

Oversight Arrangements

6.1 Introduction

The genesis of CAMPA lay in the 29 October 2002 order of the Supreme court that a 'Compensatory Afforestation Fund' shall be created in which all monies received from the user agencies towards compensatory afforestation, additional compensatory afforestation, net present value of forest land, Catchment Area of Treatment Plan Funds, etc. shall be deposited. The rules, procedure and composition of the body for management of the Compensatory Afforestation Fund was to be finalised by the MoEF with the concurrence of the CEC. In compliance with these orders, creation of CAMPA was notified by MoEF in April 2004 as a custodian of CAF with the responsibility of receiving, managing and disbursing the monies and monitoring and evaluation of works. Ad-hoc CAMPA was an interim body which was created till CAMPA became operational. Initially its mandate was collection of monies and its investment. In 2009, Ad-hoc CAMPA was authorised to disburse funds as per prescribed guidelines. Simultaneously guidelines for creation of State/UT CAMPA were notified.

6.2 Continuing provisional nature of the Authority

The Supreme Court of India in November 2001 had observed that there was poor utilization of funds deposited for compensatory afforestation and also that a large amount of money for compensatory afforestation was not realized by the State Governments from user agencies. It observed that in some of the States the funds were deposited as 'Forest Deposit' and were readily made available for afforestation while in other States the funds were deposited as revenue receipts of the State Government and could be made available to the Forest Department only through the budgetary provisions. In order to increase the pace and quality of compensatory afforestation, the Court created a separate fund in October 2002, so that compensatory afforestation could be taken up in a planned manner on a continuous basis and to ensure timely and adequate release of money, to provide necessary flexibility in implementation of the schemes etc but the intended purposes could not be met. It also directed that the Union of India shall within eight weeks frame comprehensive rules with regard to the constitution of a body and management of the compensatory afforestation funds.

Initially, an amount of ₹ 297 crore for CA was lying unutilised with the Forest Departments in the respective State/ UTs and this increased to ₹ 1,200 crore and credited to the Ad-hoc CAMPA in 2006. This amount further increased to ₹ 9,932 crore in 2009 and accumulated to ₹ 23,607.67 crore by March 2012. No funds were released during the period 2006-09 while an amount of ₹ 2,829.21 crore was released by Ad-hoc CAMPA during 2009-12.

We observed that despite the notification of MoEF for creation of CAMPA in April 2004 the body did not become operational. This necessitated the Supreme Court in May 2006 to pass

the order for creating Ad-hoc CAMPA which was to function till such time that regular CAMPA became operational. The functioning of Ad-hoc CAMPA was restricted to the mandate or directions given to it by the Supreme Court. Between 2006 and 2009 it only collected the CAF from the States and managed its investment. There was no release of funds by Ad-hoc CAMPA during the period 2006 to 2009. Effectively, this stalled the process of compensatory afforestation in India. Releases for CA activities commenced in July 2009 when the Supreme Court granted it a limited mandate to release only ₹ 1,000 crore per year or 10 *per cent* of the principal amount pertaining to the respective State/ UT for the next five years. MoEF/ Ad-hoc CAMPA did not have an MIS regarding the diversion of forest land, collection and utilisation of the CAMPA funds.

In our view the non-operationalisation of CAMPA which was envisaged as a permanent, independent authority to provide guidelines, direction and oversight severely hampered the CA activities in India. This report of the Comptroller and Auditor General of India high lights the necessity for operationalizing CAMPA which can execute the mandate of ensuring compensatory afforestation effectively and efficiently within the broader constitutional and legal framework.

6.3 Authorisation of expenditure

The institutional design for incurring expenditure from the CAF under Ad-hoc CAMPA and by State CAMPA is somewhat distinct from the expenditure being incurred by both the Union Government and State Government.

In the case of expenditure being currently incurred by Ad-hoc CAMPA and by State CAMPA there is no legislative authorisation for the incurrence of such expenditure. The money in the fund is kept out of Consolidated Fund of India based on the directions/orders of the Supreme Court and the expenditure is incurred without authorisation from Parliament. The Court passed its orders in 2002 when the quantum of expenditure was negligible during the initial years. Now by the end of March 2012, the expenditure incurred was ₹ 1,775.84 crore against releases of ₹2,829.21 crore. Given the large amounts being collected from user agencies under compensatory afforestation under the provisions of Forest (Conservation) Act, 1980, and in the context of the objectives of CAMPA, it may be necessary to review the existing institutional design in consonance with the constitutional scheme with regard to the authorization of incurring of expenditure on CAMPA related activities by approaching the Supreme Court, where considered necessary.

MoEF stated (April 2013) that these were statement of facts and require no comments.

6.4 Accounting

6.4.1 Proper accounting format and maintenance of accounts

6.4.1.1 Ad-hoc CAMPA

The initial notification issued by MoEF 23 April 2004, did not contain any specific mention of the accounting system or formats of accounts to be followed by CAMPA. Subsequently, as per MoEF notification dated 13 March 2007, CAMPA was directed to have corporate

accounting based on double entry system as per the directions of the Supreme Court on 26 September 2005.

Maintenance of accounts as per a prescribed financial reporting framework lays the foundation of establishing controls, accountability and monitoring. Since the CAMPA was to have corporate accounting based on double entry system, the readily available professional reference was the Technical Guide on accounting for Not for Profit institutions issued by the Institute of Chartered Accountants of India, the standard setting body for accounting in the non-government sector.

From the minutes of the Ad-hoc CAMPA meetings we noted that the issue of prescribing appropriate financial accounting system in terms of format of accounts, records to be maintained, reconciliation of accounts, etc was periodically discussed in the Ad-hoc CAMPA meetings and directions in this regard issued from time to time. A summary of such directions is given in Table 41.

Table 41: Summary of directions/ observations issued by Ad-hoc CAMPA on accounting issues

Meeting number and date	Directions/ observations issued
1 st meeting (15 May 2006)	As the funds to be deposited in Ad-hoc CAMPA are to be treated other than Government revenue, proper financial accounting system needs to be adopted.
2 nd meeting (7 July 2006)	<ul style="list-style-type: none"> • Periodic reconciliation of the receipts with the concerned State/UT Governments was essential. • A Receipt-Ledger shall be opened in consultation with the Financial Consultant of Ad-hoc Body, which shall be properly maintained under his guidance and supervision. • A suitable mechanism for cross-referencing of receipts with the State/UT, Corporation Bank and Ad-hoc CAMPA shall also be developed in consultation with the Financial Consultant. • Monthly statement of the funds received from the State/UT Governments shall be referred back to them for reconciliation.
4 th meeting (27 November 2006)	<ul style="list-style-type: none"> • Details of the money receivable, money actually received, amount of interest receivable, amount of interest received, money to be transferred to Ad-hoc CAMPA and money actually transferred should be compiled in respect of each of the case approved under Section 2 of the Forest (Conservation) Act, 1980. • An institutionalized system should be put in place to ensure that the above information is compiled and audited for each of the case approved. • In the absence of the above information, no meaningful audit can be carried out by the CAG.

Meeting number and date	Directions/ observations issued
6 th meeting (11 April 2007)	It was observed that hardly any progress has been made for reconciliation of the Compensatory Afforestation funds which were to be transferred by the State/UT Governments, and that deposited in Ad-hoc CAMPA by them.
7 th meeting (20 June 2007)	It was observed that reconciliation of the figures related to the funds received by Ad-hoc CAMPA from different States/UTs with the figures available at the State/UT level has not been done as yet. As the figures are not compiled in meaningful format at the Ad-hoc CAMPA level, such reconciliation is not possible at present. Moreover, in this situation, no meaningful audit by the CAG is feasible.
9 th meeting (9 March 2009)	The break-up of funds deposited under different heads for execution of works and for its release to the States should be compiled and reconciled immediately.
12 th meeting (17 January 2010)	It was decided that the non-receipt of reports from the States, in regard to deposit of money in the Ad-hoc CAMPA, should be brought up for consideration at the next meeting of the National CAMPA Advisory Council.
17 th meeting (14 September and 17 October 2011)	The procedure for maintenance of accounts be considered in detail and where necessary such procedures be properly codified with the approval of the CAG's Office.

The CAG's representative in his letter dated 19 April 2012 noted that no annual financial statement in the nature of balance sheet has been presented to any of the meetings of the body. He desired to know specifically whether Ad-hoc CAMPA was maintaining proper books of accounts and preparing annual financial statement; keeping records in the form of bank statements and details of amounts deposited in Fixed Deposits.

The agenda note prepared by Member Secretary CEC and Member Ad-hoc CAMPA in July 2012 regarding 'Maintenance of the books of accounts of the Ad-hoc CAMPA and associated issues' clearly brings out the dismal state of Ad-hoc CAMPA accounts, as depicted below:

- The books of accounts of the Ad-hoc CAMPA have not been maintained at all for the last two years or so. The books of accounts for earlier years have also not been properly maintained/reconciled;
- The yearwise/periodic reconciliation of the amount received towards NPV, CA etc. from the various States/UTs, the interest received from the investments made by way of FDRs in the nationalized banks, the amount invested in the FDRs in the various nationalized banks, the amount received after maturity from the FDRs and the outstanding amount of the FDRs during the validity period of the FDRs have not been done and for this purpose so far no effective system has been put in place;

- A proper system of checks and balances, for the periodic verification to ascertain whether the amount invested by way of FDRs have actually been invested and whether it has not been pre-maturely encashed (unauthorisedly), has not been put in place;
- The yearwise/periodic reconciliation of the amounts received by the Ad hoc CAMPA from the various States/UTs with the amount deposited by the concerned State/UT has not been done;
- The above state of affairs is most disturbing and it is imperative that immediate remedial measures are taken. A list of such measures was also proposed.

In this regard, we observed that the directions issues by the Ad-hoc CAMPA were hardly complied with and implemented. No proper accounting records were maintained as indicated below:

- Since its inception, no annual financial statement was prepared for the Ad-hoc CAMPA's receipt and payments, income and expenditure and assets and liabilities;
- Primary records like cash book and journal ledgers were not maintained;
- No reconciliation of funds received from the user agencies, amounts remitted by states/UTs, amounts received by Ad-hoc CAMPA, amounts lying in different banks accounts and Fixed Deposits, interests received/accrued thereon was done; and
- Fixed Deposit Registers maintained were inadequate and unauthenticated.

Ad-hoc CAMPA intermittently engaged the services of professional accountants. Shri R.K Tuli, was the Financial Consultant from 7 July 2006 to 20 June 2007. In June 2007, Ad-hoc CAMPA contemplated engaging a Chartered Accountants firm as Financial consultant and CA articles who had completed Professional Educational and II as accountants. An administrative sanction to spend ₹ 25,000 to procure suitable accounting software was also accorded. Though a list of Chartered Accountant firms empanelled with the CAG was forwarded to the Ad-hoc CAMPA by the representative of the CAG on 14 September 2007, no such appointment was made. Shri K. S. Achar was appointed as consultant in May 2010 and it was as late as April 2011 that he was made OSD and was assigned with the additional work of maintaining accounts of the Ad-hoc CAMPA funds. M/s RK Tuli was appointed as financial advisor to Ad-hoc CAMPA on 1 August 2012 for an initial period of six months. Their duties included close scrutiny and assistance in finalising accounts of Ad-hoc CAMPA, preparation of financial account statements for the financial year 2006-07 onwards in a time bound manner, providing the assistance of an Article Assistant/ Accountant well versed in the matter of accounts and any other assistance in the area of finance/ accounts that may be sought from time to time. There was lack of seriousness on the part of the executive members of the Ad-hoc CAMPA to maintain proper account for the funds and to put in place suitably qualified man power for ensuring preparation of periodic financial statements based on corporate accounting double entry system. These accounts were not prepared and produced for approval of Ad-hoc CAMPA and for audit.

In our opinion the first principle of accountability that the body entrusted with funds must render an account for the same was, therefore, grossly violated. The Ad-hoc CAMPA was required to expeditiously develop a suitable framework for financial reporting, ensure

adequate resources were provided to render proper accounts and accounts giving a true and fair view of the state of affairs were generated periodically. Its failure to do so over a sustained period of time has put public assets to risk and jeopardised their safeguarding.

The accounts for 2006-12 were prepared after July 2012. In the 22nd meeting held on 7 February 2013, the Ad-hoc CAMPA decided to adopt the accounts for the period 2006-12 subject to, and pending, the completion of internal audit by CAG empanelled firm of Chartered Accountants. The statement of accounts and balance sheet of the 30 States were sent for audit on 7 February 2013 by Ad-hoc CAMPA. These were not properly authenticated or signed by a competent authority and were conditionally approved by the Ad-hoc CAMPA pending internal audit. They also did not include format of financial statements approved by the competent authority, approved accounting policy and notes to accounts, list of all bank accounts and bank reconciliation statements of all bank accounts. As such, these accounts, at the best were draft accounts, the financial information in which was not authenticated by the authority charged with the preparation and hence could not be audited by external auditors i.e. the CAG.

MoEF stated (April 2013) that the CAG of India was approached in communication from the Minister (Independent Charge) of State for Environment and Forests, for accounts format for Ad-hoc CAMPA and the State CAMPA. CAG advised that Controller General of Accounts (CGA) may be approached but the CGA declined to lay down the accounts procedure for the Ad-hoc CAMPA, insisting instead that the funds be held in Consolidated Fund of India/ Public Accounts. It is a grey area still whether the requirement of corporate accounting, based on double entry system, applies to Ad-hoc CAMPA alone, or to the State CAMPAs.

The reply is not tenable because the CAG was approached by the Minister (Independent Charge) of State for Environment and Forests in November 2011 that is more than five years after the formation of Ad-hoc CAMPA to suggest a format of accounts. The fact remains that Ad-hoc CAMPA did not prepare financial statements till February 2013. It was only in early 2013 that the accounts for the period 2006-12 were first presented to the Ad-hoc CAMPA. Further, MoEF intimated (July 2013) that the internal audit of the CAMPA funds was on the verge of conclusion and once the financial statements and audit report was adopted by Ad-hoc CAMPA, these would be forwarded to Audit. Accountants General were responsible for prescribing format of accounts for State CAMPA, which was done *suomoto* in 2012.

6.4.1.2 State/UT CAMPA

As per Supreme Court's orders dated 10 July 2009, the State Level Executive Committee was to evolve an appropriate and effective accounting process for maintenance of accounts, returns and for audit. The Guidelines on State CAMPA (2 July 2009) envisaged that State CAMPA would maintain proper accounts and other relevant records and prepare an annual statement of accounts in such form as may be prescribed in consultation with the Accountant General concerned.

A uniform format of accounts was *suomoto* prescribed by the office of the Comptroller and Auditor General of India for the State/UT CAMPA in May 2012.

No State/ UT prepared its accounts upto December 2012 in the prescribed format except Andhra Pradesh and Assam. The status of preparation of accounts of State/UT CAMPA as of December 2012 is given in Annexure 10.

MoEF stated (April 2013) that it is the grey area still whether the requirement of corporate accounting, based double entry system, applies to Ad-hoc CAMPA alone, or also to the State CAMPAs. In the background mentioned above there is lack of clarity at the Accountants General end as to the accounts format to be followed in the State CAMPAs.

The reply should be viewed in light of the fact that as per the State CAMPA guidelines of July 2009, the State CAMPA shall maintain proper accounts and other relevant records and prepare an annual statement of accounts in such form as may be prescribed in consultation with the Accountant General concerned which was prescribed in May 2012.

6.4.2 Reconciliation of funds

Reconciliations are in the nature of a cross verification and independent confirmation of balances between the accounts of two or more parties which are engaged in transactions with each other.

In order to maintain complete and correct accounts and ensure that all monies collected and disbursed were properly accounted for and to confirm existence and complete accounting of assets (receivables /bank balances/Fixed Deposits), it was necessary that reconciliation of the following should have been done:

- Project wise reconciliation of amount recoverable for permitting diversion of forest lands for non forest uses and amounts remitted by user agencies to the Ad-hoc CAMPA, State/UT CAMPA or State/UT Government;
- Amounts received by the State/UT CAMPA or State/UT Government and amount remitted to Ad-hoc CAMPA;
- Amount received by the Ad-hoc CAMPA as per its accounts records and amount remitted by State/UT CAMPA;
- Amounts disbursed to the State/UT CAMPA as per the accounts of Ad-hoc CAMPA and amounts recorded as received in the State/UT CAMPA;
- Amounts recorded as held in Fixed Deposits as per the Ad-hoc CAMPA accounts with an independent confirmation from each bank of the Fixed Deposits of Ad-hoc CAMPA held by it;
- Reconciliation of bank balances as per the Ad-hoc CAMPA accounts and each Bank statement.

Maintaining records to show that all Compensatory Afforestation Funds receivable had been received and their periodic reconciliation with corresponding figures in the State CAMPA records was central to discharging the responsibility of ensuring that all amounts lying with the State CAMPA are transferred to CAMPA fund. The issue of deficiencies in records and the urgent need to reconcile Ad-hoc CAMPA records with State/UT CAMPA was discussed repeatedly in the Ad-hoc CAMPA meetings as is recorded in Table 41, but no such

reconciliations were conducted as indicated from the discrepancies in figures of Ad-hoc CAMPA and State/UT CAMPA reported in the previous chapters of this Report. We found, that despite such directions, discrepancies in the records of Ad-hoc CAMPA and State CAMPAs remained and could not be reconciled with State records. Thus the issue of reconciliation of receipts was discussed in almost all the meetings but nothing concrete has been done. The whole exercise remained on paper only.

6.5 Audit

6.5.1 Ad-hoc CAMPA

As per the Gazette notification of 23 April 2004 regarding constitution of CAMPA, the CAMPA was to get its annual accounts audited internally as well as externally through Chartered Accountant(s) who are on the panel of the Comptroller and Auditor General of India and the auditor(s) were to be selected with the approval of the Governing Body of CAMPA.

On 4 May 2006, Principal Director of Audit, Scientific Departments, the designated audit office of the Comptroller and Auditor General of India, tasked with audit of the Ministry of Environment and Forests, in a report to CEC highlighted the following:

- MoEF does not have a central database on the details of funds collected under CAMPA;
- CAMPA is yet to become operational;
- Exercise of ascertaining volume of audit work and manpower requirement has been initiated;
- Many State Accountants General have conducted test check of some of the DFOs and at the initial stages of examination trends of loss of interest and diversion of CAMPA funds have been observed.

On 5 May 2006, the Supreme Court of India while ordering the creation of Ad-hoc CAMPA also directed that it should get audited all the monies received from the user agencies on behalf of the CAMPA and the income earned thereon by the various State Government officials. The auditors may be appointed by the CAG. The audit may also examine whether proper financial procedure has been following in investing the funds. On 13 March 2007 the auditing arrangement for CAMPA was revised and audit of accounts was to be conducted by the Comptroller and Auditor General of India.

However, no audit of the Ad-hoc CAMPA Accounts could be undertaken in the absence of maintenance of proper records. This issue was repeatedly brought to the notice of other Ad-hoc CAMPA members by the CAG's representative on the body. In its meeting of Ad-hoc CAMPA held on 27 November 2006 and 20 June 2007 it was pointed out by CAG's representative that no meaningful audit could be conducted in the absence of proper compilation of figures in a meaningful format and reconciliation of amounts. Principal Director of Audit, Scientific Departments in his letter dated 29 April 2009 addressed to Joint Secretary and Financial Advisor, MoEF pointed out that since huge amounts of funds are lying with Ad-hoc CAMPA for investment purposes, it is prudent that a regular system of

audit is initiated, keeping in view the risks involved. From the records available with us, it does not appear that Ad-hoc CAMPA has appointed an auditor (on the advice of CAG) so far. He also sought information whether any internal audit arrangements have been put in place.

The amendment notification issued on 13 March 2007 was based on Supreme Courts orders of 26 September 2005. We noted that in the order *ibid*, the Supreme Court had also directed that the internal audit of the CAMPA shall be conducted every six months by statutory auditors on the panel of CAG. However, no such mention was made in the notification.

MoEF stated (April 2013) that the account books for the years 2006-07 to 2011-12 have been drawn by a firm of CA empanelled with the CAG, and forwarded to the Audit, who have observed that the account books should be signed by the officials of the Ad-hoc CAMPA before they could take cognizance. This is inspite of these accounts books having been formally adopted in the 22nd meeting of the Ad-hoc CAMPA “subject to audit”.

The reply is not tenable because it is a generally accepted principle that a body at the helm of affairs is responsible for the accounts of the organisation and is the owner of the accounts. Also, as per Rule 64 of GFR, the Secretary of a Ministry/ Department who is the Chief Accounting Authority of the Ministry/ Department shall be responsible and accountable for financial management of his Ministry/ Department, and be responsible for preparation of expenditure and other statements relating to his Ministry, and shall ensure that his Ministry/ Department maintains full and proper records of the financial transactions and adopts systems and procedure that will all times afford internal controls. As per instructions on the audit of autonomous bodies of the Comptroller and Auditor General of India, audit should not generally be taken up before the competent authority of the Autonomous Body approves the accounts.

Thus, as is accepted practice the Governing Body should have got the accounts prepared and signed. Mere conditional acceptance of the accounts in the 22nd meeting of Ad-hoc CAMPA, pending, the completion of internal audit by CAG empanelled firm of Chartered Accountants does not accord ownership of the accounts by Ad-hoc CAMPA nor does it constitute final accounts of Ad-hoc CAMPA, to be taken up for audit. Ad-hoc CAMPA was apprised of the position on 7 February 2013, the same day as the draft accounts were sent by it to audit. Further, MoEF intimated (July 2013) that the internal audit of the CAMPA funds was on the verge of conclusion and once the financial statements and audit report was adopted by Ad-hoc CAMPA, these would be forwarded to Audit.

6.5.2 State CAMPA

As per the State CAMPA guideline dated 2 July 2009, the accounts of the State CAMPA shall be audited by the Accountant General at such intervals as may be specified by him. The accounts of the State CAMPA as certified by the Accountant General or any other person appointed by him in this behalf together with the audit report thereon and annual report, shall be forwarded annually to the State Government, the MoEF and the Ad-hoc CAMPA by the State CAMPA. The State Government and the MoEF shall have the power to conduct special audit or performance audit of the State CAMPA.

Supreme Court vide its order dated 14 July 2009, directed that the State Accountant General shall carry out the audit of the expenditure done out of the State CAMPA Funds every year on annual basis.

It was observed that the only the state of Andhra Pradesh got the accounts for the years 2009-11 audited by the state Accountant General. The states of Uttar Pradesh and Uttarakhand got their accounts for the years 2010-12 audited by chartered accountants only. No other state got their accounts in prescribed format audited by the State Accountant General.

MoEF stated (April 2013) that the State CAMPAs have been approached by the State AsG with 45 different proformae to be filled and these proformae were not in use in the Forest Department or the State CAMPA and that the audit team did not give them sufficient opportunity/ time for reaction.

The reply is not tenable because the said proformae related to the Compliance Audit being reported in the instant audit report and not the regular audit of the Annual Accounts of Ad-hoc CAMPA. Further, we noted that 23¹ of the 30 State/ UTs test checked in audit could provide the most of the information sought in the 45 proformae for the Compliance Audit. Since majority of the State/ UTs could provide the requisite information, it leads to the conclusion that neither the time prescribed nor the quantum of information sought was unreasonable provided basic records had been properly maintained.

6.6 Accountability and transparency

The existing paradigm of collection of monies due towards CAF from user agencies, its accountal, expenditure by CAMPA authorities at the Union/State/UT level, the arrangement with regard to the exhibition of this fund and the receipts and expenditures from it in the financial statements of the Government, its reporting to Parliament and State Legislatures reflects significant issues that merit the attention of the Ministry of Environment and Forests.

- The existing amounts of funds with the central CAMPA are significant. As of 31 March 2012 they were of the order of ₹ 23,607.67 crore.
- The aggregate release made to the State/UT CAMPA authorities till 31 March 2012 was ₹ 2,829.21 crore and the expenditure reported by them was ₹ 1,775.84 crore.
- While receipts and expenditure have been significant, there exists no system devised by the Ministry to report incomes and outgoings regarding CAF to either the Parliament or the State Legislatures.
- The amounts collected and spent are not only not known to the Parliament and the State Legislature, there also does not exist any methodology for authorisation of incurrence of expenditure by legislative authorities.
- Given the fact that the amount received towards compensatory afforestation are very substantial, it is equally disconcerting to note that there exists no system both in the

¹ Seven State/ UTs (Andhra Pradesh, Arunachal Pradesh, Jammu & Kashmir, Madhya Pradesh, Mizoram, Rajasthan and Sikkim) provided information partly.

Centre and in the States by which the authorities in the Ministry or in the States at the apex level satisfy themselves that the amounts being collected are in conformity with the extant orders under the Forest (Conservation) Act 1980, and various other Acts, Rules and orders of the Supreme Court regulating the collection and utilization of CAF.

Audited Accounts of an entity provide assurance to all stakeholders regarding the transactions entered into by it in the course of the accounting period. The Central CAMPA (Ad-hoc) since its inception in 2006 has not submitted audited accounts till date. Audit also observed that the books of accounts are not being maintained properly in the Ad-hoc CAMPA. Receipt and Payments Accounts, Income and expenditure account and Balance Sheets were not prepared. This clearly impinges adversely on transparency and accountability of CAMPA. MoEF intimated (July 2013) that the internal audit of the CAMPA funds was on the verge of conclusion and once the financial statements and audit report was adopted by Ad-hoc CAMPA, these would be forwarded to Audit.

Given the substantial amounts of funds being collected under the compensatory afforestation; the expenditure therefrom; the overall objectives of conservation, protection, regeneration and management of forests, conservation, protection and management of wild life & its habitats and compensatory afforestation; the clear public purpose involved in the work relating to CAMPA, there is need by the Ministry to review the existing paradigm of CAMPA by approaching the Supreme Court, where considered necessary. This should be done in a way that enhances transparency, brings CAMPA within the broader focus of both Parliament and State Legislatures and in greater public view so as to ensure the largest possible stakeholders' participation. Towards this end it would be appropriate if the amounts lying in Ad-hoc CAMPA are transferred into the Public Account of India, as was envisaged in the Compensatory Afforestation Fund Bill, 2008 that was passed by Lok Sabha in 2009 and subsequently lapsed on dissolution of the House. Transfers to individual States can be made transparent so as to provide all stakeholders necessary information on the subject. This will ensure that budgetary, financial and performance related indicators/information on CAMPA are suitably reflected in public documents, at the Centre and State level for income and outflows from CAMPA, so as to effect greater transparency and accountability in the existing arrangement.

Except on the issue of status of accounts MoEF did not respond to the above observations of audit with regard to accountability and transparency.

