

CHAPTER-VI INTERNAL CONTROL MANAGEMENT

We test checked the records of the State Excise Department and noticed a number of lapses and irregularities on the part of the Government and Department at a macro level and in the field offices at micro level. These lapses and irregularities are discussed in the succeeding paragraphs.

6.1 Human Resource management

We test checked the records of the State Excise Office and noticed that there were 569 vacancies against the sanctioned strength. The position of sanctioned strength *vis-a-vis* persons-in-position and vacancies as on 1 January 2009 is as under:

Sl. No.	Name of Post	Sanctioned posts	Persons-in-position	Number of vacancies
1	Joint Excise Commissioner	7	4	3
2	Deputy Excise Commissioner	30	28	2
3	Asstt. Excise Commissioner	153	118	35
4	Excise Inspector	539	489	50
5	Excise Sub Inspector	68	64	4
6	Driver	156	138	18
7	Head Constable	557	541	16
8	Constable	1,498	1,057	441
	Total	3,008	2,439	569

We found that the shortfall in vacancies of officers/officials was 18.92 *per cent* against the sanctioned posts. Person-in-position was found short as compared to sanctioned post during the last five years including in the cadres of Joint Excise Commissioner, Deputy Excise Commissioner, Assistant Excise Commissioner, Excise Inspector and Excise Sub-Inspector.

Though the number of distilleries, breweries, sugar factories and pharmacies has increased, the department has not carried out any review of manpower deployment. There are several cases of officials holding additional charges. The shortage of staff has resulted in lack of proper controls as mentioned in the following paragraphs:

6.2 Lack of direct control over the issue of molasses

We noticed that the issue of molasses from sugar factories or on its receipt by the consignee distilleries and other industrial licensees lacked direct control as

Rule 25 of the Uttar Pradesh Sheera Niyamtran Niyamavali 1974 provides for issue of gate pass (MF 4) either by the sugar factories, or by an officer, authorised by the Controller of Molasses, before the actual transportation of molasses. A copy of the gate pass is required to be handed over to the Sub-Inspector of Excise posted at the factory.

the department has only 64 Sub-Inspectors of Excise against the sanctioned strength of 68 to look after the working of 157 sugar factories in the State. In 93 sugar factories the system of additional charge was prevalent.

For effective and efficient working of the Department, the Government and the Department may consider filling the existing vacancies in the cadres of the Joint Excise Commissioners, Deputy Excise Commissioners and Assistant Excise Commissioners and other assisting officers in the cadre of Excise Inspectors, Excise Sub-Inspectors etc.

6.3 Internal Control Mechanism

Inspection is an important part of the internal control mechanism for ensuring proper and effective functioning of a department and for timely detection of loopholes and to stop their recurrences.

The Excise Commissioner vide his instructions dated 1 January 1990 fixed the periodicity of inspection for each District Excise Office, distillery, bonded manufactory, un-bonded manufactory and sugar factory to be conducted by the JEC/DEC and AEC. The periodicity ranged between two months to six months.

We test checked the records of 44 units¹ and noticed that there was a 52 per cent shortfall in the prescribed number of inspections during the period from 2004-05 to 2008-09.

A summarised position is as under:

Sl. No.	Category of Officer	Number of Inspections			
		Due	Carried out	Shortfall	Percentage of shortfall
1	Joint Excise Commissioner	457	132	325	71.11
2	Deputy Excise Commissioner	616	308	308	50.00
3	Assistant Excise Commissioner	672	402	270	40.18
	Total	1,745	842	903	51.74

The shortfall in inspections ranged from 40 per cent to 71 per cent for different levels during these years. The maximum shortfall was recorded at the level of Joint Excise Commissioners. Effective control over the field offices may have been compromised due to these shortfalls. The Excise Commissioner had not devised any system, by way of returns, for monitoring the compliance of the prescribed norms and progress of the inspections.

We found that no norms have been fixed for inspection of AT Laboratories at any level. It can be inferred that department lacked effective control over working of AT laboratories.

The Department may ensure that the instructions issued by the Commissioner for conducting the inspections are strictly followed and norms for inspection of AT Laboratories be fixed.

¹ Distilleries, District Excise Offices, Breweries, Pharmacies, Sugar Factories and AT Laboratories

6.4 Internal Audit

Internal audit is an important tool for appraisal of deficiencies in the activities viz. proper and timely assessment and realisation of dues and implementation of Acts/Rules and in issue of guidelines for improving accounting etc. for better collection of revenue and plugging various loopholes within the organisation.

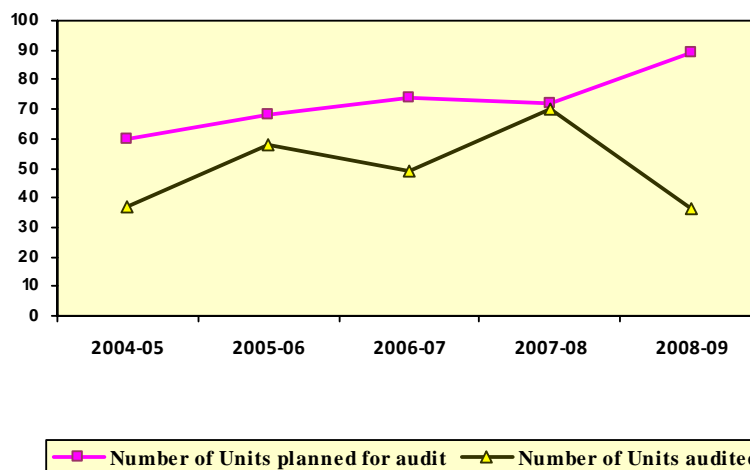
During our check of the records of 46 offices of the Department and internal

The internal audit wing of the department functioned under the control of the Finance Controller and Chief Accounts Officer who were assisted by two Assistant Audit Officers, responsible for conduct of audit of the field units of the State Excise Department.

audit wing of the office of the Excise Commissioner we noticed that internal audit of breweries, sugar factories, pharmacies and AT Labs was not conducted. Audit of other units was also not taken up regularly leading to overall shortfall of 31.13 per cent in

the units audited. The details are as under:

Period	Number of units planned for audit	Number of units audited	Shortfall	Percentage of shortfall
2004-05	60	37	23	38.33
2005-06	68	58	10	14.70
2006-07	74	49	25	33.78
2007-08	72	70	2	2.77
2008-09	89	36	53	59.55
Total	363	250	113	31.13



Thus, the internal audit wing fell short of its targets. This was stated to be due to shortage of staff.

The Government and the Department may ensure that internal audit of breweries, sugar factories, pharmacies and AT Labs are conducted at regular intervals and all the units planned for audit are covered by the internal audit.