

## CHAPTER-V INTERNAL CONTROL/INTERNAL AUDIT

### AGRICULTURE DEPARTMENT

#### 5.1 *Internal Control System in Agriculture Department* **Highlights**

*Internal control mechanism in a Government Department is meant to ensure that its activities are carried out according to the prescribed rules and regulations and in an economical, efficient and effective manner. An internal control system and strict adherence to statutes codes and manuals minimise the risk of errors and irregularities and help to protect resources against loss due to waste, abuse and mismanagement. Audit review of the functioning of the internal control mechanism during 2001-02 to 2005-06 in the Agriculture Department, Government of Assam revealed deficient budgetary and financial control, poor cash management and poor operational and supervisory control in the Department.*

**Unrealistic budget formulation and lack of budgetary control and management resulted in excess provisions, unnecessary supplementary grants, non-surrender of savings and expending of funds on services/ programmes without budget provisions.**

**(Paragraph-5.1.7 to 5.1.10)**

**In contravention of financial rules the Department often drew funds without immediate necessity and kept the balances in hand leading to huge accumulation of undisbursed money amounting to Rs.41.16 crore as of March 2006.**

**(Paragraph-5.1.11)**

**Without adhering to the provision of rules, the Directorate drew funds on Abstract Contingent bills successively during 2001-06 without submission of Detailed Countersigned Contingent bills. As on 31 March 2006 Detailed Contingent bills for Rs.23.42 crore were pending for submission.**

**(Paragraph-5.1.12)**

**Daily writing and closing of cashbooks had not been done. In four out of the seven test-checked units, writing and closing of cashbooks were heavily in arrears.**

**(Paragraph-5.1.15)**

**Lack of supervisory inspections on the field activities, coupled with absence of checks in the cashbook by the head of the office (DAO, Karbi Anglong) facilitated misappropriation of Rs. 10.50 lakh by a subordinate officer.**

**(Paragraph-5.1.18)**

**Violating scheme guidelines, Technology Mission Integrated Development of Horticulture (TMIDH) fund was kept in current account instead of interest bearing account resulting in an interest loss to the tune of Rs.60.90 lakh.**

**(Paragraph-5.1.25)**

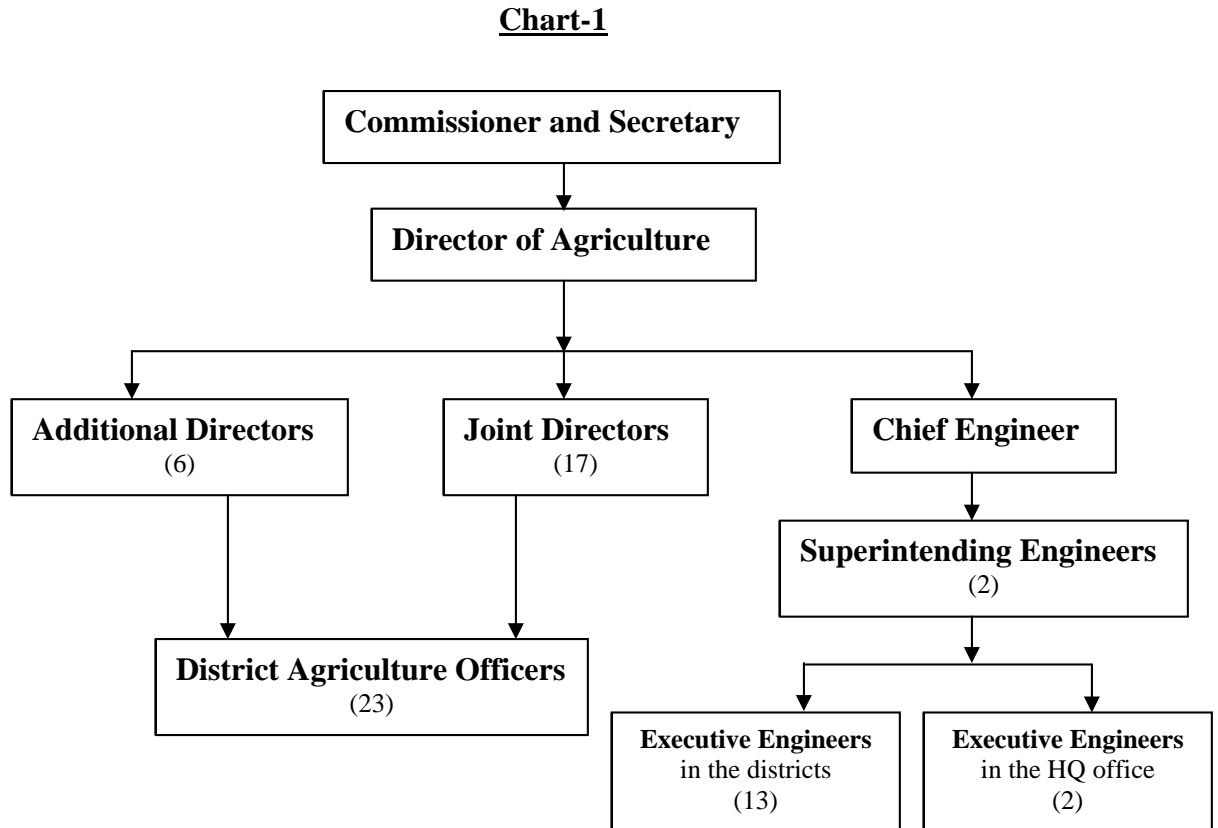
#### 5.1.1 *Introduction*

Internal control is a management tool that is used to provide reasonable assurance that the organisation's objectives are achieved in an efficient, effective and adequate manner. It ensures that the financial interests and resources of the organisation are safeguarded, reliable information is available to the management and the activities of the entity comply with the applicable rules, regulations and laws.

### 5.1.2 *Organisational set up*

Augmentation of agricultural production by increasing the cultivable area and yield per hectare is the main function of Agriculture Department.

The Commissioner and Secretary is the administrative head of the Department of Agriculture at the Government level. The Director of Agriculture, Assam (DAA) is the head of the Department and is responsible for planning and implementation of the policies. The organisational structure of the Department is shown in Chart-1 below:



### 5.1.3 *Scope of Audit*

The evaluation of the internal control mechanism in the Agriculture Department was carried out during May-June 2006, covering the period 2001-06.

### 5.1.4 *Audit Objectives*

Audit objectives were to examine and assess the adequacy and effectiveness of the internal controls of the department, particularly in respect of the following aspects.

- Budgetary Control
- Financial Control
- Administrative Control
- Operational Control
- Internal Audit
- Supervision and Monitoring Control.

### 5.1.5 *Audit criteria*

The audit objectives were benchmarked against the following criteria:

- Provisions of the General Financial Rules;
- Provisions of Assam Treasury Rules;
- Departmental policies/rules and regulations;
- Government notifications/guidelines issued from time to time;
- Procedures prescribed for monitoring and evaluation.

### 5.1.6 *Audit methodology*

Before taking up the review in May 2006, an entry conference was held with the Director of Agriculture and other officers of the department wherein, the audit objectives, scope and criteria were discussed. Records such as Compilation register, Letter of Credit/Fixation of Ceiling register, register of valuables, cash books, files dealing with sanction of grants in aid (GIA), progress reports files, stock registers etc., of the DAA, Guwahati and six district officers (Kamrup, Kokrajhar, Darrang, Nagoan, Karbi Anglong, NC Hills) covering the period 2001-06 were test-checked during May- June 2006. The audit findings were discussed with the Chief Engineer and other officials of the Engineering wing in an exit conference on 23 August 2006. The replies of the department/Government have been incorporated at appropriate places.

## Budgetary Control

Audit of the internal control system, revealed that apart from deficiencies in budgetary control system there were instances of locking up of funds arising out of premature drawals, irregular drawals in AC bills, non-submission of UCs, misappropriation of funds, unproductive bank deposits etc., as detailed in the succeeding paragraphs.

### 5.1.7 *Unrealistic budget estimation and lack of budgetary control*

Procedure for formulating budget proposals is prescribed in the Budget Manual of the State Government. The Budget Manual provides that the Estimating Officer is to scrutinise and consolidate the estimates obtained from the subordinate officers together with his own estimates, into a self-contained budget. It was, however, found that the annual budget estimates of the Department were prepared on the basis of the total outlay fixed by the Government without collecting/incorporating field office demand for grants except the salary component.

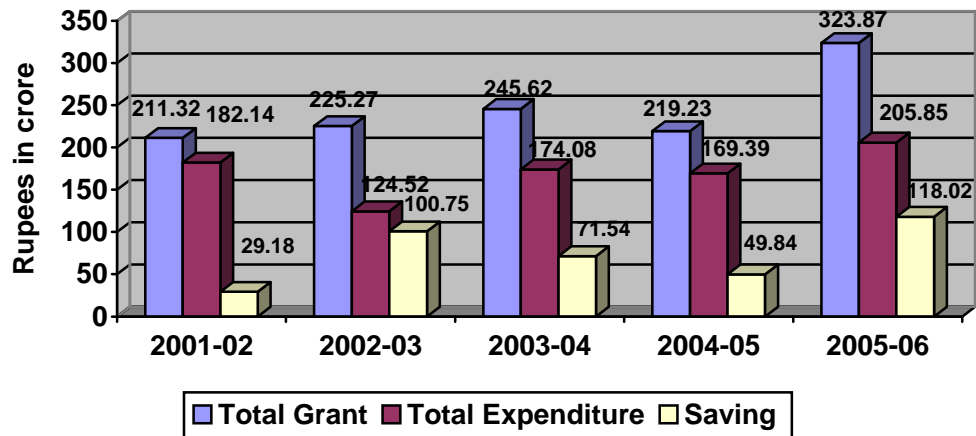
The annual budget of the Department prepared without inputs from the subordinate offices as stated above, proved excessive, resulting in substantial saving every year as shown in Table-1 and Chart-2 below:

Table-1

Year	Budget Provision	Supplementary Grant obtained	Total Grant	Total expenditure	(-) Saving (+) Excess
2001-02	201.91	9.41	211.32	182.14	(-) 29.18
2002-03	225.13	0.14	225.27	124.52	(-) 100.75
2003-04	234.87	10.75	245.62	174.08	(-) 71.54
2004-05	217.09	2.14	219.23	169.39	(-) 49.84
2005-06	306.66	17.21	323.87	205.85	(-) 118.02
<b>Total</b>	<b>1185.66</b>	<b>39.65</b>	<b>1225.31</b>	<b>855.98</b>	<b>(-) 369.33</b>

(Source: Appropriation Accounts)

Chart-2



During 2001-06, as against the total outlay of Rs.1225.31 crore, Rs.855.98 crore were spent leaving a saving of Rs.369.33 crore (30 per cent).

In reply the Department stated (October 2006) that the savings occurred due to non-release of fund by the Central Government under Centrally Sponsored and Central Sector Schemes. The fact remains that there were huge savings rendering the provisions unrealistic.

#### 5.1.8 *Unnecessary Supplementary Grant*

Supplementary grant as defined in the Budget Manual means a provision included in an Appropriation Act during the course of a financial year to meet expenditure in excess of the amount previously included in the Appropriation Act of the year.

Contrary to the provision of the manual, the Department unnecessarily made supplementary provision regularly although eventual expenditure was well short of the original provision. This indicated that the supplementary grant aggregating Rs.39.65 crore during 2001-06 was obtained without justification.

In reply the Department stated (October 2006) that the supplementary provisions made could not be drawn due to non-release of fund by the Finance Department. The Department did not however, justify reasons for regularly making supplementary provision.

#### 5.1.9 *Non-surrender of savings*

Timely surrender of savings is a key budget control measure. According to the Budget Manual and also rules framed by the Government, the spending departments are required to surrender grants/appropriation or part thereof to the Finance Department as and when saving are anticipated latest by 15 March of the year.

Although final budget allocation of the Department showed huge savings every year, the same were not surrendered except for a lone case of surrender of Rs.5.91 crore during 2004-05.

In fact, District Officers delayed surrenders i.e., beyond the stipulated date of 15 March as indicated in Table-2 below:

Table-2

Name of district	Year	Date of surrender	Amount surrendered (Rupees in lakh)
Kokrajhar	2002-03	21-04-2003	4.12
	2003-04	02-05-2004	3.02
	2004-05	08-04-2005	7.12
	2005-06	29-03-2006	4.87
Kamrup	2003-04	23-03-2004	10.82
Darrang	2005-06	17-03-2006	5.66

Due to delay, the surrendered amount could not be utilised by Government for re-allocation to other priority areas that required funds. Preparation of budget estimates without following the provisions of the Budget Manual indicates poor budgetary control. The Department, however, stated (October 2006) that henceforth surrender would be done before 15 March.

### 5.1.10 *Expenditure on Services/Programmes without budget provision*

Availability of budget provision/Legislative sanction is prerequisite to incur any expenditure. The Department spent Rs.11.15 crore under programmes/services during 2001-06 without budget provision, as summed up in Table-3 below:

Table-3

Year	Major Head	No. of services/Minor Heads involved	Expenditure (Rs. in Crore)
2001-02	2401 Crop Husbandry and 2415 Agricultural Research and Education	5	908.77
2002-03	2401 Crop Husbandry	2	165.22
2005-06	2401 Crop Husbandry	1	41.00
<b>Total</b>		<b>8</b>	<b>1114.99</b>

The details are given in *Appendix-5.1*.

While there were savings in the concerned Major Heads during these years, the Minor/Detailed Heads on which expenditure was incurred, did not have any budget provision. Incurring expenditure without budget provision was thus irregular. It also indicates poor budget planning and inadequate budgetary control.

In reply the Department stated (October 2006) that no expenditure was incurred without budget provision. The reply is not tenable as the observation is made on the basis of Appropriation Accounts.

## Financial Control

### 5.1.11 *Drawal of funds without immediate requirement*

According to Supplementary Order-50 read with Assam Treasury Rule-16, money should be drawn from Government Account only for immediate disbursement. The Director and three of the District Officers, however, drew funds without immediate requirement and

retained the accumulated undisbursed cash in hand in the form of deposit-at-call receipts (DCR)/bank drafts.

The balances at the end of each year (31 March) during 2001-06 against four drawing and disbursing officers ranged between Rs.3.62 crore and Rs.41.16 crore as shown in Table-4 below:

**Table-4**

**(Rupees in crore)**

Name of DDO	Balance as on 31 March				
	2001-02	2002-03	2003-04	2004-05	2005-06
Director of Agriculture	26.39	2.72	11.99	20.37	38.38
DAO Kamrup	0.37	0.49	0.36	0.75	1.15
DAO Karbi-Anglong	0.38	0.19	0.14	0.28	0.99
DAO NC Hills	0.37	0.22	0.26	0.74	0.64
<b>Total</b>	<b>27.51</b>	<b>3.62</b>	<b>12.75</b>	<b>22.14</b>	<b>41.16</b>

Source: Departmental records.

Violating the codal provisions, funds were drawn to avoid lapse of budget grant. This has the implication of full expenditure being shown against the grant concerned without physical achievement, with the resultant avoidance of explanation to the Legislature for any savings. The probability of misuse, misutilisation and even misappropriation of such funds drawn in advance cannot be ruled out.

The Additional Director of Agriculture stated (June 2006) that steps would be taken to streamline the drawal of funds with actual necessity. In October 2006 the Department intimated that current balance was Rs.21.36 crore against the four DDOs indicated above.

#### **5.1.12 *Drawal of funds through Abstract Contingent Bills without adhering to rules***

Assam Contingency Manual (Rule 21) provides that the officer who draws funds through Abstract Contingent (AC) bills should submit the related Detailed Countersigned Contingent (DCC) bills within 25<sup>th</sup> of the following month. Rules also prohibit any subsequent drawal of funds on AC bill when submission of DCC bills for earlier drawal was still pending. The Director drew funds totaling Rs.23.42 crore<sup>107</sup> through AC bills during 2001-06 without submitting DCC bills. The amounts after drawal were disbursed to the district implementing authorities who had not furnished the DCC bills till date (June 2006).

Admitting the irregularity, the Additional Director of Agriculture stated (June 2006) that effective steps would be taken for submitting the pending DCC bills.

Drawal of funds irregularly through AC bills without submitting DCC bills relating to earlier drawals resulted in accumulation of huge pending DCC bills amounting to Rs.23.42 crore over the last five years. In the absence of DCC bills the expenditure of

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<sup>107</sup> 2001-02: Rs.3.00 crore  
2002-03: Rs.5.13 crore  
2003-04: Rs.5.12 crore  
2004-05: Rs.6.40 crore  
2005-06: Rs.3.77 crore  
**Total: Rs.23.42 crore**

Rs.23.42 crore could not be vouchsafed in audit and is fraught with the risk of misuse, misutilisation and even misappropriation.

### 5.1.13 *Release of Grants-in-aid without enforcement of conditions*

On the basis of the sanction accorded by the Government, the Director of Agriculture disbursed Grants-in-aid to different bodies/authorities/organisations. The details of such disbursements amounting to Rs.8.52 crore during 2001-06 are shown in Table-5 below:

**Table-5**

(Rs. in crore)

Name of the Grantee	Grants in-aid released					
	2001-02	2002-03	2003-04	2004-05	2005-06	Total
Bodoland Autonomous Council	1.99	0.35	Nil	Nil	Nil	2.34
Missing Autonomous Council	0.53	0.35	0.26	Nil	Nil	1.14
Rabha Hajong Autonomous Council	0.29	0.15	0.14	Nil	Nil	0.58
Lanung Autonomous Council	0.13	Nil	0.07	Nil	Nil	0.20
Assam Seed Certification Agency	0.40	1.63	0.81	0.40	1.02	4.26
<b>Total</b>	<b>3.34</b>	<b>2.48</b>	<b>1.28</b>	<b>0.40</b>	<b>1.02</b>	<b>8.52</b>

Source: Departmental records.

It was stipulated in the sanction orders to obtain audited statement of accounts from the grantee organisations. The director, however, continued to disburse funds year after year without ascertaining whether the fund was spent for the purpose for which it was sanctioned. Besides, submission of utilisation certificate with audited statement of accounts was not insisted upon from the grantees. This indicates laxity in enforcement of control in the release and utilisation of grants. Except Bodoland Autonomous Council, none of the other four Councils submitted Annual accounts to the Accountant General.

### 5.1.14 *Sanctioning of expenditure beyond delegated power by splitting-up of bills*

Delegation of Financial Power (DFP) Rules, Assam prescribes the extent of authority of different functionaries for sanctioning funds. The Director, with financial power to incur expenditure of Rs.10,000 at a time issued orders for purchase of stationery and office equipment for sums exceeding Rs.10,000 at a time by splitting the supply orders/bills as detailed in *Appendix-5.2*. Splitting up expenditure tantamount to an attempt to subvert the intended expenditure control mechanism.

### 5.1.15 *Deficiencies in maintenance of cashbook*

- Assam Financial Rules (AFR) provide control mechanism for proper cash management in Government departments. Rule 95 of the AFR provides that all monetary transactions should be entered in the cash book as soon as they occur and entries in the cashbook are to be attested by the head of the office or his authorised representative in token of check. The AFR also provides that at the end of each month, the head of the office should verify the cash balance in the cashbook and record a signed and dated certificate mentioning therein the cash balance both in words and figures.

Scrutiny disclosed that in four out of the seven test-checked offices (Director of Agriculture, DAO Kokrajar, Karbi Anglong and NC Hills), these provisions were not followed, defeating the very purpose of the relevant control mechanism.

- Daily writing and closing of cash books in the above mentioned four offices were also not done, leaving writing of cashbooks heavily in arrears as shown in Table-6 below:

**Table-6**

<b>Name of office</b>	<b>Date from which closing of cash book pending</b>	<b>Date of verification of cash book</b>
Director of Agriculture	31-05-2006 <sup>108</sup>	23-06-2006
Dist. Agriculture Officer, Kokrajhar	11-01-2006 (General)	25-05-2006
	11-01-2005 (Subsidiary Cashbook) (BTC)	03-06-2006
Dist. Agri. Officer, Karbi Anglong	1-3-05 (General)	09-06-2006
	1-9-05 (TMIDH)	
Dist. Agri. Officer NC Hills, Haflong	1-3-05 (General)	09-06-2006
	1-9-05 (TMIDH)	

Due to non-writing of the cashbooks, bills encashed, payments made, closing balances in hand, remittances made to treasuries etc., remained undisclosed in records enhancing the probability of fraud/embezzlement/misutilisation of fund.

The reply furnished by the Department in October 2006 indicated pendency in writing cash books by the four DDOs for three to five months.

#### **5.1.16 Deficiencies in expenditure control**

Expenditure control is the responsibility of the Controlling Officer (Director). The budget allocation is apportioned among the DDOs by the Controlling Officer by issuing LOC both to the DDO and the treasury concerned. The expenditure incurred by the DDOs are watched through the monthly expenditure statements compiled in an appropriation register.

It was observed that the DDOs were irregular in sending monthly expenditure statements and consequently, compilation in the Appropriation Register in the Directorate of Agriculture was not comprehensive. Thus, a significant accountability mechanism of expenditure control was deficient in the Directorate.

#### **5.1.17 Shortfall in reconciliation**

According to the arrangement in place, reconciliation of departmentally compiled figures with those of the Accountant General (A&E) is to be conducted quarterly. It was however observed that reconciliation was done only once each year while finalising the annual accounts by the Accountant General.

Thus, prescribed procedure for quarterly reconciliation was not done leading to deficient monitoring mechanism.

### **Administrative control**

#### **5.1.18 Supervisory lapses resulting in misappropriation of fund**

Supervision of field activities through inspections and occasional surprise verification of cashbook as provided under rule 95 of Assam Financial Rules are some of the supervisory checks to be performed by every head of office.

<sup>108</sup> Although cashbook was closed up to 31-05-06, the DDO signed it up to 30-11-05 only.



The cashbook made available to Audit did not indicate that the District Agriculture Officer, Karbi Anglong had ever conducted supervisory checks in the cashbook. This facilitated misappropriation of fund to the tune of Rs.10,50,156 by drawing false wage bills during 2004-05 against departmental farms by the then Sub-Divisional Agriculture Officer (SDAO), who had acted as the DDO. The misappropriated amount, confirmed through investigation was yet to be recovered from the officer.

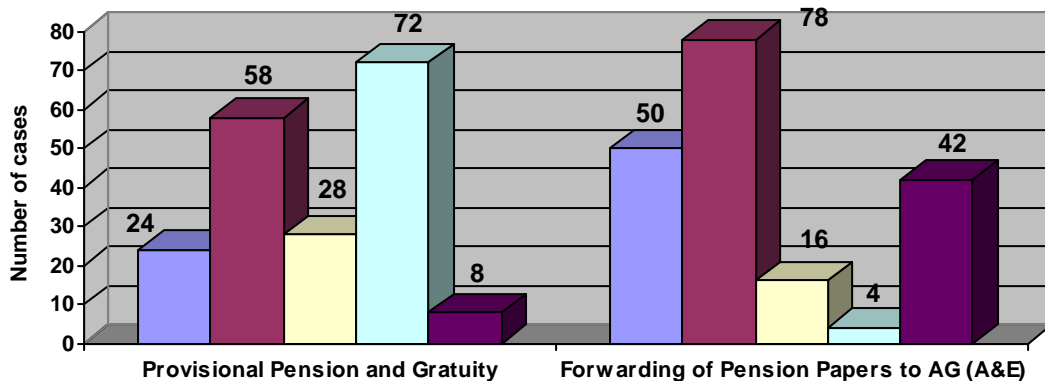
In reply the Department stated (October 2006) that the DAO has no role to play in supervising the drawal as the SDAO was a notified DDO. The reply is not tenable because being the district head, the DAO is to conduct periodical verification of his subordinate offices.

**5.1.19 Delay in disposal of pension cases**

According to the Assam Pension Rules, 1969 pension papers should be processed on time so that the pensioners begin to receive pensionary entitlements from the day on which it becomes due. As per norms, pension papers should be sent to the Office of the Accountant General (A&E) six months ahead of the date of retirement of an employee.

An analysis of 190 pension cases relating to the period from 2001-02 to 2005-06 revealed that there were delays both in releasing provisional pension and gratuity as well as in forwarding the pension papers to the Office of the Accountant General (A & E), as shown in Chart-3 below:

**Chart-3**



The above position indicated laxity in supervisory controls.

**5.1.20 Non-keeping of Security Deposit**

The Assam Financial Rules (Rule 106) stipulate that every Government servant, who is entrusted with the custody of cash or stores shall be required to deposit security for such amount as the department may prescribe. None of the DDOs whose records were reviewed through test-check including the Director, had obtained any security from the cashiers. Thus, the prescribed risk covering measures against cash had not been enforced.

**5.1.21 Non-assessment of manpower**

The Department entertained 261 officials under three non-operational schemes<sup>109</sup> during the period (2001-06). Likewise 133 manpower entertained against the 13 Field Trial Stations<sup>110</sup> (FTS) established for undertaking demonstration activities remained virtually idle, as there was no field activity due to fund constraint. The FTS were to demonstrate yield potential of the tested seeds to the farmers and thus encourage them to use certified tested seeds. Due to non-functioning of the FTS the farmers were deprived of the benefit of observing the yield potential of tested seeds. The Director had not so far (June 2006) initiated any move to obtain fund or get the position assessed by the Staff Inspection Unit (SIU) of the Finance Department although the prevailing situation in the Department merited such an assessment.

**5.1.22 Absence of physical verification of stock**

As per AFR (Rule 195), the balance in stock should be physically verified half-yearly. But the system of physical verification of stock was not in place in the Department. Physical verification of stationery and other material and dead stock items such as furniture, fixture, equipment etc., of the Directorate which were under the custody of the Estate Officer had never been done. Physical verification of stock of stationery and other material purchased and dead stock items of the six test-checked offices had also never been conducted during 2001-06. Thus control measures prescribed for stock and stores were not followed.

**Operational control**

**5.1.23 Decline in area under cultivation and food grain production**

Fifty three *per cent* of the State's total working force is engaged in agricultural activities. The contribution of agriculture to Net State Domestic Product (NSDP) at current prices is 30.09 *per cent* for 2004-05. As agriculture is the main source of livelihood of a majority of the population, the Government had assigned very high priority to agriculture. The main objectives of the Agriculture Department were to increase crop production by increasing the cultivable area and augmenting the per hectare production.

The actual area under Kharif and Rabi crops declined from 27.41 lakh hectares in 2003-04 to 25.55 lakh hectares in 2004-05 (seven *per cent*). Production of food grains also declined (10 *per cent*) from 40.34 lakh tonne in 2003-04 to 36.17 lakh tonne in 2004-05. The decline in both area under cultivation and quantum of food production indicates failure of the Department to achieve its main objective of enhancing agricultural production.

**5.1.24 Shortfall in scheme implementation**

Technology Mission for Integrated Development of Horticulture (TMIDH) is a continuing Centrally Sponsored Horticulture Scheme, implemented by the Department

<sup>109</sup> (1) Agricultural Farming Corporation, (2) Design and Development of Agriculture Implements and (3) Jute Growing and Bailing.

<sup>110</sup> (1) Panban, (2) Chaiduar, (3) Balijan, (4) Khetri, (5) Patbanshi, (6) Gelaphukhri, Tinsukia; (7) Shillongoni, Nagaon; (8) Sukhibari, North Lakhimpur; (9) Mahakal, Cachar; (10) Patbanshi, Barpeta; (11) Balagaon, Kokrahhar; (12) Panbari, Bokakhat and (13) Chariduar, Sonitpur.

from 2001-02. The implementation of the scheme was not in conformity with the scheme guidelines in some aspects e.g., construction of community tank; keeping of Technology Mission fund in current account in banks etc. The TMIDH projects needed constant monitoring by the departmental officers. Although all the six test-checked DAOs (June 2006) stated that inspection on the projects had been done regularly, there was nothing on record either in the form of inspection note or register to corroborate the statements of the DAOs.

### 5.1.25 *Unproductive bank deposit*

According to the scheme guidelines, the funds under TMIDH should be kept under interest bearing bank account. Violating this provision of the guidelines, the Agriculture Department, Government of Assam, however directed all concerned to keep TMIDH fund in Current Bank Account. The nodal authority (Director of Agriculture) had also not obtained permission from the Central Government for keeping the fund under Current Account. Thus, TMIDH fund continued to be kept in unproductive bank account unauthorisedly. This resulted in an interest loss to TMIDH fund account to the tune of Rs.60.90 lakh as detailed in Table-7 below:

**Table-7**

(Rs. in lakh)	
Name of Account Holder	Amount of interest loss*
Director of Agriculture	36.58
DAO, Kamrup	7.49
DAO, Kokrajhar	2.13
DAO, Darrang	5.07
DAO, Nagaon	5.89
DAO, Karbi Anglong	2.37
DAO, NC Hills	1.37
<b>Total</b>	<b>60.90</b>

\* The interest was calculated @ 4.5 per cent per annum on the average yearly balance.

The above loss was attributable to unauthorised deviation from the scheme guidelines by the nodal authority.

## Internal Audit

### 5.1.26 *Internal Audit (IA) without independence*

The IA wing of the Department is attached to the Directorate. The wing was mainly manned by the departmental personnel with an Officer of Assam Finance Service (AFS) cadre heading the IA. Seven of the eight IA staff were from the Department itself. Besides, the IA was not independent of departmental control and audit in an office could be taken up only after the approval of the Director. Thus, the IA wing manned by departmental staff did not have the necessary independence to do its work objectively.

### 5.1.27 *Deficient audit performance*

The Department did not have any audit manual prescribing internal auditing standards. The IA did not follow planned audit programmes and audit was not done on a regular basis. Audit was conducted only selectively to examine alleged irregularities in an office. Only 39 units (six per cent) out of the total 640 auditable units had been audited during 2001-06.

**5.1.28 Non-adherence to control measures for watching settlement of AG's objections**

According to AFR, departmental officers should attend promptly to audit objections raised by the Accountant General (Audit) relating to their office/unit and send replies within a fortnight. Besides, DDOs should maintain a Control Register for recording the objections and watching disposal thereof. None of the establishments test-checked including the Directorate maintained this control register. Thus, documentation of audit objections and follow up action for their settlement in the Department were deficient leading to accumulation of unsettled audit objections. As of June 2006, 230 unsettled audit paras pertaining to the Directorate and three district offices were pending as detailed in Table-8 below:

**Table-8**

Sl No	Name of Office	No of IRs	Period	No of out standing paras
1	Director, Agriculture	10	4/93 to 6/04	174
2	DAO, Kokrajhar	3	5/91 to 5/05	10
3	DAO, Darang	4	2/92 to 4/05	19
4	DAO, Kamrup	7	10/93 to 3/03	27
<b>Total</b>		<b>24</b>	<b>5/91 to 5/05</b>	<b>230</b>

**5.1.29 Monitoring deficiencies**

Monitoring is an important control tool, which should be exercised by a department very effectively.

Monitoring in the Department was virtually non-existent. The prescribed monthly reports due by the 7<sup>th</sup> of the following month for submission by the district officers under schemes such as Tribal Sub Plan, Scheduled Caste Component Plan, Plant Protection Schemes had never been rendered by the district officers, nor was the submission insisted upon by the management. The Directorate also could not furnish information on submission of annual and six-monthly reports to the State/Union Government relating to 15 schemes under micro-management programme. This indicates that the Department does not have proper monitoring mechanism.

**5.1.30 Conclusion**

There were weaknesses in internal control system in the department. The basic tenets of internal control viz., preparation of budget estimates, budgetary control, financial control, operational control, administrative control, internal audit and monitoring mechanism were inadequate. The controls envisaged through measures such as submission of reports and returns, proper maintenance of the key control registers, proper cash management etc., were disregarded. Absence of audit action plan and auditing manual and standards rendered the internal audit function inadequate. These weaknesses have been the contributing factors for the failure of the Department in increasing the agricultural production and cultivable area in 2004-05 in comparison to previous year.

***Recommendations***

- Monitoring of the programmes/schemes should be done at all levels, including at the Government level.
- The Government should prescribe internal auditing standards to make the IA effective and ensure that IA has the necessary independence to report irregularities. Audit action plan should be drawn up in such a way that each unit can be covered in a cycle of one to three years.
- Budget should be prepared on a realistic basis and the trend of expenditure should be reviewed at periodical intervals. Action may be taken for timely surrender of saving or re-appropriation to meet excess expenditure as the case may be.
- Drawal of funds in advance of requirement to avoid lapse of budget grant should be avoided.
- Supervisory checks through field visit should be conducted on a regular basis to guard against malpractices by subordinate field officers.
- Control checks prescribed for the cashbooks and daily writing and closing of cashbooks should be ensured to guard against possible fraud and defalcation.

**Guwahati  
The**

**(Sword Vashum)  
Principal Accountant General**

**Countersigned**

**New Delhi  
The**

**(Vijayendra N. Kaul)  
Comptroller and Auditor General of India**