

CHAPTER 6: AUDIT EFFECTIVENESS

6.1 Audit objections issued, settled and outstanding

During the year 2008-09, based on the results of test audit, a total of 14046 Audit objections were issued through Special letters, Part-I Audit Notes and Inspection Reports. Besides these, there was a carry forward of 31857 audit objections pertaining to the previous years. A total of 14591 Audit objections were settled during the year after the Railway Administration recovered/ agreed to recover the amounts involved or had initiated corrective/ remedial action. The balance 31316 audit objections outstanding as on 31 March 2009 involve financial irregularities amounting to Rs.14455.88 crore.

6.2 Recoveries at the instance of audit

As a result of cases of undercharges in realization of freight and other earnings, overpayments to staff and other agencies, non-recovery of dues of the Railway etc. brought to the notice of the Railway Administration during the year 2008-09, an amount of Rs.83.98 crore as detailed below has been accepted for recovery (Rs.53.79 crore was recovered and Rs.30.20 crore was agreed to be recovered):

| Sl. No. | Railway | Amount (Rs. in crores) |
|---------|--------------------|------------------------|
| 1. | Southern | 20.00 |
| 2. | Eastern | 8.25 |
| 3. | Northern | 7.83 |
| 4. | North Eastern | 7.19 |
| 5. | East Central | 7.18 |
| 6. | Northeast Frontier | 6.28 |
| 7. | West Central | 5.36 |
| 8. | South Eastern | 4.74 |
| 9. | North Western | 3.10 |
| 10. | South Central | 2.99 |
| 11. | Western | 2.77 |
| 12. | South East Central | 1.91 |
| 13. | North Central | 1.61 |
| 14. | COFMOW | 1.59 |
| 15. | South Western | 1.37 |
| 16. | East Coast | 0.81 |
| 17. | Central | 0.58 |
| 18. | RPU & Metro | 0.43 |
| | Total | 83.98 |

Out of total amount of Rs.83.98 crore accepted for recovery, an amount of Rs.35.09 crore pertained to transactions which were checked by Accounts but the errors could not be detected by them. An amount of Rs.2.09 crore pertained to recoveries made by Railway Administration, as a result of further review done by them, on the basis of audit objections.

6.3 Response of the Ministry of Railways (Railway Board) to Provisional Paragraphs

In order to implement the recommendations of the Public Accounts committee (PAC), Ministry of Finance issued instructions (June 1960) to send replies to Draft audit Paragraphs (Provisional Paragraphs) proposed for inclusion in the Report of the Comptroller and Auditor General of India within six weeks from the date of issue.

For this Railway Audit Report, 90 Provisional Paragraphs were issued. Reply to 30 Provisional Paragraph has been received (December 2009).

6.4 Follow up on Audit Reports

To ensure the accountability of the executive on all issues dealt with in the Report of the Comptroller and Auditor General of India, the PAC had decided (1982) that the concerned Ministries/ Departments of the Government of India should furnish corrective/ remedial Action Taken Note (ATNs) on all paragraphs contained therein.

Taking a serious view of the inordinate delays and persistent failures in furnishing ATNs within the prescribed time limit, PAC had desired in their Ninth Report (Eleventh Lok Sabha) presented to Parliament on 22 April 1997 that henceforth corrective/ remedial ATNs, duly vetted by Audit, on all paragraphs included in the Reports be furnished within four months after the Report is laid on the table of the Parliament.

The position of ATNs furnished by the Railway Board (December 2009) on the paragraphs included in the Reports of the Comptroller and Auditor General of India – Union Government (Railways) upto the year ended 31 March 2009 is given below:

| Year | Total para. | No. of para on which ATN finalised | No. of Paragraphs on which ATNs are pending | | | | Total |
|--------------|-------------|------------------------------------|---|--|----------------------|----------------------------------|------------|
| | | | Not received | ATN on which comments sent to Railway Board. | ATNs finally vetted. | ATN under verification by Audit. | |
| 1995-96 | 85 | 84 | 0 | 1 | 0 | 0 | 1 |
| 1996-97 | 95 | 94 | 0 | 1 | 0 | 0 | 1 |
| 1997-98 | 96 | 93 | 1 | 2 | 0 | 0 | 3 |
| 1998-99 | 106 | 99 | 3 | 1 | 2 | 1 | 7 |
| 1999-00 | 101 | 94 | 3 | 2 | 1 | 1 | 7 |
| 2000-01 | 101 | 96 | 1 | 3 | 1 | 0 | 5 |
| 2001-02 | 101 | 84 | 4 | 10 | 1 | 2 | 17 |
| 2002-03 | 110 | 86 | 8 | 11 | 2 | 3 | 24 |
| 2003-04 | 114 | 86 | 12 | 10 | 4 | 2 | 28 |
| 2004-05 | 105 | 64 | 13 | 13 | 8 | 7 | 41 |
| 2005-06 | 138 | 70 | 22 | 22 | 12 | 12 | 68 |
| 2006-07 | 165 | 22 | 57 | 40 | 17 | 29 | 143 |
| 2007-08 | 172 | 2 | 98 | 28 | 15 | 29 | 170 |
| Total | 1489 | 974 | 222 | 144 | 63 | 86 | 515 |

ATNs in respect of 222 Paragraphs relating to the Report for the year 1997-98 to 2007-08 have not been furnished at all (31 December 2009). Besides, 144 ATNs received for vetting by Audit are outstanding because adequate remedial action has not been taken. In 86 cases the action stated to have been taken is under verification by Audit.

New Delhi
Dated:

(NARENDRA SINGH)
Deputy Comptroller and Auditor General

Countersigned

New Delhi
Dated:

(VINOD RAI)
Comptroller and Auditor General of India