

CHAPTER - V

INTERNAL CONTROL SYSTEM AND INTERNAL AUDIT ARRANGEMENT

5.1 Industrial Training and Vocational Education Department

Introduction

5.1.1 Internal Control System safeguards against errors, irregularities in operational and financial matters. It examines and evaluates the level of compliance of the departmental rules and procedures. It also assures senior management on the adequacy of risk management and internal control framework in the Department. In Haryana State, no independent centrally controlled Internal Audit Organisation existed. However, major Departments have Internal Audit system where Accounts Officers and Section Officers are provided by the State Finance Department. Records of the Director, Industrial Training and Vocational Education Department (Director) were test checked in September 2003 for evaluating the effectiveness of internal control mechanism.

An Internal Audit Officer alongwith four Section Officers (S.A.S.) and three Junior Auditors under the administrative control of the Director, was conducting internal audit.

Important audit findings are given in the succeeding paragraphs:

Duties and responsibilities of Internal Audit Organisation

5.1.2 Internal Audit Wing was required to conduct the audit of accounts of 196¹ institutions. Wing was also required to render advice in administrative, financial and accounting matters. Internal audit of the Directorate was, however, never conducted by the Internal Audit Wing.

Training of Audit Personnel

5.1.3 No training was imparted to SAS personnel and other staff during 1998-2003.

¹ Industrial Training Institutes Boys: 47, Women and Women Wing: 31 and Vocational Education Institutes: 118.

Planning of Internal Audit

5.1.4 Risk based audit planning through meticulous risk analysis after identification of risk indicators was not observed in the unit. Even audit plan keeping in view periodicity, norms for providing man-days and selection of priority was not being prepared by the Internal Audit Wing. The audit was being conducted only on the basis of longer pendency of the institutions.

Pendency of Audit

5.1.5 The detail of total number of Institutions, Institutions audited and those pending during 1998-2003 was as under:

Sr. No.	Year	Number of Institutions	Number of Institutions audited	Pending for internal audit	Percentage of Auditee units
1.	1998-99	194	29	165	14
2.	1999-2000	194	40	154	20
3.	2000-01	192	62	130	32
4.	2001-02	192	56	136	30
5.	2002-03	196	32	164	16
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The Director, admitted the facts but stated that the pendency was due to shortage of staff and assignment of other nature of works to the audit staff. The reply was not tenable as there was no shortage of staff in comparison to the sanctioned strength. Further, the assignment of other nature of work to the audit staff, when large number of Institutions were pending for audit, indicates that low priority was being accorded to the internal audit work in the Internal Audit Wing itself.

Delay in issue of Inspection Reports and settlement of old objections

5.1.6 Inspection Reports were required to be issued to the concerned institutions within one month of the completion of audit.

Out of 108 Inspection Reports test checked, 44 Inspection Reports were found to be issued late by two to six months, 10 by six to twelve months and two by more than twelve months. Out of 543 outstanding paras, 42 paras were settled on the basis of first reply and 501 paras were still outstanding. No efforts were made to settle these paras. Further, no record was maintained to show the total number of paras outstanding and the amount involved therein.

Conclusion-Procedural irregularities only

5.1.7 A review of the audit paras pointed out by Internal Audit Wing were found to be of minor errors/irregularities of procedural and routine nature involving petty amounts.

Audit paragraph was demi-officially forwarded to Financial Commissioner and Principal Secretary to Government Haryana, Industrial Training and Vocational Education Department in September 2003, but no reply was received from the Government (September 2003).

Chandigarh

Dated:

(ASHWINI ATTRI)

Accountant General (Audit), Haryana

Countersigned

New Delhi

Dated:

(Vijayendra N. Kaul)

Comptroller and Auditor General of India