

CHAPTER-V
INTERNAL CONTROL/INTERNAL AUDIT

FINANCE AND EIGHT OTHER DEPARTMENTS

5 Internal Control/Internal Audit System in Government Departments

For enforcing proper internal control and internal audit in various Government Departments/Directorates, Government of Assam established Directorates of Treasuries and Accounts, Audit and Training manned by the personnel of Assam Finance Service (AFS) and Assam Audit Service (AAS). The Finance Department of the Government, primarily responsible for enforcing strict compliance of internal controls in various departments/Directorates of the Government, lacked credibility in monitoring and reviewing the performance of the personnel of AFS and AAS cadre posted to different departments/Directorates through their respective Directorates. The apathy of the Government and the departments in enforcing proper internal control and fiscal discipline was largely responsible for defective planning, tardy programme implementation and also irregular budgeting practices, cash and manpower mis-management, non-maintenance of requisite records and control registers and poor performance of internal auditors.

Highlights

- The Finance Department did not furnish deployment details of 1,285 officers of Assam Finance Service.

(Paragraph 5.2.2)

- Due to irregular, arbitrary and unrealistic budgeting practices adopted by seven out of eight Directorates, they had large savings aggregating Rs.68.87 crore to Rs.120.04 crore during 1999-2004.

(Paragraph 5.5.2)

- Absence of regulatory checks and non-adherence to rules and orders of the Government resulted in locking up of funds in unspent cash balance of seven Directorates aggregating Rs.18.34 crore to Rs.33.32 crore at the end of each March of 1999-2004.

(Paragraph 5.7.2)

- Internal audit system was ineffective as the Internal Auditors did not enjoy independent status in six Directorates and five of them had no annual action plan for audit.

(Paragraphs 5.8.1 & 5.8.3)

- The Finance department neither did monitoring and evaluation of the performances of the personnel of Assam Finance Service and Assam Audit Service cadre nor did they appoint any nodal authority to do so.

(Paragraph 5.11)

5.1 Introduction

Internal Control and Internal Audit System are management tools used to provide reasonable assurance that management/departmental objectives are being achieved, and that the organisational structure of the department is such that it can capture the entire range of activities performed by the department through their established network for the purpose of ensuring better control and efficient administration. It is therefore, required that there should be a well-defined and effective control over the critical areas of the administration, like planning, budgetary control, funding pattern, implementation, cash management etc.

For enforcing internal control system in Government departments/ Directorates, the Government of Assam undertook various steps including creation⁸² of three Directorates viz., (i) Director of Treasuries and Accounts, (ii) Director of Audit (Local Fund) and (iii) Director, Central Training Institute (CTI) and Assam Finance Service (AFS) and Assam Audit Service (AAS). Overall fiscal management and enforcing accountability and compliance to Government rules and orders by the various departments and Directorates was vested in the Finance Department of the Government.

5.2 Organisational structure

5.2.1 General

According to information collected by audit, there are 79 Heads of Departments (HoDs) under the control of 53 administrative departments of the Government of Assam. The HoDs consists of 67 Directorates/Chief Engineers/Commissioners etc., and 12 other offices including judiciary and zonal commissioners. The personnel of AFS and AAS assist the administrative departments and the HoDs. While the overall control and management of the manpower under the Finance Service and Audit Service rest with the Finance Department, their training and deployment was vested in three Directorates.

5.2.2 Structure of internal control machinery

To ensure sound and healthy financial management with economic discipline and check measures, the various steps undertaken by the Finance Department included the creation (1960-61) of different category of posts under Assam Finance Service (AFS) and Assam Audit Service (AAS) as given under:

Personnel under Finance Service

According to the information collected (July 2004) by audit from the Finance Department, apart from the three common category posts of Directors, there were 1355 posts of AFS personnel under different categories of which the Finance Department failed to furnish details of deployment in respect of 1285 personnel as of March 2004 as shown in Table-1 below:

⁸² The Directorate of Audit (Local Fund) was established in 1921 and the dates of establishment/ notification of remaining two Directorates etc were not on record.

Table No-1

Serial No.	Category of posts	Number of personnel	Details of deployment (No. of persons)	Details of deployment not furnished (No. of persons)
1.	Senior Financial Adviser/ Financial Adviser (Sr. FA/FA)	38	70 Officers shown as deployed in Directorates (54) and district level offices (16)	57
2.	Senior Finance & Accounts Officer/Finance and Accounts Officers(Sr. FAO/FAO)	89		
3.	Treasury Officer (TO)	56	Not indicated	56
4.	Accounts Officer (AO)	275	Not indicated	275
5.	Deputy Accounts officer (DAO)	427	Not indicated	427
6.	Assistant Accounts Officer (AAO)	470	Not indicated	470
Total		1355		1285

Source: Information furnished by the Finance Department.

Personnel under Audit Service

According to the information furnished (October 2004) by the Director of Audit (Local Fund), Assam, besides two Deputy Directors and 18 Assistant Directors, there are altogether 244 posts of Audit Officers (92) and Assistant Audit Officers (152) who are deployed by him. Out of the total strength of 152 Assistant Audit Officers, 60 posts were sanctioned (as of March 2004) for internal audit, of which 52 were posted as Internal Auditors to different Directorates and other offices and eight posts were still lying vacant. The remaining 92 (152-60) Assistant Audit Officers were deployed alongwith the Audit Officers (92) for conducting statutory audit of Urban Local Bodies, Panchayati Raj Institutions etc.

5.3 *Audit Coverage*

The Internal Control System in Government departments was reviewed in audit by test-check (May-June 2004) of records of eight⁸³ out of 67 Directorates covering the period from 1999 to 2004. Results of test-check are highlighted under succeeding paragraphs.

5.4 *Planning*

5.4.1 *Annual and Five year plans vis-à-vis targets and achievements*

The departments/Directorates covered under the review, prepared both short term and long term planning in the form of annual and five-year plans outlining the activities/programmes to be covered and implemented by enumerating targets to be achieved by the respective departments. The plan documents were forwarded to the Planning and Development Department (PDD), which were finally approved by Government. Scrutiny of Draft Tenth Five-year Plan documents and information

⁸³ (1) Director of Sports and Youth Welfare, (2) Director of Welfare of SC, (3) Director of Welfare of ST and OBC, (4) Director of Art and Cultural Affairs, (5) Director of Dairy Development, (6) Director of Tourism, (7) Director of Soil Conservation and (8) Inspector General, Prison.

furnished by all the eight Directorates revealed that during five years period 1999-2004, four⁸⁴ of them had shortfalls in achieving financial and physical targets set for by the PDD. The targets and achievements and shortfall under certain components of the schemes earmarked for execution during these years are shown in **Appendix-XLV**.

It may be seen from **Appendix-XLV** that the department for Welfare of Scheduled Castes (WSC), had a shortfall in achievement of physical targets ranging from 12 to 73 *per cent* against 100 *per cent* achievement of financial target. The remaining three departments had shortfall in terms of both financial and physical targets ranging from 45 to 100 *per cent* during the entire period of 1999-2004.

Thus, the disproportionate high achievement of financial target as compared to the physical targets by the department of WSC and shortfall in achievement of both physical and financial targets by other three departments indicated serious lapse in the internal control mechanism of the respective departments.

5.4.2 Short achievement under sectoral schemes of Central/Centrally Sponsored Schemes

The Government of Assam released Rs.25.56 crore out of Rs.25.88 crore received from Government of India during 2001-04 to the Director, Welfare of Plain Tribes and Backward Classes (WPT & BC), Assam for implementation of various Central Sector/Centrally Sponsored Schemes for welfare of plain tribes and backward classes. The Director, WPT & BC drew and disbursed the entire amount to different Project Directors⁸⁵ for implementation of schemes/programmes during 2001-04. As of June 2004, the Director had received utilisation certificates (UC) for Rs.9.50 crore only leaving balance of Rs.16.06 crore to be utilised.

The Director stated (September 2004) that the position of unutilised fund as of August 2004 stood at Rs.9.99 crore, UC for which had not yet been received from the implementing officers.

Thus, inability to utilise the earmarked funds within the given time frame indicated inadequacy in planning and phasing of plan activities.

⁸⁴ Director of Welfare of S.C, Director of Welfare for Plain Tribes and Other Backward Classes, Director of Dairy Development and I.G. (Prison).

⁸⁵ I) Integrated Tribal Development Project (ITDP),(ii) Su-divisional Welfare officers (SDWO), (iii)Deputy Commissioners (DC),(iv)Bodoland Autonomous Council (BAC),(v)Missing Autonomous Council (MAC)

5.5 Budget and expenditure control

5.5.1 Irregular budgeting practice

Initial records viz., feedback and proposals received from field offices showing the basis for preparation of departmental consolidated budget estimates, revised estimates and demands placed for supplementary grants could not be produced to audit. This indicated that the departments prepared budget estimates/revised estimates in an irregular and arbitrary manner without taking into account the annual fund requirements of both headquarters as well as of the field offices.

Except Inspector General (IG) of Prison (Jail Department), none of the other seven Directorates could furnish the budget proposals sent to their respective administrative department. Final budget allotment made to IG, Prison showed that there were huge variation between budget proposals and actual budget allotments made by the Government under non-Plan during 1999-2004 as shown in Table-2 below:

Table-2

(Rupees in crore)

Department	Year	Budget proposal Non-plan	Budget allocation Non-plan	Reduction Excess (+) Less (-) over budget proposal	Per-centage of reduction	Actual Expenditure Non-plan	Excess (+) Savings (-) over Budget allotment
Jail Deptt	1999-2000	23.20	13.82	(-) 9.38	40	12.74	(-) 1.08
	2000-2001	23.96	13.49	(-) 10.48	44	13.23	(-) 0.26
	2001-2002	25.77	15.30	(-) 10.47	41	13.87	(-) 1.43
	2002-2003	27.62	15.28	(-) 12.34	45	14.55	(-) 0.73
	2003-2004	29.50	25.50	(-) 4.00	14	18.69	(-) 6.81
Total	1999-2004	130.05	83.39	(-) 46.66	36	73.08	(-) 10.81

Source: Records of Inspector General of Prisons, Assam.

The percentage of reduction in budget allotment by Government compared to budget proposals submitted by the department ranged between 14 to 45 *per cent*. Further, expenditure incurred under non-Plan during these years were less than the actual budget allotment made by Government corroborating that the department prepared and submitted budget proposals to Government in an arbitrary manner and without conforming to actual requirements.

The Director, Sports and Youth Welfare (SYW) stated (October 2004) that he had prepared the budget estimates based on actual requirements of field offices. The reply was not acceptable in the absence of relevant records that were not produced to audit and also in view of large savings aggregating Rs.39.27 crore occurring during 1999-2004 (*Appendix-XLVI*) under the grant controlled by him.

5.5.2 Provision and expenditure

Budget provision, actual expenditure and excess/savings etc., in respect of seven out of eight test-checked departments for the period from 1999-2004 are shown in *Appendix-XLVI*.

There were unexplained persistent savings in all the departments and during all the years of 1999-2000, 2000-01, 2001-02, 2002-03 and 2003-04 aggregated to Rs.68.87 crore, Rs.84.94 crore, Rs.93.24 crore, Rs.120.04 crore and Rs.101.84 crore respectively. Against these savings, only the department for the Welfare of Scheduled Castes/Scheduled Tribes and Other Backward Classes (SCs/STs & OBC) surrendered Rs.3.25 crore out of savings of Rs.32.09 crore during 2000-01. The department of SCs/STs & OBC, however, did not surrender any amount of their savings during 1999-2000 and 2001-04 and the other departments did not surrender any amount of their savings during the entire period of 1999-2004 for reasons neither on record nor stated to audit. Despite huge savings, the departments injudiciously obtained supplementary grants of Rs.35.32 crore, Rs.15.82 crore, Rs.21.38 crore, Rs.12.38 crore and Rs.40.72 crore during the successive years of 1999-2000 to 2003-04. In view of savings, the supplementary grants obtained proved excessive and unnecessary. Thus, the grant controlling authorities and the departmental machinery involved in appropriation and budget control did not exercise proper and effective check measures to regulate budgetary practice and expenditure control.

The Director, SYW stated (October 2004) that savings under the grant controlled by him were attributed to non-receipt of sanction/ceiling (FOC) from the Government in time against non-salary items.

5.5.3 Expenditure control

The Directors were the Controlling Officers in respect of non-salary expenditure. The Directors on receipt of fund through the Letter of Credits (LOC)/Fixation of Ceiling (FOC) orders from the Finance Department of the Government appropriated the released amount amongst the Directorate and field offices through separate sub-allotment orders. The Directorates were required to watch the flow of expenditure through monitoring of monthly expenditure statement from all concerned units and maintain a compilation register for the purpose. None of the Directorates whose records were test-checked could furnish the expenditure statements received from the field offices and the register showing the monthly and progressive expenditure indicating that the monitoring system was virtually non-existent in the departments. Thus, amounts issued through LOC/FOC were never co-related with the monthly expenditure figures of the Directorates and field offices rendering the entire system for control over expenditure through the introduction of LOC/FOC redundant.

The Director, SYW in his reply (October 2004) accepted the audit observation for compliance.

5.5.4 *Absence of reconciliation of departmental expenditure*

Records showing the extent of reconciliation of departmental expenditure figure with those booked by the Accountant General, Accounts and Entitlement (AG, A & E) Assam for all the years under review could not be furnished to audit by any of the Directorates, indicating that the departments failed to exercise proper control measures as required under principles of Government accounting and standing orders of the Government issued from time to time.

5.6 *Control registers and reports returns*

5.6.1 *Maintenance of control registers*

Various control registers like registers of Revenue Deposit, Deposit at Call Receipts, bank drafts/cheques, advance/recovery and broad sheets for loans and advances were not maintained by any of the eight Directorates test-checked resulting in inadequacy in maintenance of basic records.

The Director, SYW in admitting the lapse stated (October 2004) that maintenance of various control registers had since been started.

5.6.2 *Submission of Reports and returns*

Seven out of eight Directorates could not furnish monthly and quarterly expenditure statements received from field offices. The IG Prison could furnish 102 out of 360 monthly expenditure statements receivable from field offices for the year 2003-04 only. Though the IG Prison claimed that the expenditure statements were compiled, compilation registers could not be produced to audit. The submissions of these statements were never insisted upon by the Directorates through issue of reminders etc., resulting in lack of effectiveness in administrative control in ensuring timely submission of reports and returns.

In admitting the lapse, the Director, SYW stated (October 2004) that the practice has since been started.

5.7 *Cash related issues*

5.7.1 *Maintenance of Cashbook*

The mandatory checks as required to be exercised under the financial rules of the Government relating to the maintenance of cashbooks were lacking in all the eight Directorates test-checked. The deficiencies noticed were as under:

- (i) The individual entries of receipts and payments were not attested by the drawing and disbursement officers (DDO).
- (ii) The departments had also not introduced the system of surprise physical verification of cash balances of the Directorates by an officer nominated for this purpose other than the DDO to ascertain the authenticity of the closing balances.

(iii) Cash analysis of the closing balance to be recorded at the end of each month was either not done or where done details of bill-wise and age-wise analysis were not recorded. Consequently, the durations for which the balances brought forward were not ascertainable from the analysis.

(iv) Physical verification of cash and a certificate to that effect was not recorded at the end of each month in the cashbooks of Director of Sports and Youth Welfare (1999-2004) and Director of Welfare of SC (2002-03).

Failure to exercise the regulatory checks in cash management indicates serious lapses in internal control system.

The Director, SYW in admitting the lapse stated (October 2004) that he had since streamlined the cash management system.

5.7.2 *Huge balances in cashbook*

As per rule money should not be drawn from treasury unless required for immediate disbursement. Scrutiny of the cashbooks of seven Directorates revealed that there were huge cash balances at the end of March each year aggregating to Rs.23.14 crore, Rs.18.34 crore, Rs.28.27 crore, Rs.22.38 crore and Rs.33.32 crore respectively during 1999-2000 to 2003-04 (details in *Appendix-XLVII*). Besides, though the departments kept the money unutilised, in the annual accounts (Finance and Appropriation Accounts) of the department and the Government, the amounts were shown as utilised. Thus, the departments obviously drew the money to avoid lapse of budget grant. Accumulation of huge cash balance in hand coupled with irregular and improper cash managements was fraught with the risk of misutilisation and misappropriation and indicative of serious lapses in the cash management system of the departments.

The Director, SYW stated (October 2004) that accumulation of huge cash balance at the end of March each year was due to receipt of sanctions/FOC mostly at the end of each year. He added further that the amounts drawn in March were being utilised from April onwards of next financial year.

5.7.3 *Irregular reflection of cash balance*

The Director of Sports and Youth Affair continued to exhibit Rs.5.92 lakh in his closing cash balance since April 1999 to date of audit (June 2004) with a remark that the amount though actually spent on a diverted purpose was awaiting approval from higher authority for regularisation. Thus, the Director resorted to irregular and unauthorised spending of money on a purpose other the one for which it was drawn indicating irregular and defective cash management.

The Director, SYW stated (October 2004) that the actual diversion took place during 1987 to 1994 and the amount diverted was Rs.10.61 lakh. According to Government orders issued after thorough examination and investigation by Financial Inspection of Government of Assam, the Department had recovered/adjusted Rs.4.69 lakh leaving balance Rs.5.92 lakh awaiting recovery/adjustment for want of Government approval.

5.8 Internal Audit

To keep a watch on strict compliance and adherence to government rules and orders as well as the pattern and the flow of government spending, the Government created the posts of internal auditors to be manned by the personnel from Assam Audit Service. The internal auditors were primarily responsible to bring about fiscal discipline in their respective assignments by pointing out the system lapses and advising the departments/Directorates for taking corrective steps.

5.8.1 Status of Internal Auditors

For an internal audit function to be effective, it is essential that the internal audit staff was independent from management and work in an unbiased and interference free environment without fear or favour. Out of eight Directorates covered by audit for scrutiny of their internal audit arrangements, only two⁸⁶ departments stated that the Internal Auditors (IAs) posted to their Directorates enjoyed full independence in performing their duties, the remaining six Directorates either remained silent or stated that the IAs were dependant on the orders of the Directors for performance of their functions which was contrary to the spirit and letter of internal audit being independent and impartial.

The reply of the Director, SYW contending (October 2004) that he utilised the services of the IAs properly was not consistent with the performance (*Appendix-XLVIII*) of the IAs attached to his Directorate and thus not acceptable.

5.8.2 Posting of manpower to Internal Audit wing

Assistant Audit Officers were posted as IAs to different departments by the Director of Audit (Local Fund) and where the IAs were not posted by Director of Audit (LF) the concerned departments/Directorates appointed their own auditors and got them trained through the Directorate of Treasuries and Accounts in CTI for three to six months.

5.8.3 Audit planning and annual programme

From the replies received from eight Directorates having internal audit system it was revealed that three⁸⁷ of them had certain audit plan and fixed target for audit. The rest five had no annual plan and target. In the absence of basic plan and target for audit, internal audit of the Directorates and their units audited by the IAs could not be ascertained.

⁸⁶ (i) Director of Agriculture and (ii) Director General of Civil Defence and Home Guards

⁸⁷ Director General of Civil Defence and Home Guards The Director General of Police, The Director of Sericulture

5.8.4 Performance of Internal Auditors

Performance of the IAs in all eight test-checked Directorates are given in the *Appendix-XLVIII* from which it may be seen that the IAs of four Directorates⁸⁸ did some audit planning and also covered audit of Headquarters office and their field units. Of 193 units audited and 591 Inspection Reports (IR) issued by the IAs of these Directorates, except for the IAs of the Directorate of Agriculture whose 105 IRs (out of 22 units audited) projected some significant audit findings with money value, the remaining 486 IRs (out of 171 units) of other three Directorates were virtually 'NIL' reports and did not contain any audit findings.

The remaining four Directorates had neither done any audit planning nor set annual target and conducted any internal audit of Headquarters office/field units during five years 2000-2004. Thus, the basic objective of having Internal Audit Wing in these four Directorates was frustrated and the expenditure of Rs.33.06 lakh incurred during 1999-2004 on pay and allowances of seven IAs of these four Directorates proved largely unproductive.

The contention of the Director, SYW stating (October 2004) that he had entrusted the IAs for the audit of Directorate and the field offices was not consistent with the performance of the IAs.

5.9 Manpower management

5.9.1 Sanctioned strength and men-in-position

The sanctioned strength, men-in-position and vacant posts in seven departments during the period of 1999-2004 are shown in *Appendix-XLIX*. The number of vacant posts in these departments ranged between 217 and 349 (5 to 8 *per cent* of sanctioned strength). According to Government of Assam Fiscal Reforms Programme, Government was required to take steps for identifying vacant posts after total assessment and recommend for abolition of non-essential vacant posts. No such measures were taken by the departments/Directorates test-checked.

The Director, SYW stated (October 2004) that he had moved the Government for abolition of 20 out of 45 vacant posts under grade-IV categories. The Director, however, remained silent about the remaining 52 vacant posts under grade-I to grade -III categories.

5.9.2 Idle manpower

The records of five Directorates disclosed that of the 110 vehicles in the Directorates, 62 were off-road prior to April 1999 leaving only 48 on-road vehicles from April 1999. Against these 48 on-road vehicles, the departments entertained 134 drivers. Thus, 86 (134 - 48) drivers were on roll without any vehicle resulting in nugatory

⁸⁸(i) Director General of Civil Defence and Home Guards, (ii) the Director General of Police (iii) Director of Sericulture and (iv) Director of Agriculture

expenditure of Rs.3.36 crore⁸⁹ on pay and allowances of this idle manpower during April 1999 to March 2004. No records could be shown regarding efforts taken for re-deployment of these drivers. This indicates poor manpower management by the departments.

The Director, SYW stated (October 2004) that due to non-availability of new vehicles against condemned/disposed off vehicles, the drivers who held permanent posts, could not be deployed/redeployed otherwise.

5.10 *Other points of interest*

5.10.1 *Non-review of departmental performance*

The Director of Cultural Affairs had 38 cultural centres at different places of Assam to impart training in cultural matters. The Director despite spending Rs.4.09 crore during five years 1999-2004 towards pay and allowances etc., of 127 officers/staff posted to these centres had neither reviewed the performance of these centres nor could he furnish information on the performances of the cultural centres including the training courses/programmes organised and conducted by them.

This indicates lack of internal control, monitoring and review of the activities by the departmental head.

The Director stated (September 2004) that the officers in charge of cultural centres have since submitted their performance reports regarding organising of State level seminars/programmes and 12 important festivals/programmes during 2002-04 at different locations of the State.

The reply of the Director is not tenable as the same was not supported by documentary evidence and records of monitoring showing the activities actually done by the cultural centres.

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(Rupees in lakh)

Sl.No.	Name of Directorates	No. of vehicles	No. of vehicles off-road	No. of vehicles on road (3-4)	No. of drivers on roll (in nos)	No. of drivers entertained in excess (in nos) (6-5)	Pay & allowances of excess drivers during 2000-04
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	Soil Conservation	45	28	17	63	46	174.37
2.	Prisons	27	6	21	26	5	14.15
3.	Cultural Affairs	7	4	3	7	4	18.95
4.	Dairy Development	26	22	4	30	26	112.60
5.	Sports & Youth Welfare	5	2	3	8	5	16.08
Total		110	12	48	134	86	336.15

5.10.2 *Non-submission of utilisation certificates*

The Director, Welfare of Scheduled Castes, Assam incurred expenditure of Rs.12.25 crore during 1999-2004 on payment of post-matric scholarships to SC students. Out of the total Rs.12.25 crore, utilisation certificates (UC) in respect of only Rs.6.74 crore for the years 1999-2002 were received upto March 2004. The UCs for remaining two years 2002-04 involving Rs.5.51 crore could not be made available to audit.

This indicated the failure of effective internal control system of the organisation.

5.11 *Monitoring and evaluation*

Though the Finance Department is in over all charge for healthy and sound economic discipline through implementation of various check measures, the department could not furnish information regarding criteria for creation and posting of the officers under both Finance and Audit Services to various departments/Directorates. Besides, there was nothing on records to show the appointment of nodal authority responsible for direct monitoring of the performances of the officers under both the Finance Service and Audit Service. In the absence of monitoring of the activities and performances of the key officers responsible to bring about fiscal discipline, effectiveness of the internal control system introduced by the Government were not assessed and evaluated for taking remedial corrective steps. Consequently, there were lapses and lacunae in different parameters, which speak for virtual absence of any control measures in the departments/ Directorates of the Government.

5.12 The matter was referred to the Government in August 2004; their replies had not been received (October 2004).

5.13 *Recommendations*

Implementation of long term and short term plans are required to be reviewed from time to time through internal control mechanism to ensure achievement of physical and financial targets.

Departmental annual budgets are required to be prepared on realistic approach and after taking into account the fund requirement submitted by the field officers with proper justifications.

Strict control measures are required to be enforced in fund allotment and monitoring of expenditure, submission of various reports and returns, cash and manpower management.

Internal control and internal audit system need to be revamped with more autonomy in the functioning of internal auditors. Preparation and execution of audit plans to be ensured.

A nodal agency needs to be appointed to monitor, review and guide the functioning/performances of internal control machinery deployed in the departments/Directorates with a view to achieving the desired result.



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