

CHAPTER-II

ACCOUNTS AND FINANCIAL MANAGEMENT

An efficient and disciplined Financial Management System is required for smooth functioning of ULBs. As such, the State Government enacted various Acts and made Rules for this purpose. Sections 66 and 71 of the JMA, 2000, Sections 87 and 92 of RMC Act, 2001, Rules 2, 20, 64, 66, 83 and 105 of Bihar Municipal Accounts Rules, 1928; and Rule 30, 31 and 39 of Municipal Accounts (Recovery of Taxes) Rules, 1951 provide effective tools for Financial Management of ULBs. According to the provisions of these Sections/Rules, the ULBs, at least two months before the close of the year, should prepare budget estimates of probable receipts and expenditure which should be approved by the State Government. No expenditure should be incurred without making provisions in the budget. Every local body should prepare an Annual Account of actual receipt and expenditure at the end of each year. The cash and account branches of each municipal office should be kept distinct from each other. All sums received on account of the municipal fund should be credited intact to a treasury and should not be appropriated towards expenditure. The Cash book should be balanced at the close of every month and should be signed by the Executives. All corrections and alterations in accounts should be neatly made in red ink and attested by the Executives. Physical verification of Stock & Stores should be conducted each half yearly. The Advance Ledger should be balanced quarterly and signed by the Vice-chairman or Secretary. He should satisfy himself that steps are being taken to recover or adjust advances outstanding for more than three months. Further, ULBs are also required to maintain 86 types of Forms and Accounts as per Acts and Rules. Audit scrutiny revealed that these provisions of Acts/Rules were not followed by the Officers/Executives of the ULBs. Non-carrying out of the prescribed supervisory checks and non-adherence to the provisions resulted in a number of deficiencies, which were reported to the Government/ULBs through previous Reports also. These deficiencies continued to exist in the ULBs as discussed in succeeding paragraphs.

2.1 Irregular lodgment of Municipal Fund

Rs 17.47 crore was irregularly lodged in 93 additional Bank accounts of ULBs.

According to Section 66 of the JMA, 2000 and Section 87 of RMC Act, 2001, all sums received on account of Municipal Fund should be paid into a Government Treasury or into any Bank used as Government Treasury. But in contravention to the said provision, 17 ULBs maintained 106 additional Bank accounts during 2002-09 without approval of the Government and Rs 17.47 crore, as detailed below, was lying in 93 additional Bank accounts of 17 ULBs. The balances of 13 Bank accounts of three ULBs were not available.

Table-6

(Rs in lakh)

Sl. No.	Name of ULBs	As on 31 March	No. of additional Bank Accounts maintained	No of Bank Accounts whose balances were not available	Balance
1.	Ranchi	2009	11	-	1113.67
2.	Dhanbad	2006	09	01	150.35
3.	Hazaribagh	2008	14	01	23.28
4.	Giridih	2008	04	-	60.93
5.	Chatra	2008	02	-	1.56
6.	Chakradharpur	2008	11	-	26.39
7.	Chas	2008	02	-	4.50
8.	Simdega	2008	01	-	7.38
9.	Godda	2008	13	-	65.71
10.	Mango	2008	19	11	30.41
11.	Jamtara	2008	01	-	12.00
12.	Saraikela	2008	01	-	0.03
13.	Basukinath	2008	01	-	8.48
14.	Jasidih	2008	03	-	196.39
15.	Kharsawan	2008	09	-	13.13
16.	Chakuliya	2008	01	-	1.00
17.	Chirkunda	2008	04	-	32.23
TOTAL			106	13	1747.44

Maintenance of more than one account was not only in contravention of the Act but also implied lack of proper control over finances of the ULBs.

2.2 Budget Estimates

As provided under Section 71 of JMA, 2000 and Section 94 of RMC Act, 2001, the Budget estimates showing details of probable receipts and expenditure should be prepared and placed before the Municipal Boards/Standing Committees in their meetings to be held at least two months before close of the year. Further, the budget estimates should be approved by the Municipal Body and copies thereof submitted to the Government. As the Municipal Bodies remained superseded

during the period under test check, responsibility for preparation of budget estimates was on Administrator/ Special Officer appointed by the State Government.

11 ULBs didn't prepare budget estimates and other six ULBs utilized only 3.13 to 31.13 per cent of the provision.

As the budget proposals for these Local Bodies were to be the reflection of the aspirations of the people of those areas, utmost care in preparing budget proposals was needed to be taken. It was, however, noticed in audit that there was total absence of control over the budget formulation. There was no provision for citizens' involvement and/or bottom-up budgeting. Test check of records of 17 ULBs revealed that 11 ULBs had not prepared budget estimates at all, whereas, remaining six ULBs had utilized only 3.13 per cent to 31.13 per cent (except Kharsawan 100% during 2006-07) of the budget provisions during 2006-09, rendering them unrealistic as detailed below:

Table-7

Sl. No.	Name of ULBs			Percentage of Actual Expenditure	(Rs in lakh)
		Budget Estimate	Actual Expenditure		Saving (+)
2006-07					
1.	Chatra	1486.50	294.34	19.80	1192.16
2.	Jamtara	1173.11	194.58	16.59	978.53
3.	Kharsawan	108.74	181.80	100	-
2007-08					
1.	Hazaribagh	10591.07	1421.87	13.43	9169.20
2.	Giridih	47.61	14.82	31.13	32.79
3.	Chatra	5910.53	184.83	3.13	5725.70
4.	Jamtara	931.49	84.57	9.08	846.92
5.	Kharsawan	640.18	52.14	8.15	588.04
2008-09					
1.	Ranchi	20329.07	2569.74	12.64	17759.33

From above, it was clear that Budgets were either not prepared or prepared in an unrealistic manner without assessing the actual requirements which was indicative of weak and ineffective budgetary control. Moreover, people were deprived of the benefits of the development schemes through the budgetary provisions.

2.3. Unauthorized/Irregular expenditure without Budget provision

Rs 41.03 crore was incurred without preparation of budget estimates by 11 ULBs.

Section 76 of JMA, 2000 stipulates that no expenditure should be incurred without making provisions in the budget. Audit scrutiny revealed that out of 17 ULBs test checked, 11 ULBs incurred expenditure of Rs 41.03 crore during 2002-08 without preparing budget estimates in contravention of the provisions of JMA, 2000 as detailed below:

Table-8

(Rs in crore)

Sl. No.	Name of ULBs	Period for which Budget was not prepared	Expenditure
1.	Dhanbad	2004-06	8.48
2.	Chakradharpur	2007-08	1.11
3.	Chas	2006-08	10.23
4.	Simdega	2006-08	2.31
5.	Godda	2007-08	0.85
6.	Mango	2006-08	7.36
7.	Saraikela	2006-08	2.28
8.	Basukinath	2006-08	3.77
9.	Jasidih	2006-08	1.80
10.	Chakuliya	2007-08	0.22
11.	Chirkunda	2002-08	2.62
Total			41.03

Thus, 11 ULBs incurred unauthorized/irregular expenditure of Rs 41.03 crore during 2002-08. Non-preparation of Budget led to complete failure of budgetary control system in the said ULBs. Reasons for non-preparation of budget estimates were not on record.

2.4 Annual Accounts not prepared

The benchmark of a good accounting system is the production of timely accurate accounts. Good accounting should appropriately reflect the transactions and balances of the entity, should adequately disclose all items that have a material impact on the financial status of the entity. Good accounting comprises provision of appropriate information with three broad purposes:-

- (a) Effectively record all transactions and balances of the urban local body;
- (b) Facilitate budgeting and planning of revenues, expenditures, and debt management; and
- (c) Help the local government be accountable to the public.

The three purposes reflect the progressive stages in the accounting spectrum, moving from routine recording of transactions to management decision making to accountability. To ensure progress in the three purposes, it is required that financial information should be complete, accurate, timely, and meaningful. The systems should generate information in a user-friendly way, and is integrated with the budgeting process. It should be prepared in accordance with accepted policies of accrual accounting and follow good practices on municipal accounting.

Rs.97.51 crore was incurred without preparation of Annual Accounts by 17 ULBs.

As per Section 83 of Bihar Municipal Accounts Rules, 1928, every Municipal body should prepare an Annual Account at the end of each year but not later than 15 April and a copy of the same should be sent not later than 30 April to the concerned District Magistrate. But scrutiny of records revealed that none of the 17 ULBs had prepared Annual Accounts for the different periods as detailed below:

Table-9

(Rs in crore)			
Sl. No.	Name of Municipal Fund	Period for which Annual Accounts not prepared	Expenditure incurred during the said period
1.	Dhanbad	2004-06	8.48
2.	Hazaribagh	2007-08	5.04
3.	Giridih	2007-08	15.82
4.	Chatra	2006-08	4.79
5.	Chakradharpur	2007-08	1.11
6.	Chas	2006-08	10.23
7.	Simdega	2006-08	2.31
8.	Godda	2007-08	0.85
9.	Mango	2006-08	7.36
10.	Jamtara	2006-08	2.79
11.	Saraikeela	2006-08	2.28
12.	Basukinath	2006-08	3.77
13.	Jasidih	2006-08	1.80
14.	Kharsawan	2006-08	2.34
15.	Chakuliya	2007-08	0.22
16.	Chirkunda	2002-08	2.62
17.	Ranchi	2008-09	25.70
Total			97.51

For want of the Annual Accounts, head wise receipt/expenditure, variation, if any and the financial performance of ULBs could not be ascertained.

2.5 Government Grants and Loans

Grant/Loan Appropriation Register and Loan Register were not maintained

The State Government releases Recurring Grants and Loans at the rate of 30 per cent and 40 per cent respectively of total Pay and Allowances admissible/payable to the regular employees (appointed within sanctioned strength) on the basis of annual demand furnished by the ULBs. Further, Non-Recurring Grants and Loans for specific purposes were suo-moto sanctioned by State Government or were sanctioned based on individual requests by the ULBs.

Despite repeated comments in successive audit reports, the ULBs failed to maintain grant/loan appropriation register showing the position of grants/loans received and spent during the year and balance of unutilized grants/loans at the end of the financial year. In absence of grant/loan appropriation register, audit checks were confined to grant/loan files, scheme registers and scheme files, to the extent produced before audit.

Further, none of the 17 test checked ULBs maintained Loan Register. As such, up to date position in respect of loans received, payable instalments along with interest accrued and amount repaid during the years could not be ascertained.

2.5.1 Poor utilization of Government specific Grants and Loans

Only 39.82 per cent of Government specific Grants and Loans was utilised.

Non-recurring Grants and Loans released by the State Government to the ULBs for execution of specific schemes were required to be utilized during the respective years. In absence of Grant/Loan appropriation register, it was not feasible to ascertain the exact utilization. However, the utilization was computed on the basis of the audit scrutiny of the Cash Books, Scheme Registers etc., and/or on the basis of information furnished by the ULBs. Accordingly, the utilization of Grants and Loans received for development purposes in respect of 17 test checked ULBs during the period 2002-09 was as under:

Table-10

(Rs in crore)						
Opening balance	Grant received	Loan received	Total	Grant and loan spent	Closing balance	Percentage of utilization
91.30	52.84	29.69	173.83	69.21	104.62	39.82

ULB wise and year wise details are given in *APPENDIX-III*

Non-recurring Grants and Loans amounting to Rs 104.62 crore were lying unutilized in 17 ULBs. Poor utilization of funds by the ULBs was mainly due to non-execution of schemes. Thus, delay in utilization of funds deprived the targeted beneficiaries of the desired benefits. This happened partially due to release of non-recurring Grants and Loans at the fag end of the year by the State Government and due to lack of monitoring by the executives of the ULBs in execution of development schemes.

2.6 Internal Control Mechanism

Provisions of internal controls were not followed by the Officers of the ULBs

Internal control system is an integral part of the functioning of an organization to govern its activities effectively to achieve its objectives. It is intended to provide

reasonable assurance of proper enforcement of Act, Rules & bye-laws. Various internal control measures in financial and operational activities are built into the departmental rules and manuals and their strict adherence will minimize the risk of errors and irregularities. Audit scrutiny revealed that the provisions of internal controls such as Supervision, Documentation, Segregation of duties, Reconciliation, Physical Verification, Adjustment of advances etc were not effectively implemented by the officers of the ULBs, as discussed in the succeeding paragraphs.

2.6.1 Supervisory Checks

The supervisory checks prescribed in the Acts/Rules of the ULBs are important tools of internal control mechanism. Audit scrutiny, however, revealed that the following checks were not exercised by the concerned officers in any of the 17 test checked ULBs:

Supervisory checks, an important control tool, were not exercised as required under Acts and Rules.

- Rule 20 of Bihar Municipal Accounts Rules, 1928 provides that the Administrator/Special Officer/Chairman should, at least once, in every week, examine the Cashier's Cash Book together with the pass book so as to satisfy himself that all moneys received have really been remitted into the treasury without delay. He should further, at least once, in every fortnight, examine the Cashier's or the Accountant's Cash Book with all the subsidiary forms and registers in which deposits are given or collections recorded, to check whether all sums received are actually brought to account;
- Under Rule 64 *ibid*, the Accountant should compare and verify the entries in pass book with the Cashier's Cash Book to ensure that all remittances have been duly brought to account;
- Rule 66 *ibid*, stipulates that the Cash Book should be balanced and signed by the Administrator/Special Officer/Chairman. Further, the balance of the Cash book should agree with that of the Bank/Treasury pass book;
- Under Rule 105 *ibid*, the 'Register of Rents' should be checked and signed by the authorities;
- Rule 126 *ibid*, provides for the checking of 'Register of Works' by the Accountant;

- Under Rule 30 of Municipal Accounts (Recovery of Taxes) Rules, 1951, the Tax-Daroga should check the Daily Collection Registers of collecting Sarkars by comparing the credits with duplicate receipts;
- Rule 31 *ibid*, stipulates that the Administrator/ Special Officer/Chairman would be responsible for ensuring that the postings of collection in Demand and Collection Register do not fall into arrears; and
- Under Rule 39 *ibid*, the Administrator/Special Officer/ Chairman should periodically and always at the end of every half-year, cause a list of outstanding on account of taxes of current and previous years to be prepared from the Demand and Collection Register. The purpose of the list is to check the entries with Sarkars' Ledger and Progress Statement and to reconcile the differences by tracing the error or recovering from the Tax Daroga or Sarkar and to detect any embezzlement in the collection.

Due to not carrying out of the prescribed supervisory checks, cases of misappropriation and embezzlement made by the collecting staff/cashier could not be detected by the authorities. Besides, delay in execution of schemes and heavy outstanding revenues could not be minimized as discussed elsewhere in the report.

2.6.2 Non-maintenance of Records/ Registers

The ULBs maintained 10 to 25 Forms and Accounts only against provision of 86.

Maintenance of records, registers and accounts is also one of the important tools of internal control mechanism. As per Rule 4-A of Bihar Municipal Accounts Rules, 1928 and Rule 9 of Municipal Accounts (Recovery of Taxes) Rules, 1951, the ULBs were required to keep and maintain 86 types of Forms and Accounts against which ULBs maintained very few, ranging from 10 to 25 only.

Even the prescribed basic records having serious financial implications were not maintained by most of the ULBs as detailed below:

Table-11

Sl. No.	Records/Registers not maintained	Implication
1.	Advance Ledger	The purpose, age and amount of advance to be realized /adjusted as of 31 March each year could not be ascertained. Due to this there is always probability of loss to the ULBs.
2.	Grant / Loan Appropriation Register	Grant/loan received, purpose & date of receipt, appropriation made from time to time and amount lying unutilized in respect of a particular grant/loan as on 31 March 2007 could not be ascertained.

3.	Loan Register	The date of receipt, amount, condition attached and overdue instalment of loan with interest could not be ascertained.
4.	Demand & Collection Register	Demand, collection and balance for a particular year could not be ascertained. In absence of posting of the collection money in the register, the detection of fraud and embezzlement becomes difficult.
5.	Work Register	In absence of work Register, schemes taken up, estimated cost, agency, the progress of work and its details viz. value of work done, payment made, materials issued, date of completion, works not completed/ suspended, outstanding amount to be paid against the work executed could not be ascertained. Any excess payment, in terms of cash/ material, is difficult to be detected.
6.	Unpaid bill Register	In absence of Unpaid Bill register, the amount of claims along with the reasons for withholding the payment and the actual liability of the ULBs could not be ascertained.
7.	Annual Report	The workings as well as functions of the ULBs with regard to the proper utilization of grants were not ascertainable.
8.	Deposit Ledger	Amount of the deposits and their adjustment could not be ascertained and therefore possibility of misappropriation and embezzlement of money could not be ruled out.
9.	Register of lands/ Register of Revenue Resources/Asset Register	Identification and valuation of assets, proper record of all lands, sites of buildings, tanks, ponds, ferries etc. could not be ascertained.

Some specific cases as noticed during audit are discussed later in this Report. Provision for preparation of Balance Sheet (Assets & Liabilities) has not been made in the Municipal Act and Account Rules. As such, position of Assets and Liabilities were not depicted in the accounts of ULBs. The National Municipal Accounts Manual provides for preparation of Balance Sheet by the ULBs. But, the Government has not adopted it as yet. Thus, complete financial picture of the ULBs and their Assets and Liabilities could not be ascertained.

2.6.3 Bank Reconciliation statement not prepared

Difference of Rs 1.49 crore between Cash book and Bank balances was noticed

Cash Book and Bank /Treasury Pass Book balances at the end of the year were not reconciled by 10 ULBs though there was a difference of Rs 1.49 crore as detailed below:

Table-12

(Rs in lakh)					
Sl. No.	Name of ULBs	As on 31 st March	Balance as per Cash Book	Balance as per Pass Book	Difference
1.	Giridih	2008	331.88	325.93	5.95
2.	Chatra	2008	563.40	564.24	0.84
3.	Chas	2008	3.72	4.50	0.78
4.	Simdega	2008	488.89	490.49	1.60
5.	Godda	2008	186.55	233.94	47.39
6.	Jamtara	2008	237.85	214.43	23.42
7.	Jasidih	2008	237.78	196.38	41.40
8.	Kharsawan	2008	5.08	5.22	0.14
9.	Chakuliya	2008	91.51	91.65	0.14
10	Chirkunda	2008	59.92	32.23	27.69
Total					149.35

Due to non-reconciliation, possibility of financial irregularities could not be ruled out. The authenticity of balances appearing in Cash Books also remained doubtful in the absence of reconciliation with Bank/Treasury balances. In case of four ULBs (Ranchi, Dhanbad, Saraikela and Basukinath), difference between two sets of balances could not be worked out due to non-maintenance/ non-production of Treasury Pass Books.

2.6.4 Deficiencies in maintenance of Cash Books

Due to lack of internal controls, Cash Books had several deficiencies in all the test-checked ULBs as below:

A number of deficiencies was noticed in maintenance of Cash books

- Particulars of payment, voucher nos., cheque no., classification etc. were not indicated in the payment side of the Cash Book.
- Cash Book was not closed at the end of every month and signed by the Officer authorized.
- Deletion and overwriting were frequently made.
- Heads of receipts and expenditure were not allocated.
- List of uncashed cheques was not recorded in the Cash Book.
- Cash Book balances were not reconciled with the balances of Treasury/Bank in most of the ULBs.

2.6.5 Cash and Accounts branches not kept distinct from each other

Cash & Accounts branches were not kept distinct from each other in six ULBs

As per Rule 2C of Bihar Municipal Accounts Rules, 1928, the cash and accounts branches of each Municipal office should be kept distinct from each other and under distinct officer, who, for the purpose of this rule, would be termed Tax Daroga/Cashier and Accountant. In no case, the same person should compile the municipal accounts and superintend the collection of the rates and other municipal income.

However, in violation of the above provisions, the cash and accounts branches were not kept distinct and the same person compiled the municipal account and made/ superintended the collection of the rates and other municipal income in six

ULBs (Jasidih, Godda, Chas, Chakuliya, Simdega and Chirkunda). This rendered the system vulnerable to financial irregularity.

2.6.6 Non-verification of Stock & Stores

Physical verification of Stock & Stores were not conducted

Rule 127 of the Bihar Municipal Accounts Rules, 1928 prescribes that the closing balance of the Stock & Stores Register should be physically verified half yearly but, in contravention of the said provision, physical verification of Stock & Store was not conducted by any of the 17 test checked ULBs. Stock and Store account was also not maintained properly by most of the ULBs. Reason for non-verification of Stock & Store was not furnished to audit.

Due to improper maintenance of Stock Registers and non-conducting of physical verification of Stock & Stores, irregularities/loss of Store items could not be ruled out.

2.6.7 Payment vouchers not produced before Audit

Vouchers worth Rs 3.03 crore for the period 2002-09 were not produced by seven ULBs

In case of seven ULBs, 217 payment vouchers (Establishment as well as Schemes) worth Rs 3.03 crore pertaining to the period 2002-09 were not made available to audit for scrutiny as detailed below:

Table-13

(Rs in lakh)

Sl. No.	Name of ULBs	Period of audit	No. of Vouchers not produced	Amount involved
1.	Ranchi	2008-09	21	6.18
2.	Dhanbad	2004-06	64	143.06
3.	Chakradharpur	2007-08	35	22.21
4.	Simdega	2006-08	19	27.39
5.	Mango	2006-08	38	68.78
6.	Jasidih	2006-08	20	0.57
7.	Chirkunda	2002-08	20	34.88
Total			217	303.07

Due to non-production of the vouchers to audit, the genuineness of payment could not be ascertained in audit and the expenditure could not be vouchsafed. Thus, non-production of payment vouchers rendered the system vulnerable to fraud and corruption.

2.6.8 Non-adjustment of Advances

Advances aggregating Rs 17.93 crore were outstanding against Staff/Contractors/Engineers of 14 ULBs

Advance Ledger for the period under audit (2002-09) was either not maintained or maintained improperly by the ULBs. Deficiencies noticed during audit are listed below:

- i) Entries in the Ledger were not certified by any authority.
- ii) Break-up of opening balance brought forward from the previous year was not recorded.
- iii) Category wise and year-wise analysis of outstanding advances at the end of the year was not prepared by any ULB.
- iv) Quarterly list of outstanding advances as required under Rule 78 (Form XVA) of BMA Rules, 1928, was not prepared.
- v) Second and subsequent advances for the same purpose were made without adjustment of previous ones.
- vi) Advances were made for meeting immediate and urgent nature of work but the same were not adjusted promptly.

Thus, Rules 74 to 78 of the BMA Rules, 1928 were not followed strictly.

During Audit scrutiny, it was observed that the advances aggregating to Rs 17.93 crore (*APPENDIX-IV*) granted to employees, suppliers, contractors and engineers for various purposes up to 2002-09 by 14 ULBs were yet to be adjusted (February 2010).

Laxity in adjustment of advances over the years had encouraged undesirable practice of blocking of institutional funds for indefinite period and was fraught with the risk of defalcation/misappropriation of Government money. It was also indicative of weak internal control mechanism.

2.7 Internal Audit

Internal audit is a vital component of all controls to enable an organization to assure itself that the prescribed systems are functioning reasonably well. But, there is no specific provision either in the JMA, 2000, RMC Act, 2001 or in the Municipal Accounts Rules made thereunder for internal audit of accounts of ULBs. As such, no ULB has internal audit wing.

2.8 Recommendations

An improved Public Financial Management and Accountability (PFMA) environment is crucial to better urban governance and performance. All urban local bodies stand to gain from better PFMA in the form of improved governance and accountability, realistic and participatory planning of expenditures, and consequently stronger revenue flows and provision of better services. It is, therefore, recommended that:-

- The number of additional bank accounts should be minimized by the ULBs. Every deposit and withdrawal should be made after authorization of Competent Authority. Entry in the Cash Book may also depict Bank name, Account no. etc.
- Budget Estimates and Annual Accounts should be prepared every year on time. Budget planning should be used as an exercise for efficient resource allocation, supported by appropriate policy direction, participation by people, and realistic estimates. Focus of budgets should be on results achieved and not merely money spent by the Urban Local Body.
- The share from State taxes, Grants and Loans from Central and State Government should not be released without preparation and approval of the Budget of the ULB.
- Supervisory checks as prescribed in the Acts/Rules should be exercised invariably.
- Accounts/Records prepared/maintained by the ULBs should be as per the provision of the Acts/Rules.
- Reconciliation of Cash Book with the Treasury/Bank Pass Book should be carried out on a monthly basis.
- Cash book should be maintained as per codal provisions.
- Cash and accounts branches should be kept distinct from each other to avoid loss, misappropriation.
- Physical verification of Stocks and Stores should be conducted regularly.
- Laxity on the part of ULBs in respect of timely monitoring and adjustment of advances should be viewed seriously and proper maintenance of records/adjustment of advances be ensured.
- The provision for Internal Audit should be made to ensure compliance to the Internal Controls in all ULBs. For this, Internal Audit Wing should also be established through State enactment for audit of ULBs
- Vigilance mechanism should also be established in the Department.