etc., miscellaneous receipts through penalties and income from zoos and sanctuaries. The Department achieved the targets for revenue receipts during 2004-09, except for marginal shortage in 2005-06 as below:

(Rupees in crore)			
Year	Budget Estimates	Revised Estimates	Actual
2004-05	36.75	37.20	39.41
2005-06	40.75	40.75	40.08
2006-07	42.75	43.10	45.24
2007-08	48.65	51.79	58.30
2008-09	53.79	53.79	57.74

Source: Finance Account and Budget Document

Scrutiny of records of 17 test-checked units revealed that in 14 units<sup>1</sup>, Rs 51.29 crore only was recovered against the revenue target of Rs 68.80 crore. During 2004-09, the shortfall was Rs 17.51 crore which ranged between 15.36 per cent and 36 per cent of budget estimates.

It was further observed that in seven units<sup>2</sup>, revenue target was reduced by 25 per cent from Rs 17.10 crore in 2006-07 to Rs 12.82 crore in 2007-08. In spite of this, the revenue realization was only Rs 10.85 crore - a shortfall of 15 per cent. Government stated (October 2009) that the targets in respect of the Department as a whole have been achieved. However, the Department needs to look into the reason for non-achievement of targets by the defaulting units. Audit observed that the Department even after collecting Rs 58.30 crore (2007-08) reduced the target to Rs 53.79 crore (2008-09).

#### 4.1.4.3 Lapsed deposits not credited in Government account

As per Rule 601 of the Public Works Financial and Account Rules (PWF&ARs), all balances under the head "Deposit" which remain unclaimed

**Three years to 18 years old unclaimed deposits not credited in Government account**

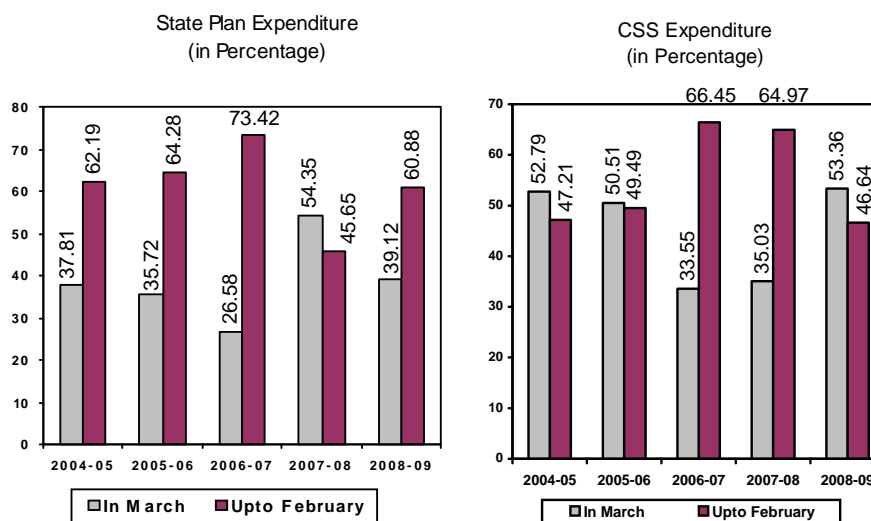
- (i) DFO, Banswara, (ii) DCF, Barmer, (iii) DFO, Bharatpur, (iv) DFO, Bundi, (v) DFO, Chittorgarh, (vi) DCF, Sikar, (vii) DCF, Rajasmand, (viii) DCF- Central, Udaipur **under PCCF, Rajasthan** (ix) SCO, Dantiwara Project, Abu Raod, (x) SCO, Begun **under PCCF (WF&PS)** (xi) Dy. CWLW, Zoo, Jaipur, (xii) DCF, (WL), Jodhpur, (xiii) DCF & Dy. Director (Core), Tiger Project, Ranthambore, Sawaimadhopur **under PCCF (CWLW)** and (xiv) DCF, DOD, Suratgarh, **under PCCF (WP&FS)**.
- (i) DCF, Barmer, (ii) DFO, Bharatpur, (iii) DCF, Rajasmand **under PCCF, Rajasthan** (iv) SCO, Begun, (v) DCF (DOD), Suratgarh, (vi) SCO, Dantiwara Project, Abu Road, **under PCCF (WP&FS)** and (vii) Dy. CWLW, Zoo, Jaipur **under PCCF (CWLW)**.

for more than three years, were required to be credited to the Consolidated Fund of the State, as lapsed deposits. The test check of records of 17 executive units revealed that in two units, security deposits of Rs 9.69 lakh<sup>3</sup> for the period March 1991 to March 2006 were lying unclaimed. These deposits were not credited to the Consolidated Fund of the State. The Government issued (July 2009) instructions for transfer of the amount to Government account.

#### 4.1.4.4 Rush of expenditure in March

**Expenditure in March ranged between 27 to 54 per cent under State plan and 34 to 53 per cent under CSS**

As per Para 139 of RBM, expenditure should be evenly managed and the rush to spend, particularly in the closing month of the financial year will ordinarily be regarded as a breach of financial discipline. The year wise expenditure incurred up to February and in March as a percentage of the total expenditure under State Plan Schemes and CSS of 12 divisions under the control of the PCCF & CWLW Office, Jaipur during the years 2004-09 is shown in the following Charts:



The main reason attributed by PCCF & CWLW was delay in sanction of funds by GoI and GoR. By not incurring the expenditure uniformly in the year, the physical progress of the schemes is adversely affected and project milestones, defined in phases, not reached in time. Government concurred (October 2009) the facts.

#### 4.1.4.5 Delay in release of funds

As per the decision taken (May 2000) in the 36<sup>th</sup> meeting of the Steering Committee under Ministry of Environment and Forest, Government of India (GoI), the State Government has to release funds to concerned Departments within six weeks of release by GoI.

3. Relating to (i) DCF & Dy. Director (Core), Tiger Project, Ranthambore, Sawaimadhopur, under PCCF (Wild Life): Rs 4.61 lakh; and (ii) DCF Departmental Operation Division (DOD), Suratgarh under PCCF (WP&FS): Rs 5.08 lakh. For the period one to five years: Rs 4.65 lakh (26 cases), six to 10 years: Rs 4.51 lakh (78 cases) and 11 to 18 years: Rs 0.53 lakh (34 cases).

During 2004-09, six CSS, under PCCF & CWLW, were being implemented. Scrutiny revealed that there were delays in release of fund by GoR, ranging from 15 to 139 days beyond the prescribed time of six weeks (**Appendix 4.6**). The PAC in its 209<sup>th</sup> Report of 2007-08 on Para 4.3 of the Audit Report 2000-01 (Civil) had taken note of the delayed releases and had directed the Department to furnish the reasons for such delays. GoR intimated (October 2009) that there was a procedural delay in release of funds from GoI to the State Government thereafter to the field offices.

#### 4.1.5 Expenditure control

The adequacy of expenditure control by the Department was examined with reference to laid down accounting procedures for recording transactions and maintenance of records. The deficiencies noticed are as under:

**Non-reconciliation of cheques issued and challans deposited with the treasury**

**4.1.5.1** Para 22.3.1 of Central Public Works Account Code provides that the Divisional Office should prepare the reconciliation statement of Certificate of Treasury Issues (CTI) in Form-51, relating to encashment of cheques issued by the Division and Consolidated Treasury Receipts (CTR), regarding remittances of Government revenue to the bank of the previous month, after reconciliation with the Bank/Treasury.

Scrutiny of Form-51 revealed that reconciliation of various cheques issued by DDO's (oldest being from July 1974 – DFO, Jodhpur) and challans deposited (oldest being from September 1977 – DCF, Hanumangarh) was pending<sup>4</sup> in 55 units out of 75 units (March 2009). The reconciliation was being done every month between the departmental figures and those booked by treasury. In spite of that the difference of cheques and of challans could not be reconciled and had accumulated. Audit could not verify the unreconciled cheques and challans, in the absence of particulars, required to be mentioned in Form 51. No record such as register of cheques and challans, showing individual details of cheques, etc. was maintained in test-checked divisions. The possibility of serious irregularities viz. fraud, misappropriation etc. cannot be ruled out. Government accepted the facts and intimated (October 2009) that instructions had been issued (July 2009) to all CCFs to reconcile the differences.

#### 4.1.5.2 Outstanding/non-adjustment of forest advances

**Forest advances of Rs 16.42 lakh remained unadjusted from 1 to 25 years**

The DFOs/DCFs disburse advances for execution of departmental works to subordinate officials, individuals, firms, and other offices. They are required to submit adjustment accounts (individuals, within four weeks and others, by March each year) against the work done. Audit noticed in three PCCFs offices<sup>5</sup> that an advance of Rs 16.42 lakh remained unadjusted, from one to 25 years as on March 2009. It was also noticed that five officials, against whom advances amounting to Rs 0.51 lakh were pending, have since retired.

4. **Cheques** - (i) Rs (-) 52.52 lakh cleared by treasury but not shown in Division and (ii) Rs (+) 155.34 lakh issued by Division but not cleared by treasury.

**Challans** - Rs (-) 65.47 lakh deposited in treasury but not shown against Division and (ii) Rs (+) 76.22 lakh shown against Division but not shown in treasury.

5. PCCF, Rajasthan, PCCF (CWLW) and PCCF (WP&FS).

Non-adjustment of advances for a long period indicated poor pursuance of recovery/adjustments and lack of expenditure control, which enhanced the risk of misutilisation. Government intimated (October 2009) that instructions had been issued (August 2009) to recover/adjust the advances.

#### **4.1.5.3 Maintenance of cashbook**

Test-check of cashbook of 32 selected units for 2004-09 revealed the following deficiencies:

**Monetary transactions not attested**

- As per Rule 48 (ii) of General Financial and Account Rules (GF&ARs), all the monetary transactions should be entered in the cashbook as soon as they occur and attested by the Head of office as a check. Contrary to the above provision, in seven units, transactions were not attested by the Heads of offices during 2004-09.

**Non-conduct of physical verification of cash balances and surprise check of cashbook**

- As per Rule 51 of the GF & AR, the head of the office should conduct physical verification of cash at the end of each month before closure of cashbook and conduct a surprise check of cash, once in a month. The Drawing and Disbursing Officers (DDOs) did not conduct (2004-09) physical verification in 11 out of 32 units test checked, and surprise check of cash balance in 17 units. Non-compliance to GF & AR could lead to embezzlement/ temporary misappropriation.

Government stated (October 2009) that instructions had been issued (August 2009) to all the DDOs to comply with the financial rules.

**Non-cancellation of paid vouchers**

Further, Rule 119 of GF & AR provides that all paid vouchers must be stamped as "paid" or "cancelled" by DDOs, to plug the possibility of second time payment. In 10 units out of 32 units test checked, paid vouchers for 2004-09 were not stamped as "paid" or "cancelled". Government stated (October 2009) that instructions have been issued (August 2009) to ensure compliance of financial rules.

#### **4.1.6 Administrative control**

Administrative controls necessitate that appropriate policies are framed and adhered to for supervision and posting of staff. These controls ensure that an appropriate mix of skills and experience is available to the organization for achieving its goals.

##### **4.1.6.1 Manpower management**

**Significant increase in vacancies in critical posts**

Although there was continuous increase in the sanctioned strength for various field posts i.e. ACF, Forest Guard, Surveyor, Assistant Forester, etc. during 2004-09. the number of vacancies in these cadres was also increasing (*Appendix 4.7*). The Department intimated (September 2009) that increase in the sanctioned strength in the cadre of ACF was due to various forest development activities, including the work under the National Rural Employment Guarantee Programme (NREGA), pending court cases, etc. Significantly, during 2004-09, the vacancies in critical field cadres of Forest Guard and Assistant Forester had increased from 188 to 715 and 26 to 287, respectively.



**Officers kept idle for want of posting orders**

Further, as per records of PCCF, Rajasthan, 27 officers of various cadres (CCF, CF, DCF, ACF and Ranger) were kept under Awaiting Posting Order (APO) for 45 to 340 days during 2004-09, without justification, indicating imprudent manpower management. Government intimated (October 2009) that the officers were kept under APO due to unavoidable administrative reasons.

**4.1.6.2 Monitoring and Vigilance Mechanism**

The monitoring mechanism of the Department was deficient due to insufficient inspection of subordinate offices and delays in settlement of enquiry cases as discussed below:

**Shortfall in Administrative Inspection**

- As per the provision in the Forest Manual, the DFOs/DCFs are required to conduct inspection of their subordinate offices once in a year. Out of 17 test checked executive units, the position of annual inspection conducted by DFOs/DCFs in respect of the range offices for 2004-09 is given below:

**Table 7: Inspection conducted by DFOs/DCFs**

S. No.	Name of Unit	Year	Total No. of Inspection		Shortfall
			To be done	Actually done	
1	2	3	4	5	6
1.	DFO, Chittorgarh	2004-09	40	27	2004-05 : 05 2007-08 : 02 2008-09 : <u>06</u> = <b>13</b>
2.	DFO, Barmer	2004-09	40	32	2005-06 : 01 2007-08 : <u>07</u> = <b>08</b>
3.	DCF, OECF, Mohangarh, Jaisalmer	2004-09	25	25	-
4.	DFO, Banswara	2004-09	40	40	-
5.	DCF (DOD), Suratgarh	2004-09	25	20	2004-05 : <b>05</b>
6.	DFO, Bharatpur	2004-09	26	26	-
7.	Dy. CWLW, Zoo, Jaipur	2004-09	15	01	2004-05 : 03 2005-06 : 03 2006-07 : 03 2007-08 : 02 2008-09 : <u>03</u> = <b>14</b>
	<b>Total</b>		<b>211</b>	<b>171</b>	<b>40</b>

Annual inspection by PCCF in respect of APCCF and CCF offices were conducted regularly.

Divisional Officers did not furnish information regarding inspections in the remaining 10 divisions<sup>6</sup>. Further, follow up action in respect of 72 inspections conducted by three DFOs/DCF<sup>7</sup> was not taken.

Owing to non-conduct of annual inspection and/or follow up action on inspections, the efficient working of the range office cannot be ensured, and the value of administrative inspection is lost.

**Vigilance mechanism**

- The Head of Department is responsible for maintaining transparent administration for which Chief Vigilance Officer (CVO) was to be appointed. Audit observed that APCCF was working as CVO in addition to his regular duties (August 2007). However, no separate staffs were provided for this work. Eleven complaint cases against forest offenders (2) and departmental officials (9), referred during 2002-2005 to the Department by the Chief Vigilance Commissioner's Office were pending disposal as of March 2009.

**Non-disposal of departmental enquiry cases**

- As per GoR order (November 1981) of Department of Personnel, the Departmental enquiry cases under Rules 16 and 17<sup>8</sup> of Rajasthan Civil Service Classification, Control and Appeal (CCA) Rules, 1958 should be disposed off on a priority basis. Further, PCCF, Rajasthan also issued instructions (November 2004) that envisages that the pending cases under CCA Rules 16 and 17 for departmental enquiry should be disposed off within six months and one month, respectively.

Scrutiny of records of PCCF, Rajasthan revealed that under Rule 16 of CCA and Rule 8 of All India Service (AIS) Rules, nine cases were pending in PCCF Office and 16 cases against APCCF, CCF, DCF, ACF, Rangers, etc. with the Personnel Department. The oldest pending case pertained to the year 2004. Further, under CCA Rule 17 and AIS Rule 10, six cases were pending with the Department since July 2006. Disposal was not done on a priority basis and instructions of PCCF were not being followed. Government intimated (October 2009) that four cases out of 25 under Rule 16, and one case out of six under Rule 17 had been disposed off and action was being taken in the remaining cases.

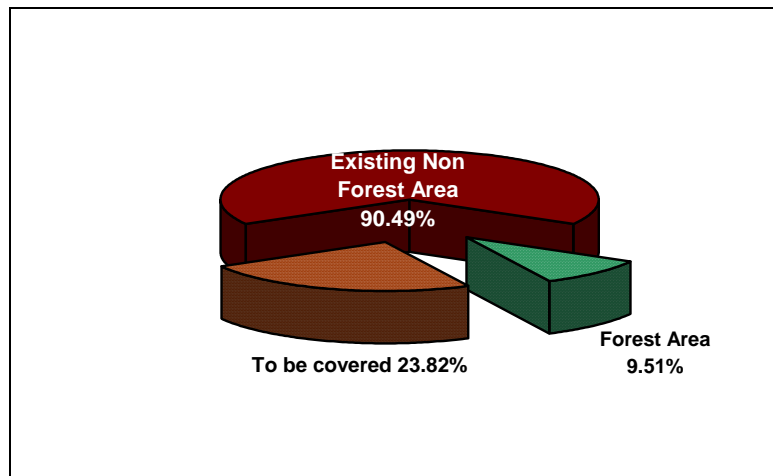
#### **4.1.7 Operational control**

Effective operational controls are required in an organisation to ensure that the goals are achieved.

The Forest Department has objectives of conserving the forests through protection and undertaking afforestation to increase the forest area as well as protection of wild life.

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6. (i) DFO, Bundi, (ii) DCF, Sikar, (iii) DCF, Rajsamand, (iv) DCF (Central) Udaipur **under PCCF, Rajasthan** (v) SCO, Banas, Tonk, (vi) SCO, Sojat (Pali) (vii) SCO, Dantiwara Project, Abu Road (viii) SCO, Begun, **Under PCCF (WP&FS)** (ix) DCF & Dy. Director (Core), Tiger Project, Ranthambore, Sawaimadhopur and (x) DCF (WL), Jodhpur **under PCCF (CWLW)**.
  7. (i) DFO, Barmer, (ii) DFO, Bharatpur **under PCCR, Rajasthan** and (iii) DCF (DOD), Suratgarh **under PCCF (WP&FS)**.
  8. see the glossary at page 175.

#### 4.1.7.1 Forest Policy not framed



#### No State Forest Policy framed

In order to achieve its functional goals, address its institutional challenges and associated risks, the Department needs to frame and put in place a State Forest Policy on the basis of the National Forest Policy 1988. The Forest Department had not framed any State Forest Policy.

The National Forest Policy requires State Forest Departments to make efforts so that a minimum of one third of total geographical area of the State should come under forest or tree cover. In Rajasthan, the total forest area<sup>9</sup> increased from 32,488 sq. km. (9.49 per cent) in 2003 to 32,549 sq. km. (9.51 per cent) in 2005 of the total geographical area (3,42,239 sq. km.), which was much less than the target of 33.33 per cent as per National Forest Policy. The forest cover increased from 15,826 sq. km. to 15,850 sq. km. (24 kms) during 2003-05 (Status Report 2005 - Indian Forest Survey, Dehradun).

There had been a marginal increase in total forest area as well as the forest cover. The Department needs to have a concrete plan to achieve the target of the National Forest Policy.

#### 4.1.7.2 State Board for Wild life

#### Meetings of Wildlife Advisory Board not held regularly

Section 6 of Wild Life Protection Act, 1972 stipulates that "the State Government shall constitute a State Board for Wildlife within six months from the date of commencement of the Act to advise the State Government in selection and management of protected area and formulation of the policy for protection and conservation of the wild life, effective control of poaching and illegal trade of wildlife and its products and the Board shall meet at least twice in a year".

Scrutiny of records of PCCF (Wild Life), Jaipur revealed that Wildlife Advisory Board was reorganised for three years in September 1998. It was further reorganised (December 2002) for three years with the Chief Minister as Chairperson and renamed (October 2003) as "State Board for Wild Life";

9. total forest areas include forest cover area, tree cover area, scrub and other area counted as forest.

but no meeting was held. The State Wild Life Board was again reorganised in July 2007 and only one meeting was held in October 2007 despite the recommendation of PAC (Report 209 of 2007-08) on Para 4.3 of Audit Report 2000-01 for conducting regular meetings of the Board. Thus, the very purpose of constitution of the Wild Life Advisory Board was defeated. Accepting the facts, the Government stated (October 2009) that the Forest Department had sent (January 2009) proposals for reorganisation of the Board.

#### 4.1.7.3 *Updation of manuals*

**Rajasthan Forest Manual (1961) and Commercial Accounting Manual of State Trading Scheme (1978) were not revised/updated since publication**

Documentation of procedure for various functions of the Department and its update are essential. The present "Rajasthan Forest Manual" was published in 1961 and not updated/revised despite many changes in the activities of the Department such as new schemes for development of forest, increase in number of posts and manpower, changes in financial control, mechanism and technical guidance, etc. Government intimated (October 2009) that updation/revision of the manual was under process.

The Departmental Operation (Trading) Scheme was launched in 1968. For carrying out works<sup>10</sup> and its accounting procedure, Departmental Accounts Procedure Code was prepared by the Forest Department and approved by the Finance Department, GoR (November 1978). Since then, the activities of the Department have enhanced further. The code does not provide for the changes in organisational set up, norms for wastage, percentage and dry percentage of wood harvested, time-frame for cutting of trees and subsequent disposal policy, etc. The code has not been revised and updated. The matter was under the consideration of PCCF since 2004 but there was no progress (October 2009). The Department stated (October 2009) that the work at present was being done as per the Departmental Accounting Procedure Code and amendment proposals would be sent to the Government for approval.

Further guard files, containing correction slips and important departmental instructions issued by the Government and the Forest Department from time to time were to be maintained for effective control and guidance of staff to achieve objectives. Audit noticed that no guard files were maintained in the administration, budget and development sections of PCCF, Rajasthan.

#### 4.1.7.4 *Maintenance of asset registers*

**Asset register was not maintained**

The Forest Manual stipulates that each divisional officer would keep an asset register of all immovable Government property, including land and building. Out of 17 divisions test checked, the asset register was not being maintained in six units<sup>11</sup> and the management was unaware of the actual status of assets under their control. Government stated (October 2009) that instructions were being issued to all divisions to complete the register.

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10. Extraction of trees and sale of timber by auction.

11. (i) DCF, Rajsamand, (ii) DCF, Sikar, (iii) DCF, OECF, Mohangarh, Jaisalmer **under PCCF, Rajasthan** (iv) DCF & Dy. Director (Core), Tiger Project, Ranthambore, Sawaimadhopur, (v) Dy. CWLW, Zoo, Jaipur **under PCCF (CWLW)** and (vi) SCO, Begun **under PCCF (WP&FS)**.

**Non-mutation of 5,025 sq km of forest land in the Department's name**

As per GoR (Administrative Reforms Department) instructions issued in August 1999, it was mandatory to get all categories of forestland recorded in revenue records in the name of the Forest Department by 31 December 2000. For this purpose, district level committees, with the District Collector as Chairperson and Deputy Conservator of Forests as Member Secretary, were constituted (August 1999). The tenure of these committees was initially up to December 2000, which was extended five times<sup>12</sup> up to December 2008. Yet mutation of 5,025.01 sq. km. of forest land, out of 32,688.10 sq. km., was not done. This included 2902.10 sq. km.<sup>13</sup> of land, under Forest Department since creation of Rajasthan State but was not recorded in the name of Forest Department for want of survey by the Revenue Department.

The Department stated (January 2009) that the work of mutation of forest land was a regular process. Regarding 2902.10 sq. km. land, it was stated (April 2009) that the matter was taken up with the Revenue Department for conducting the survey. Thus, even after lapse of eight years, the Department could not complete the process in coordination with the Revenue Department. Government stated (October 2009) that instructions had been issued to CCF to expedite progress.

**4.1.7.5 Non-utilisation of CAMPA funds****Non-framing of proposals for utilisation of CAMPA funds**

As per GoI (Ministry of Environment and Forest) instructions (March 2004), all the money received from user agencies towards diversion of land was required to be transferred to Compensatory Afforestation Fund Management and Planning Authority (CAMPA). The disbursement from the fund was to be made for compensatory afforestation as per the site-specific schemes received from the State.

Scrutiny of records of PCCF, Rajasthan, Jaipur revealed that Rs 421 crore were deposited in the CAMPA Fund by the Department between 2004 and December 2008. This amount should have been utilised for afforestation. However, the Department had not formulated any site-specific schemes since 2004. The Department's failure in framing project report/proposal or plan for utilisation of CAMPA Fund led to its non-utilisation. State Government stated (October 2009) that GoI had not released funds for one proposal of Rs 73.50 crore sent by it in 2008-09.

- **Non-recovery of Net Present Value**

As per Forest (Conservation) Act 1980, whenever forest land is diverted for non-forest activities to user agency, the user agency/ department has to deposit the compensation amount for compensatory afforestation plus the net present value (NPV) with the Forest Department for diversion/use of forestland, trees, and other charges. This amount forms part of the CAMPA Fund.

12. 24 February 2001, 19 February 2003, 27 June 2005, 09 May 2007 and finally 31 December 2008.

13. (i) Alwar and Sariska : 688.74 sq.km, (ii) Ajmer : 52.04 sq.km, (iii) Chittorgarh : 521.67 sq.km, (iv) Dungarpur : 365.29 sq.km (v) Kota : 28.42 sq.km, (vi) Pratapgarh: 209.65 sq.km, (vii) Rajsamand : 6.23 sq.km and (viii) Udaipur : 1030.06 sq.km.

Out of 17 divisions test checked, Rs 14.90 crore was found outstanding in two divisions: DFO, Banswara (Rs 1.42 crore) and DFO, Bundi (Rs 13.48 crore) against three user agencies on account of compensation for compensatory afforestation (Rs 0.64 crore) and for NPV (Rs 14.26 crore) for the period ranging between 5 and 10 years.

Government stated (October 2009) that recovery of Rs. 13.56 crore (Bundi: Rs 13.48 crore, Banswara: Rs 0.08 crore) has been made from two user agencies. The remaining amount of Rs. 1.34 crore in respect of one case was stated to be under pursuance.

A case of non-recovery of NPV amounting to Rs. 79.21 lakh from mines owner related to DCF (DAPD) Sikar has been incorporated in Chapter 3 of this report as Para No. 3.4.1.

#### **4.1.7.6 Failure of plantation**

**Wasteful expenditure of Rs 0.80 crore on failure of plantations**

The norms fixed by the Forest Department (November 1990) prescribe that a plantation should be categorized as (i) good, where survival rate of plants was above 70 *per cent*, (ii) ordinary, where survival rate was between 40 and 70 *per cent*, and (iii) failure, where survival rate was below 40 *per cent*.

Test check of 17 divisions revealed that in three divisions<sup>14</sup>, the survival rate of plantation was three to 38 *per cent* during 2004-05 to 2007-08. Failure of the Department to take adequate preventive measures to protect plants and ensure tree growth resulted in wasteful expenditure of Rs 79.60 lakh (**Appendix 4.8**). Government stated (October 2009) that the cases of failure of plantations were being examined.

- **Creation of Hi-tech nursery**

**Creation of Hi-tech nursery without ensuring availability of water**

Rajasthan Forestry and Bio-diversity Project (RFBP) Report provides that to facilitate large distribution of seedlings under farm forestry, new nurseries were to be created where root trainers were to be used to produce plants of better quality at low cost.

Scrutiny of records of Alwar Division under PCCF, Rajasthan revealed that an expenditure of Rs 11.99 lakh was incurred during the project period (2005-07) on creation of Hi-tech nursery. However, due to non-availability of water, the nursery could not be put to use. This showed improper planning of a work that was taken up without proper survey, investigation and ensuring availability of water. Government stated (October 2009) that a proposal for boring a tube well has been sent to the Urban Improvement Trust, Alwar.

#### **4.1.7.7 Lack of control on tiger poaching and conduct of animal census**

The DCF and Deputy Director (Core), Tiger Project, Ranthambore, Sawaimadhapur, is responsible for the security of the protected area in the

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14 (i) DFO, Bharatpur : Rs 41.85 lakh, (ii) DFO, Bundi : Rs 28.05 lakh, and (iii) DCF, Hanumangarh under CCF IGNP, Bikaner : Rs 9.70 lakh **under PCCF, Rajasthan**.

reserve. A census is undertaken each year (May/June). The year-wise estimated population of tigers is as detailed below:

Year	2004	2005	2006	2007	2008	2009
RTR	47	26	Census not conducted due to rain	Tentatively 30 to 34	Census not conducted due to rain	41

Source: DCF & Deputy Director (Core), Tiger Project, Ranthambore, Sawaimadhopur.

The number of tigers decreased from 47 in 2004 to 26 in 2005 and again increased to 41 in 2009.

The Department stated that during 2008-09 no case of poaching was registered. However, scrutiny of records showed that 12 cases<sup>15</sup> of poaching of tiger (11) and other wild life animals (1) were registered during 2004-08.

#### 4.1.7.8 Joint Forest Management System

Joint Forest Management (JFM) is a concept of developing partnerships between the fringe-forest user groups and the Forest Department, based on mutual trust and jointly defined roles and responsibilities with regard to forest protection<sup>16</sup> and development. As per the guidelines of JFM (October 2000) issued by the Department, the DFO was to constitute a Village Forest Protection and Management Committee (VFPMC) in each revenue village and register it with the Department within three months. In each committee, there should be 33 *per cent* women members. In addition, an advisory sub committee of women was to be constituted in each village. Further, every committee was required to prepare a micro plan.

The data relating to VFPMC for the State as well as 10 test-checked<sup>17</sup> units out of 17 selected for 2007-08 is given in the table below:

**Table 8: Shortfall in constitution of Committees**

Area	VFPMC					Advisory Sub Committee		
	To be Constituted as per revenue village	Constituted	Short-fall	To be Registered	Un-registered	To be Constituted	Constituted	Short-fall
Entire State	41353	4882	36471	4882	639	4882	3669	1213
Selected units	7745	1296	6449	1296	100	1296	990	306

Source: Administrative Report of 2007-08 and information from PCCF, Rajasthan.

15. 2004-05: one case, 2005-06 : one case, 2006-07 : six cases and 2007-08 : four cases.
16. Protection from encroachment, illegal cutting of tree, grazing, theft of forest produces, illegal mining and fire protection.
17. (i) DFO, Banswara, (ii) DCF, Barmer, (iii) DFO, Bharatpur, (iv) DFO, Bundi, (v) DFO, Chittorgarh, (vi) DCF (OECF), Mohangarh, Jaisalmer, (vii) DCF, Rajsamand, (viii) DCF, Sikar, (ix) DCF (Central), Udaipur **under PCCF, Rajasthan** and (x) DCF & Dy. Director (Core), Tiger Project, Ranthambore, Sawaimadhopur **under PCCF (CWLW)**.

Scrutiny of records revealed that against the requirement of minimum 33 per cent women members in the committee, women enrolled were 8 per cent to 32 per cent in six divisions<sup>18</sup>, and in the four select divisions, the enrolment was more than the prescribed percentage (38 per cent to 48 per cent).

The Department stated that (July 2009) 4916 VFPMCs had been constituted up to March 2009 but the details regarding registered/unregistered, women representation etc. were not supplied and the position was stated to be under compilation. The Department did not intimate the reasons for non-compliance of guidelines.

Further, in 431 VFPMCs of four divisions<sup>19</sup>, no micro plan was prepared. The Department did not ensure the implementation of JFM activities as per the guidelines issued by the State Government.

**Delay/non-execution of works led to under-utilisation of CSS funds**

Scrutiny of records of DCF & Dy. Director (Core), Tiger Project, Ranthambore, Sawaimadhopur, under PCCF Wild Life, revealed that Rs 2.76 crore was allotted by GoI as per Annual Plan of Operation (APO), under CSS, for Tiger Project, Ranthambore, during 2007-08, for minor construction and eco-development works. Against this allotment, the first instalment of Rs 1.54 crore was released by GoI in July 2007 (Rs 1.50 crore) and March 2008 (Rs 0.04 crore). After utilisation of 85 per cent of the first instalment under CSS, the second instalment was to be released by GoI. Since the first instalment released by the State Government in September 2007 was not utilised by the Division upto March 2008, the second instalment of Rs 1.22 crore was not released by GoI. The funds were not utilised due to delay in relocation of villagers, non-construction of borewell by PHED, etc. Thus, the State Government could not avail the benefit of the earmarked fund.

**Non-execution of works by Department led to lapse of funds**

Scrutiny of records in DFO, Bundi, under PCCF, Rajasthan revealed that Rs 3.20 crore were released in 2005-06 for Advance Closure<sup>20</sup> Works under Rajasthan Forestry and Bio-diversity Project (RFBP) out of which Rs 2.88 crore only were utilized and the balance of Rs 0.32 crore lapsed due to non-execution of works as per the prescribed model, by the Range Office, Bundi.

#### **4.1.7.9 Non-disposal of forest offence cases**

Forest offence cases<sup>21</sup> are required to be either compounded or challaned in the Court of Law, within one year. Scrutiny revealed that out of 7,573 forest offence cases pending disposal, 5,653 cases<sup>22</sup> for the period 2004-09 were pending with the Department. In 12 selected units, 2,885 offence cases were

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18. (i) DCF, Barmer, (ii) DFO, Bundi, (iii) DFO, Chittorgarh, (iv) DCF (OECF), Mohangarh, Jaisalmer, (v) DCF, Sikar **under PCCF, Rajasthan** and (vi) DCF & Dy. Director (Core), Tiger Project, Ranthambore, Sawaimadhopur **under PCCF (CWLW)**

19. (i) DFO, Bundi, (ii) DFO, Chittorgarh, (iii) DCF, Sikar **under PCCF, Rajasthan** and (iv) DCF & Dy. Director (Core), Tiger Project, Ranthambore, Sawaimadhopur **under PCCF (CWLW)**.

20. Works of survey, fencing, digging of contour trenches, digging of pits, etc.

21. Illegal cutting of trees and grass, encroachment, theft of forest produces, etc.

22. Up to one year: 2,252 cases, one to three years: 905 cases and above three years: 2,496 cases.



pending up to March 2009. Government intimated (October 2009) that efforts were being made for disposal of the cases.

Similarly, 1,455 cases of wildlife offences (poaching and trade in wildlife) were also pending for disposal since 2004-05, indicating absence of proper accountability in the Department. The Department did not maintain age wise details of pending wild life offence cases. Government stated (October 2009) that instructions had been issued (March 2009) to subordinate offices for taking effective steps for the disposal of the cases.

**Encroachment of forest land indicated lack of vigilance on the part of Department**

- According to the information furnished (April 2009), 23,812 cases of encroachment covering 29,648 hectare of forest land were noticed up to December 2008. Of these, 14,729 (62 *per cent*) cases were more than three years old. This indicated that the Department had not been vigilant in preventing encroachment and effective efforts had not been made by the DFOs/DCFs to get the encroached forest land vacated. On the basis of GoI directions (May 2002) regarding disposal of cases of encroachment on forest land, the CF, Western Circle, Udaipur, issued instructions (September 2002) that all such cases should be disposed off within three months by preparing a time-bound programme and excluding the land not coming under category of regularisation. Government stated (October 2009) that instructions have been issued (May 2009) to subordinate offices and efforts were being made to clear encroachments on forest land.

- To ensure protection of existing forest area, the Department conducts surveys and demarcates the existing forest by putting up permanent boundary pillars, which discourages encroachments and scales the forest area. Scrutiny of records of PCCF (WP&FS) revealed (April 2009) that 2.84 lakh boundary pillars were to be constructed from 2004-05. However, no target date was set for completion of the work. Government intimated (October 2009) that 48,039 pillars had been constructed during 2005-09. Slow progress of work opens up the possibilities of encroachment on forest land.

#### **4.1.8 Oversight arrangement**

##### **4.1.8.1 Internal oversight**

Internal Audit (IA) evaluates and contributes to the ongoing effectiveness and level of compliance. IA must be independent, impartial and should not be entrusted with other operational responsibilities.

An internal audit wing under the PCCF, Rajasthan was constituted with six officials and staff. It was noticed that the internal audit mechanism in the Department was inadequate and ineffective as discussed below:

- There was no manual of internal audit prescribing the principles and practices, which the internal auditor was required to follow. The PCCF, Rajasthan stated that audit was carried out as per GF&AR. To ensure effective conduct of processes of audit a manual is necessary.

- Only three IA parties were sanctioned in the Department, each consisting of one AAO and one Junior Accountant. IA officials were also entrusted with other office responsibilities. Internal Audit of selected 58

units<sup>23</sup> out of 97 units had not been carried out during 2004-09 as per the Department's records.

- Internal audit loses its effectiveness unless the deficiencies pointed out are promptly attended to. As of March 2009, 1,014 Inspection Reports<sup>24</sup> and 8,435 paras were pending for compliance, the oldest since 1958. This showed that IA was not being given due importance and compliance to its observations was not being done. Government accepted (October 2009) the facts.
- As per instructions (September 2003) of PCCF, Rajasthan, the internal audit of accounts of Village Forest Protection and Management Committee (VFPMC) was required to be conducted every year by DCF/DFO or ACF/Range Officer. Out of 17 test checked divisions, it was noticed that internal audit in three Divisions<sup>25</sup>, having 295 VFPMCs, was not conducted during 2004-09. The DCF & Dy. Director (Core), Tiger Project, Ranthambore, Sawaimadhopur, stated (February 2009) that audit of VFPMCs would be conducted in 2009-10. DFO, Bharatpur and DCF (Central), Udaipur did not furnish any reply.

#### **4.1.8.2 Lack of response to statutory audit**

As of March 2009, 1397 paras relating to 407 inspection reports (IRs), issued up to September 2008, by the Principal Accountant General, were pending settlement/compliance. Of these, 66 paras pertaining to 27 IRs were more than 10 years old. This indicated lack of initiatives on the part of department to rectify the mistakes and deficiencies pointed out in audit.

The objections on monthly accounts, having money value, and vouchers of divisions are kept as an item under Objection Book (OB). The concerned division/department is responsible for rectifying the objections and furnishing compliance. Scrutiny revealed that as of March 2009, 1145 items, pertaining to excess expenditure on electricity bills, expenditure without sanctions, irregular purchases, non-recovery of income tax, etc. involving Rs 244.01 lakh were pending with the Department for compliance since 1998-99. This indicated lack of seriousness on part of the Department towards recovery of Government money. Government stated (October 2009) that joint camps for the disposal of outstanding paras were being organised at the Zonal level. However, due to lack of concrete action on the part of the Department, the items remained outstanding for a long period.

#### **4.1.9 Conclusion**

The review of internal controls in the Forest Department showed deficiencies in the observance of budgetary, expenditure, operational and administrative controls. Financial controls were weak as reflected in the rush of expenditure at the end of the financial year, delayed release of funds for works, non-recovery of dues and lapse of funds. Cash management was deficient, as the prescribed rules to prevent fraud and misappropriation of cash were not

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23. 2004 : 02 units, 2005 : 01 unit, 2006 : 15 units and 2007 : 40 units.

24. Upto 2003-04 : 727 IRs, 2004-05 : 71 IRs, 2005-06 : 68 IRs, 2006-07 : 50 IRs, 2007-08 : 60 IRs and 2008-09 : 38 IRs.

25. (i) DFO, Bharatpur (99), (ii) DCF, Central, Udaipur (177) **under PCCF, Rajasthan** and (iii) DCF & Dy. Director (Core), Tiger Project, Ranthambore, Sawaimadhopur (19) **under PCCF (CWLW)**.

strictly followed. Operational controls were insufficient as evidenced in delays in mutation of forest land, increase in encroachment cases and lack of initiatives for compensatory afforestation. The Department does not have a State Forest Policy, and Department's manual and Account Procedure Code were not updated. Audit observed lack of monitoring at State level, insufficient inspection of subordinate offices and delays in settlement of forest offence cases. The internal oversight mechanism was far from satisfactory as internal audit was inadequate.

**4.1.10 Recommendation**

- Government should formulate a comprehensive State Forest Policy to achieve the target of 33 per cent forest cover and a concrete action plan to guide the Department in its efforts towards conservation, protection, and development of forest area.
- Control over budget and expenditure should be strengthened so as to ensure optimal utilization of the available resources for achievement of the Department's objectives.
- Site-specific projects/schemes should be formulated and implemented for effective utilisation of compensatory afforestation fund.
- For effective monitoring, inspection of the subordinate offices should be conducted regularly by the Divisional officers. The State Wild Life Board should meet at least twice a year, for policy formulation as well as effective control of poaching and illegal trade of wild life in the State.
- Vigilance administration should be strengthened by deploying necessary staff for speedy disposal of the forest offence cases. Details of the pending cases should be maintained for better monitoring. Efforts should be made to prevent/clear encroachment on forest land.

**JAIPUR**

**(SUMAN SAXENA)**

**Principal Accountant General (Civil Audit), Rajasthan**

**Countersigned**

**NEW DELHI**

**(VINOD RAI)**

**Comptroller and Auditor General of India**