

**CHAPTER-V**  
**INTERNAL CONTROL MECHANISM IN**  
**GOVERNMENT DEPARTMENTS**

**AGRICULTURE DEPARTMENT**

**5.1 Internal Control Mechanism in Agriculture Department**

*Highlights*

*Internal Control Mechanism is an integral part of an organisation's operations to promote operational efficiency and effectiveness. It encompasses budgetary, expenditure, operational and administrative controls laid down in the departmental rules and procedures. A review of Internal Control Mechanism in Agriculture Department revealed deficiencies in observance of budgetary control, inventory control as well as operational controls leading to excess provision of funds in budget estimates and in supplementary grants, irregularities in maintenance of cash and the relevant records, improper seeds management, irregularities in procurement and improper implementation of Crop Insurance Scheme. Internal audit was inadequate and ineffective.*

Departmental Manual published in July 1997 has not been revised/updated despite transfer of works of various schemes to *Panchayati Raj*.

*(Paragraph 5.1.6)*

Supplementary grants were obtained without requirement. Central assistance was not utilised to the extent of 6 to 51 per cent during 2003-08. Prescribed rules for maintenance of cash were not observed by the DDOs.

*(Paragraphs 5.1.7.2, 5.1.7.3 and 5.1.7.6)*

The machinery, equipment and other items worth Rs 0.52 crore were lying idle in 14 test checked units for period ranging from two to 13 years.

*(Paragraph 5.1.9)*

Subsidy of Rs 88.80 crore was provided on purchase and distribution of seeds without verifying the genetic purity. Non-loanee farmers did not get the benefit of National Agriculture Insurance Scheme.

*(Paragraphs 5.1.10.2 and 5.1.10.4)*

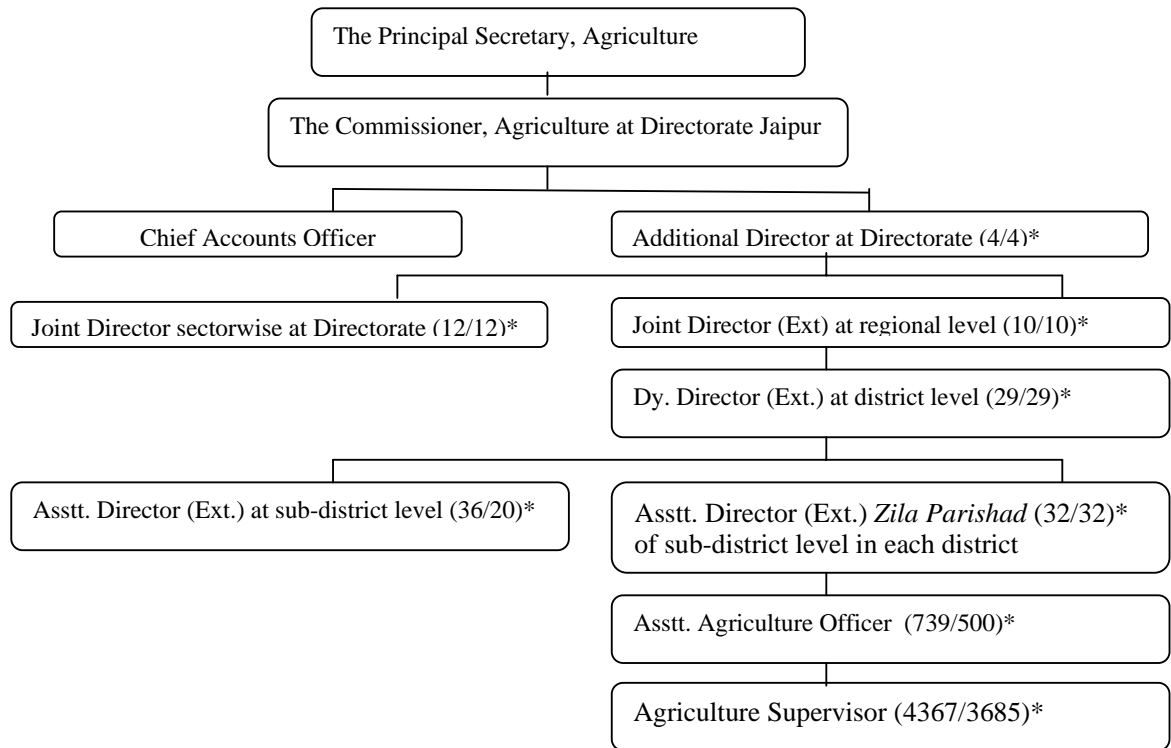
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### 5.1.1 Introduction

Internal Control Mechanism (ICM) is a process meant to ensure that there are laws and regulations regarding the working of the Department and the departmental operations are carried out according to the applicable laws and regulations in an economical, efficient and effective manner.

The Agriculture Department (Department) is responsible mainly for dissemination of latest technical know-how termed 'extension services' (Ext) besides, ensuring timely supply of quality inputs to the farming community. The objectives of the Department are to improve the production and productivity of food grains and other agricultural products for sustainable growth of the State economy.

### 5.1.2 Organisational set up



\* The figure in bracket denote sanctioned/ working strength

The Principal Secretary, Agriculture is the administrative head and the Commissioner, Agriculture is head of the Department. He is assisted by Chief Accounts Officer, Additional Directors, Joint Directors (JD), Deputy Directors (DD), and Assistant Directors (AD) at Headquarter and field as per above organogram.

### **5.1.3 Audit objectives**

The audit objectives were to assess whether:

- budgetary, expenditure and cash controls were adequate and effective;
- administrative controls including establishment and inventory controls were complied with;
- operational and quality controls were adequate to achieve the objectives of the Department in an economic, efficient and effective manner;
- monitoring was adequate and effective; and
- Internal Audit arrangement was effective.

### **5.1.4 Audit criteria**

The audit was conducted through test check of records with reference to the provisions of the Departmental Manual, Rajasthan Budget Manual, General Financial and Accounts Rules (GF&ARs), Rajasthan Treasury Rules, Government orders and guidelines/directions issued for implementation of various schemes. An entry conference with the Commissioner, Agriculture Department was held (November 2007) in which the audit objectives and methodology were discussed.

### **5.1.5 Audit scope**

Audit of Internal Control Mechanism (ICM) in the Department for the period 2003-08 was conducted during December 2007 to May 2008 through test check of the records at the Directorate and offices of four<sup>1</sup> JDs, eight<sup>2</sup> DDs (Ext), and eight<sup>3</sup> ADs (Ext) at *Zila Parishad*. The records of the selected laboratories (9 out of 52), training centres<sup>4</sup> (2 out of 3) and Adaptive Trial Centres<sup>5</sup> (ATC) (3 out of 9) were also test checked.

### **5.1.6. Non revision/updation of manual**

The present Manual of the Department was published in July 1997. Despite transfer of implementation of various schemes to *Panchayati Raj* Institutions in July 2003 and introduction of the new schemes, the Manual has not been revised/updated. Besides, the Manual does not contain instructions for financial control, asset management, manpower management, technical guidance, stores and stores management and Internal Audit (IA).

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1. JDs, Bhilwara, Jaipur, Sriganganagar and Udaipur.
  2. DDs, Ajmer, Bhilwara, Chittorgarh, Hanumangarh, Jaipur, Sriganganagar, Tonk and Udaipur.
  3. ADs (Ext) Ajmer, Bhilwara, Chittorgarh, Hanumangarh, Jaipur, Sriganganagar, Tonk and Udaipur.
  4. Training Centres - Jaipur and Tonk.
  5. ATCs - Ajmer, Chittorgarh and Hanumangarh.

## Audit Findings

### 5.1.7 Budgetary and Expenditure Control

The control over budget preparation and expenditure was essential for optimum utilisation of limited resources to achieve the objectives of the Department. Against the total budget of Rs 1,476 crore during 2003-08, expenditure was Rs 1,475 crore, as shown in the following table:

Year	(Rupees in crore)								
	Budget Estimates (available funds)			Actual Expenditure			Savings (-)/Excess (+)		
	Plan	Non-plan	Total	Plan	Non-plan	Total	Plan	Non-plan	Total
2003-04	49.05	102.58	151.63	49.03	102.53	151.56	(-) 0.02	(-)0.05	(-)0.07
2004-05	54.92	106.78	161.70	54.90	107.14	162.04	(-) 0.02	0.36	0.34
2005-06	246.20	118.79	364.99	244.72	118.73	363.45	(-) 1.48	(-)0.06	(-)1.54
2006-07	247.93	127.90	375.83	248.03	128.02	376.05	0.10	0.12	0.22
2007-08	281.91	139.60	421.51	282.30	139.58	421.88	0.39	(-)0.02	0.37
<b>Total</b>	<b>880.01</b>	<b>595.65</b>	<b>1475.66</b>	<b>878.98</b>	<b>596.00</b>	<b>1474.98</b>	<b>(-)1.03</b>	<b>0.35</b>	<b>(-)0.68</b>

#### 5.1.7.1 Original Budget Estimates

The Budget Manual provides that the budget estimates should be as close and accurate as possible. The position of budget provision, surrender/re-appropriation and actual expenditure is tabulated in *Appendix-5.1* which would reveal that in most of the cases, the original budget was surrendered to the extent of 5 to 27 per cent whereas in the remaining cases the additional budget was provided through re-appropriation/ supplementary grant. This indicated that preparation of original budget estimates was not realistic.

#### 5.1.7.2 Excess Supplementary Grants

**33 to 100 per cent supplementary grants were not utilised.**

As per para 197-198 of Budget Manual the supplementary grants are permissible only when necessity was clearly established and requirement was unavoidable. Scrutiny of records revealed that 33 to 100 per cent of the additional budget provided under certain minor heads through supplementary grant during the years 2005-08 remained unutilised at the end of the financial years (*Appendix-5.2*). This indicated that supplementary grant (Rs 6.63 crore) was obtained without assessing the actual requirement, in contravention to the provision of Budget Manual.

#### 5.1.7.3 Under-utilisation of Central Assistance

**Central assistance of Rs 29.04 crore remained unutilised.**

Government of India (GOI) provided (2003-08) assistance of Rs 169.03 crore under two Integrated Schemes of Oilseeds, Pulses, Oil Palm and Maize (ISOPOM) and Integrated Cotton Development Programme Mini Mission (*Appendix-5.3*). The Central assistance of Rs 29.04 crore was not spent. Underutilisation ranged between 6 and 51 per cent of available funds during the period.

Similarly, funds for infrastructure (Major head-4401) to the extent of Rs 13.60 crore (ranged between 16 and 100 *per cent* during 2003-08) were not utilised, reasons for which were neither on records nor made available to Audit.

The above position indicated deficiency in planning, implementation of programmes and control of expenditure.

#### 5.1.7.4 *Rush of expenditure*

**47 to 59 per cent of total expenditure incurred in March indicating rush of expenditure.**

As per para 139 of Budget Manual expenditure should be evenly managed and rush of expenditure particularly in the closing month of the financial year would ordinarily be regarded as a breach of financial regularity. The position of total plan expenditure vis-a-vis expenditure during the last month and on the last day of the financial years 2003-07 in 13 test checked units was as follows:

(Rupees in crore)					
Year	Total expenditure	Expenditure during March	Percentage	Expenditure on last day	Percentage
2003-04	4.77	2.58	54	1.39	29
2004-05	6.80	4.01	59	1.23	18
2005-06	25.85	13.29	51	1.80	7
2006-07	27.72	12.89	47	2.85	10

Large expenditure in the last month and on the last day of the financial year was indicative of imprudent financial management and violation of codal provisions.

#### 5.1.7.5 *Irregular utilisation of financial powers*

Item No. 30 of delegation of financial powers under section-I, Part III of GF&ARs authorises the Head of Department to give advance for purchase from public sector undertaking as per terms of contract. The Commissioner, Agriculture Department made an advance payment of Rs 25.16 lakh on 31 March 2008 to Rajasthan State Seeds Corporation (RSSC) under above delegation for purchase of vehicles from firm as per rate contract under Director General of Supply and Disposal. The action of the Department was irregular as the RSSC was not a supplier of vehicle and the contract of purchase along with quantity, make and specification of vehicles had not been decided. The amount was drawn and advance made to avoid lapse of budget.

#### 5.1.7.6 *Cash management*

**Receipts were not issued to actual payees.**

- Rule 46 of GF&ARs provides for issue of a proper receipt by the Head of Office or other Government servant duly authorised by him while receiving money. Scrutiny revealed that Assistant Agriculture Officers (AAOs)/ Agriculture Supervisors (ASs) were receiving money from farmers on account of testing fee, farmers' share of crop demonstration, etc. under various

schemes. The money so collected was deposited with the cashier of respective controlling office without mention of date of receipt of money from the farmers. The cashier was issuing single receipt to the concerned AAO/AS instead of issuing receipt to individual farmers who deposited the money. Thus, the actual payer of money was not getting any receipt. There were no individual receipts for Rs 43 lakh so collected<sup>6</sup> during 2003-08. In the absence of a system of individual receipts being issued, Audit could not ensure whether entire money collected by the AAOs/ASs was deposited in full in Government account.

- Cash balances in cash book were not verified physically at the end of each month in 11 to 58 months. Besides, the Head of Office was required to make a surprise verification of cash once a month and certify that cash balance with cashier was in order. Of 35 units covered, monthly verification of cash balances was not conducted in 14 to 58 months during 2003-08 in 28 test checked units.

- In seven<sup>7</sup> test checked units, cash/ demand draft/ cheques received by cashier were deposited into treasury with delays ranging from four to 27 months.

- All money transactions as soon as they are recorded in the cash book, were to be checked and attested by the Head of Office under Rule 48 (ii) of GF&ARs. But the cash book was not checked and attested by Head of Office for the periods ranging between 29 and 220 days in four<sup>8</sup> test checked units.

- As per Rule 59 of GF&ARs all Drawing and Disbursing Officers had to arrange reconciliation of remittances made into treasury with the records of Treasury Officer (TO) and get it certified every month from the TO. Audit observed that remittances of Rs 90.16 lakh during the period 2003-08 in 13 units were not reconciled and got certified (June 2008). It was also observed that non-verification of remittances into treasury for the period July 1999 to July 2005 in AD (Ext) ZP, Sawaimadhopur amounting to Rs 3.03 lakh was pointed out (September 2005) by special IA. Thereafter verification of remittances was conducted in May 2008. Even then remittances of Rs 0.23 lakh for the years 2000-01 and 2001-02 remained unverified as of June 2008 for which no action was taken as required under codal provisions of GF&ARs. It was indicative of lack of monitoring to ensure correctness of amount remitted into treasury.

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6. Assistant Directors (ZP) and Soil testing labs : Ajmer, Bhilwara, Chittorgarh, Hanumangarh, Jaipur, Sriganganagar, Tonk and Udaipur

7. JD, Sriganganagar; JD (Plant Protection), Durgapura (Jaipur); DDs, Ajmer, Hanumangarh, Sriganganagar; State Institute of Agriculture Management (SIAM), Jaipur and AD (ZP), Hanumangarh.

8. DDs (Ext.), Ajmer and Tonk, Deputy Director (Training Centre), Tonk and AD (Ext.), Udaipur.

### **5.1.8. Asset management**

During the scrutiny of records of all the 35 test checked units it was noticed that records of assets under their control was not maintained. The Secretary, Agriculture Department directed (August 1999) the Director, Agriculture to compile details of assets viz. office building, agriculture farms, training hall, godowns, store, garage, residential quarters (constructed, allotted and lying vacant), etc. acquired and utilised in the Department. As per details made available and compiled at Directorate level there were 1,468 staff quarters (including 328 unusable), 523 office buildings and 262.80 hectare land as of 31 March 2001. Even after the expiry of more than seven years complete details of assets were not compiled. Moreover, 241 staff quarters (out of 328 unusable and vacant staff quarters), which were in repairable condition were not repaired and put to use. No measures were also taken to dispose of the remaining 87 irreparable quarters. Thus, proper utilisation of assets and maintenance of its record was not ensured.

### **5.1.9 Inventory Control**

**Non-conducting physical verification and inspection of stores indicated ineffective inventory control.**

- Rules 10 and 12 of GF&ARs prescribe procedures for issue of stores and its physical verification (PV). Scrutiny of store accounts in test checked units revealed that store items were issued without obtaining any indent and acknowledgement in most cases. The dates of receipt and issue were generally not recorded. In the absence of proper entries in stock registers the period and quantity of actual receipt and issue of items could not be verified in audit.

- It was noticed that officers deputed by Joint Director for conducting PV of stores of DD/AD, were conducting PV of only stock registers pertaining to one or two items out of stock registers for four to 23 items being maintained in the test checked units. Thus, PV of stock was inadequate.

- In 14 test-checked units the machinery, equipment and other items worth Rs 0.52 crore were lying idle for period ranging from two to 13 years. The annual inspection of store was to be arranged by the Head of Office as per Rule 16 of GF&ARs to ensure that balances were not held in excess of requirements for a reasonable period. However, annual inspections were not conducted in all the test checked units. Thus, Head of Office had no knowledge about the items lying unutilised/ unserviceable/ obsolete.

Thus, lack of control over material management resulted into incomplete stock accounts and blocking of funds on unusable/obsolete stores.

### **5.1.10 Operational Control**

#### **5.1.10.1 Quality control of agriculture inputs**

The supply of quality agriculture inputs to farmers was the endeavour of the Government as quality of inputs has a direct bearing on agriculture

productivity and development for which rules and regulations were prescribed. State Government nominated officers of the Department as inspectors to ensure the enforcement of provisions prescribed by the GOI under various Acts and orders for seeds, fertilizers and pesticides. The targets were fixed for inspectors to take samples of seeds (46,000), fertilizers (48,000) and pesticides (8,000) during 2003-08. Against the above targets 22,752 samples of seeds, 25,986 samples of fertilizers and 8468 samples of pesticides were drawn by the inspectors resulting in shortfall of targets of 51 *per cent* (seeds) and 46 *per cent* (fertilizers). The reasons for shortfall were attributed to shortage of manpower, as there were no designated inspectors. The departmental officers were asked to attend to this work in addition to their regular duties. The reply only indicated that while fixing annual targets the Department failed to take into account the manpower available with them for inspection.

#### **5.1.10.2 Improper Seed Management**

**Subsidy of Rs 88.80 crore paid without verifying genetic purity of seeds/old seeds.**

As per para 13.3 of Departmental Manual, the assessment of requirement and planning for procurement of seeds, arrangements for supply of higher quality seeds to the farmers before sowing and overall monitoring of excess seed production were the main functions of the Department for which an action plan was to be prepared. Scrutiny revealed the following:

- Though GOI circulated the National Seed Plan in December 2005, the draft seed plan prepared by the State Government in February 2008 was not finalised as of June 2008.
- Para 13.5 of Departmental Manual provides that Breeder Seeds of 100 *per cent* genetic purity only were to be used. Further, Department was also to prescribe minimum limits of germination and purity of seeds with reference to the notified seeds. But the Department did not formulate any mechanism to ensure genetic purity of seeds at departmental level and left this responsibility on the seed-supplying agency. The Department provided subsidy of Rs 88.80 crore on purchase and distribution of 1.12 lakh MT of seeds during 2003-08 without verifying the genetic purity. Thus, the quality of seeds provided to the farmers on subsidised rates was not ensured.

#### **5.1.10.3 Irregular disbursement of subsidy for Promotion of Agricultural Mechanisation**

Para 16.13 of Departmental Manual provides payment of subsidy to promote use of tractor-operated farm implements to enhance agricultural productivity. State Government offered a subsidy of 30 *per cent* of the cost of tractor and implements subject to a maximum of Rs 30,000 to farmers provided a tractor is purchased along with three other farm implements. During 2003-07, subsidy of Rs 12.26 crore was allowed on purchase of 4,087 tractors. None of these beneficiaries had purchased the prescribed three farm implements along with the tractors. Thus, even after spending Rs 12.26 crore as subsidy to farmers, the objective of enhancing agricultural productivity could not be achieved.



**Irregularities in crop insurance scheme.**

#### **5.1.10.4 Crop Insurance Scheme**

To compensate farmers for their damaged crops due to natural calamities, pests, etc. the GOI launched (June 1999) National Agriculture Insurance Scheme (NAIS). The scheme aimed at mitigating losses on account of crop damage due to natural and non-preventable risks. The scheme was compulsory for loanee farmers and optional for non-loanee farmers. The premium payable by farmers is a certain percentage of sum insured.

Audit scrutiny revealed that as against cut off dates (for *Kharif*: 31 July and for *Rabi*: 31 December) for receipt of application forms from the non-loanee farmers for coverage under the Scheme, Department issued notification belatedly<sup>9</sup> one day before the target dates or after the target dates, inviting farmers to submit proposals for coverage under NAIS. Consequently, the non-loanee farmers could not apply to get insurance cover for crops *Kharif* 2003 and 2006 and *Rabi* 2003-04 and 2006-07. Thus, due to slackness on the part of departmental authorities in issue of timely notification, the scheme was not implemented effectively and the farmers were deprived of the insurance facility.

#### **5.1.10.5 Ineffective crop demonstrations**

Effective crop demonstration plays a significant role in promoting adoption of improved production technology by the cultivators. During 2003-08, Rs 12.81 crore was incurred on 1.55 lakh demonstrations organised by the Department.

Scrutiny of records of 237 ASs in eight test checked districts revealed the following :

- In 80 *per cent* demonstrations, soil testing was not done by ASs though it was necessary for use of micronutrient and fertilizers in accordance with guidelines for crop demonstrations.
- A control plot (traditional technique adopted by farmer) was necessary at demonstration field so that farmers could compare the modern technique with traditional technique. Scrutiny of records revealed that 134 ASs (57 *per cent*) did not maintain the details of control plot.
- The ADs and AAOs were to supervise crop demonstrations of 10 *per cent* and 50 *per cent* respectively. But, no supervision was conducted by the officers. Resultantly, proper demonstration was not monitored.

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9. *Rabi* 2003-04: 04 February 2004; *Kharif* 2006: 31 July 2006 and *Rabi* 2006-07: 30 December 2006.

### 5.1.10.6 Irregularities in publication of materials

**Unfruitful expenditure of Rs 1.26 crore on practice books.**

For dissemination of latest knowledge of agriculture techniques in easy language to farmers for *Kharif* and *Rabi* crops a package of practice books was to be published district-wise twice a year before start of respective crop season. These books were to be distributed to the farmers free of cost. Scrutiny of records of six test checked Districts<sup>10</sup> revealed that the books, which were got printed during 2005-08 by the DDs at a cost of Rs 1.26 crore, were handed over to ADs under their jurisdiction one to six months after the start of crop seasons. No record specifying the dates of distribution to farmers was maintained at AAO/ AS level. In the absence of such records, the actual distribution and delays, if any, in distribution could not be ascertained. Besides, the books were issued for distribution to farmers after sowing of crops and they could not be benefited by the latest technique.

### 5.1.11 Internal Audit System

- Internal Audit (IA) is a part of the Internal Control System and said to be control of controls. The IA must be independent and impartial. It was noticed in audit that the IA staff was engaged in regular operational duties, which affected their independence and impartiality. Against sanction of three IA parties, each consisting of one AAO and one Junior Accountant, only two were in operation. No targets were fixed for the parties for IA. Out of 139 units, only 14 units (average) were audited each year during 2003-08.

**Internal Audit was inadequate and in arrears.**

- No periodicity of IA was fixed by the Directorate. Units were audited covering a period of one to 16 years at a time. Inspection Reports (IRs) were issued with delay from two to six months in seven cases after completion of IA. The first compliance in eight cases was pending for six to 70 months and compliance was received with delay by more than three months to 59 months in 44 cases out of 87 cases (as of 31 March 2008). There was a pendency of 237 IRs and 1,347 paragraphs at the end of March 2008, 429 paras were more than 10 years old due to lack of remedial action.

### 5.1.12 Monitoring controls

#### 5.1.12.1 Lack of departmental inspection

**Departmental inspection was lacking.**

Para 7.18.1 of the Departmental Manual provides for annual inspection of subordinate offices. Scrutiny of records at Directorate revealed that the shortfall in inspections by JDs at regional level ranged between 43 to 100 *per cent* and 23 to 100 *per cent* during 2005-06 and 2006-07 respectively. The details of inspections conducted by the JDs during 2003-05 and 2007-08 and by all the subordinate officers (DDs and ADs) for the period 2003-08 were not available though it was mandatory for the field staff to submit the details of inspection to the Directorate. Scrutiny of the records of 12 test

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10. Ajmer, Hanumangarh, Jaipur, Sriganganagar, Tonk and Udaipur.

checked units<sup>11</sup> revealed that none of the officers had conducted inspections of their subordinate offices. The Department attributed it to excessive workload and shortage of time. The argument was not convincing as inspections were essential to check and improve the working of subordinate officers.

#### **5.1.12.2 Verification of utilisation of subsidised inputs**

Despite GOI instructions (August 2002) to adopt a well considered system for thorough verification of fertilizers sales to farmers, no mechanism was evolved. Only the distribution statements received from field offices were being verified by DDs/ADs in routine manner without any linkage of demands/ supply to farmers.

#### **5.1.12.3 Lack of response to CAG audit**

**Poor response to CAG Audit.**

The Principal Accountant General (Civil Audit), Rajasthan conducts periodical inspection of all Government transactions and communicates the audit findings through IRs to the Head of Office/Department for compliance. The Department was required to comply with the audit observations and rectify the irregularities noticed during audit.

There was a pendency of 194 IRs containing 436 paragraphs at the end of March 2008. Of these, 76 paragraphs of 47 IRs were pending for more than five years. First compliance of 27 IRs issued during 2006-08 was pending as of March 2008 although it was required to be sent within one month from the date of issue of IRs.

It was noticed that during 2003-08 four meetings were held against 18 prescribed. This showed lack of response to control mechanism prescribed for close monitoring and timely action on audit objections.

#### **5.1.12.4 Concurrent Evaluation**

**Concurrent evaluation not done.**

The GOI directed (October 2002) to conduct every year concurrent evaluation by the State Agriculture University or any other independent agency of the Centrally assisted schemes implemented by six<sup>12</sup> State Government Departments. The Department awarded (June 2007) the work to SIAM<sup>13</sup>, in respect of schemes implemented during 2005-06 only. Thus, the objective of carrying out independent evaluation of the scheme remained unachieved.

#### **5.1.12.5 District Level Monitoring Committee**

Under the NAIS guidelines (1999) District Level Monitoring Committee (under the chairmanship of Collector) was required to meet once in every

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11. ADs (Ext.), ZP: Ajmer, Bhilwara, Chittorgarh, Hanumangarh, Jaipur, Sriganganagar, Tonk and Udaipur. DDs (Ext.): Hanumangarh, Jaipur, Sriganganagar and Tonk.

12. Agriculture, Soil Conservation and Watershed Development, Horticulture, Forest, State Land and Water Use Board and Cooperative Department.

13. Under control of Agriculture Department.

month for effective monitoring and co-ordination among different Departments on proper implementation of crop insurance scheme. It was noticed that against total 420 meetings required to be held, only 67 meetings were held in seven districts during 2003-08. The DD, Hanumangarh did not provide information regarding the meetings held.

Thus, mechanism for monitoring the Scheme was not followed effectively.

#### ***5.1.13 Ineffective Vigilance Cell***

The Head of the Department was responsible to maintain honest, transparent and corruption-free administration. For this purpose, Chief Vigilance Officer (CVO) was to be appointed in every Department. It was observed that the CVO was not appointed for the period from May 2003 to February 2008, which indicated that there was no effective vigilance cell in the Department for most of the period. The information regarding working of vigilance cell and the cases dealt was not furnished to Audit (July 2008). As such, effectiveness of CVO during its period of working could not be ascertained in audit.

#### ***5.1.14 Conclusions***

The Internal Controls in the Department were not working effectively. The Departmental Manual published in 1997 was not revised/updated. It also did not contain prescribed procedure for ensuring the application of rules. Budgetary and expenditure controls were weak as reflected from excess provision of funds made in both original and supplementary budget, rush of expenditure at the close of the financial year and underutilisation of Central assistance. Cash management was deficient, as the prescribed rules to prevent fraud and misappropriation of cash were not strictly followed. Inventory controls were ineffective as receipt and issue of stores was not recorded properly, physical verification of all available stores was not conducted and utilisation of idle equipment and machineries was not ensured. The quality testing laboratories of seeds, fertilizers and pesticides were underutilised. Internal Audit was inadequate and ineffective. The monitoring was poor as prescribed departmental inspections were not conducted and evaluation was not got conducted concurrently and through an independent agency.

#### ***5.1.15 Recommendations***

- The Department should periodically revise its manual so that dynamics of agriculture extension services are effectively reached to the targeted community.
- The Department should ensure that the procedures for preparation of budget estimates are strictly followed and the rules and procedures for maintenance of cash are strictly observed by the DDOs.

- The Department should ensure procurement and distribution of high quality seeds to farmers with genetic purity.
- The Department should strengthen the internal audit unit and arrear of internal audit should be cleared.

The matter was referred to the Government in July 2008; reply had not been received (September 2008).

**JAIPUR,  
The**

**(SANJEEV SALUJA)  
Principal Accountant General (Civil Audit), Rajasthan**

**Countersigned**

**NEW DELHI,  
The**

**(VINOD RAI)  
Comptroller and Auditor General of India**