

CHAPTER – V

INTERNAL CONTROL SYSTEM & INTERNAL AUDIT ARRANGEMENT IN GOVERNMENT DEPARTMENTS

DEPARTMENT OF PERSONNEL, ADMINISTRATIVE REFORMS, TRAINING, PUBLIC GRIEVANCES, CAREER OPTIONS & EMPLOYMENT, SKILL DEVELOPMENT AND CHIEF MINISTER'S SELF EMPLOYMENT SCHEME

5.1 Internal Control Mechanism in DOPART

Audit review of the internal controls in the Department of Personnel, Administrative Reforms, Training, Public Grievances, Career Options & Employment, Skill Development and Chief Minister's Self Employment Scheme (DOPART) revealed deficient budgetary and expenditure control, poor operation and supervisory controls relating to creation of posts, cadre review, promotions, deployment as enumerated in the succeeding paragraphs.

Highlights

The control mechanism in the Department to watch the progress of expenditure leading to savings, surrenders and unnecessary supplementary provision was virtually non-existent.

(Paragraph 5.1.7)

Against the sanctioned strength of four, the Department appointed three Advisors and promoted seven officers to the post of Principal Secretaries in contravention of GOI norms resulting in extra expenditure of Rs. 53.79 lakh.

(Paragraph 5.1.9.1)

Department failed to conduct periodical review of actual requirement of staff vis-à-vis staff position in various cadres.

(Paragraph 5.1.9.2)

Subsequent to the ban imposed by the Government in 1999 for creation of new posts, the Department created 443 posts resulting in extra annual expenditure of Rs. 4.70 crore.

(Paragraph 5.1.9.3)

The posts vacated on account of VRS were not abolished resulting in avoidable expenditure of Rs. 2.24 crore upto March 2006.

(Paragraph 5.1.9.4)

In 20 cases Government servants were promoted to next higher grade in substantive capacity in contravention of eligibility of minimum required length of service in the lower post.

(Paragraph 5.1.10.1)

Department wise sanctioned strength of each category of staff was not available with the DOPART.

(Paragraph 5.1.10.3)

Norms for transfer of Government servant were not formulated.

(Paragraph 5.1.11.1)

Internal audit wing was not set up in the Department to ensure compliance of the existing rules and regulations of the Department.

(Paragraph 5.1.16.1)

5.1.1 Introduction

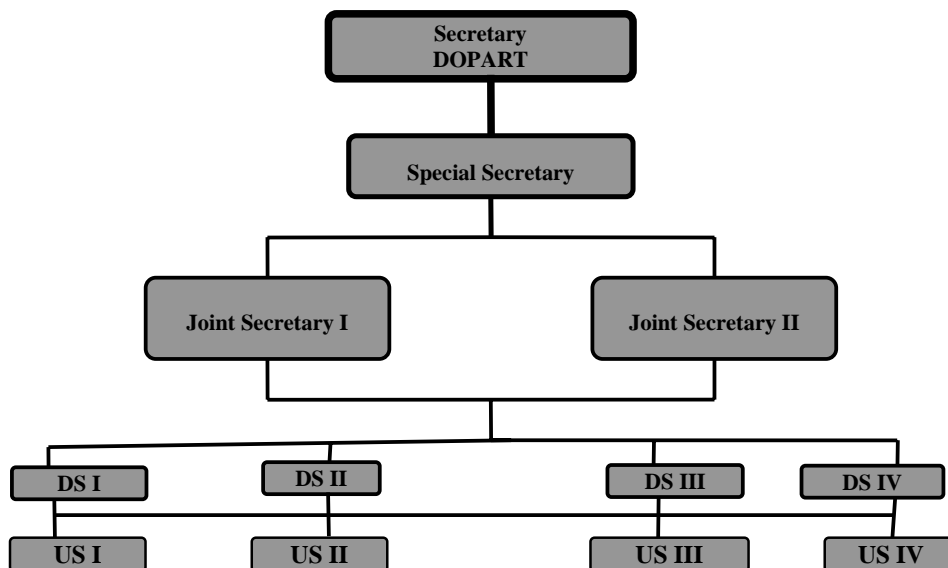
Internal Control Mechanism (ICM) in an organisation aims at ensuring that, its operations are carried out according to the applicable laws, rules and regulations in an economical, efficient and effective manner. It provides the top management with reasonable assurance regarding the achievement of the organisational objectives and safeguards the assets and other resources of the organisation from wastage, mismanagement, fraud etc.

The DOPART was formed in 1975 with the main objective of regulating service conditions, recruitment, promotions, posting, transfer and deputation of All India Services (AIS) officers and other gazetted officers of the State Government; and officers of the Sikkim Subordinate (Ministerial and Executives) service; bring reforms in Government departments for their smooth functioning, and nominate Government officials (both probationers and in-service candidates) for training as a part of continuous skill development.

5.1.2 Organisational set-up

The Secretary is the overall in-charge of the Department, assisted by Special Secretary (1), Joint Secretaries (2) and other subordinate officers.

Chart 5.1



5.1.3 Scope of Audit

The functioning of ICM of the Department of personnel, administrative reforms, training, public grievances, career options & employment, skill development and Chief Minister's self employment scheme (DOPART) covering a period of five years (2001-06) was evaluated with reference to the records maintained in the office of the Secretary, DOPART, Gangtok during April and May 2006.

5.1.4 Audit Objectives

The Audit was carried out with a view to assess and ascertain the adequacy and efficacy of various internal controls in the Department and evaluate if these were in place and were being implemented/complied appropriately to ensure achievement of the broad goals of the Department in an economic, effective and efficient manner. The following controls were assessed in this regard:

- Budgetary and expenditure Controls;
- Operational Controls;
- Supervisory and Monitoring Controls; and
- Internal Audit.

5.1.5 Audit Criteria

For fulfillment of the above objectives the following criteria were used.

Provisions of:

- General Financial Rules and Sikkim Financial Rules;
- Indian Administrative Service (Cadre) Rules, 1954;
- Sikkim Service Rules;
- Other rules and regulations specified by Central and State Government relating to service matters.

5.1.6 Audit Methodology

The Audit of ICM was carried out on the basis of available rules and regulations framed and amended by the Government from time to time governing the service matters as regards promotions, transfers and posting, placement of officials, nomination of officials for training in probation as well as in-service training matters and concerning administrative reforms.

Test check of records as made available by the Department in response to requisitions issued by the Audit as well as analysis of data collected was also carried out to obtain specified results.

Audit findings

5.1.7 Budgetary and expenditure Controls

Internal controls with respect to financial aspects of the functioning of a Department are generally governed by the Budget Manual which inter-alia

prescribes the methodology for preparation of budget, watching of progress of expenditure to facilitate re-appropriations, eventual surrender/ savings or supplementary funds etc. However, the State Government had not framed its budget manual. Sikkim Financial Rules (SFR), however, briefly mentioned the control mechanism prescribing the procedure for preparation of budget, withdrawal of money from Government Account, watching the progress of expenditure and control thereof. Audit scrutiny revealed that control mechanism as prescribed in the SFR was also not adhered to by the Department as evidenced from the following paragraphs:

5.1.7.1 Failure to watch the progress of expenditure

Table- 5.1.1

(Rupees in lakh)

Year	Budget provision			Expenditure	Savings (-) with ref. to col. 3	Amount surrendered during the year with ref. to col. 5
	1	2	3			
	Original	Supplementary	Total			
2001-02	134.66	5.20	139.86	114.72	(-) 25.14 (18)	7.63 (30)
2002-03	132.55	Nil	132.55	126.33	(-) 6.22 (5)	3.85 (62)
2003-04	154.00	6.00	160.00	150.26	(-) 9.74 (6)	6.75 (69)
2004-05	311.83	Nil	311.83	255.06	(-) 56.77 (18)	Nil
2005-06	283.85	175.00	458.85	290.49	(-) 168.36 (37)	175.85 (104)
Total	1016.89	186.20	1203.09	936.86	(-) 266.23 (22)	194.08 (73)

Source: Appropriation Accounts. Figures in brackets represent percentage.

It would be seen from the above table that budgetary and financial control by the Department was deficient as there was savings in all the years 2001-06. Besides there were following deficiencies:

- During 2001-02 to 2005-06 there were persistent savings. There was wide variation between budget provision and actual expenditure ranging from 5 to 37 per cent and savings were not anticipated in time. Savings of Rs. 168.36 lakh in 2005-06 had not been surrendered. As a result, the Finance Department was not able to reallocate the amount to other needy departments.
- Against the actual savings of Rs. 266.23 lakh during 2001-06, only Rs. 194.08 lakh were surrendered and Rs. 71.15 lakh retained.
- During 2001-02 and 2003-04 the Department took supplementary provision of Rs. 5.20 lakh and Rs. 6 lakh yet the savings were more than the supplementary provision. In 2005-06, the entire supplementary provision of Rs. 175 lakh was surrendered against the actual savings of Rs. 168.36 lakh. The amount surrendered ranged between 30 to 104 per cent of the total savings of the respective years.

5.1.8 Operational and Supervisory Controls

The Administration and Establishment (A&E) Manual (for Central Government Officers) prescribed various rules and procedures relating to service matters to enable HOD and other controlling officers to exercise their

powers and discharge their responsibilities in an efficient and effective manner in conformity with the rules and procedures. The A&E Manual incorporating basic rules, regulations and orders governing appointment, promotion, confirmation, resignation etc. had not been compiled and circulated by the Department to serve as a readymade guide for effective discharge of duties of the officers and staff in an appropriate manner for any service. Absence of prescribed rules and procedures indicates non-delineation of responsibilities which led to the following irregularities:

5.1.9 Appointment

All India Services (AIS)

5.1.9.1 Non-adherence of IAS rules

- According to the Indian Administrative Service (Cadre) Rules, 1954 the strength and composition of IAS cadre is determined by the Central Government. The State Government concerned, however, may add one or more posts carrying duties or responsibilities of a like nature to cadre posts of the State for a period of one year which could be further extended for another two years with the approval of the Central Government. The State Government had appointed (September 2003, May 2004 and November 2004) three Advisors in the scale of Rs. 26,000 fixed (1) and Rs. 22,400-525-24,500 (2). It was noticed in Audit that in contravention of rules, the appointment continued for a period of more than three years in one case and two years in two cases as no approval from the GOI was obtained. Thus, continuation of appointment of Advisors for a period beyond one year was not only irregular but indicative of failure of internal control to observe the cadre rules of appointment and continuation of posts by DOPART. This also led to filling up of equal number of posts by other officers resulting in an extra outgo of Rs. 36.90 lakh¹ at the minimum of the pay scale towards promotions of junior officers on their pay and allowances till the end of March, 2006.
- Similarly, DOPART also promoted seven officers in the next higher grade (Rs. 22,400-525-24,500) of Principal Secretary against the sanctioned strength of four posts leading to excess operation of three posts involving extra expenditure of Rs. 16.89 lakh (in the minimum of the pay scale) per annum on their pay and allowances.

While accepting the Audit contention, the Department stated (September 2006) that promotion of the IAS officers to the next higher grade of Principal Secretary had become imperative as large number of officers were inducted into IAS in the initial year (1977) of merger of Sikkim with Indian Union and had eventually become fairly senior for promotion to the higher grade. The reply is not tenable as the promotion to the next higher grade is subject to availability of clear vacancies.

Non -All India Services

5.1.9.2 Absence of re-examination of cadre strength

The Central Government observes established rules and procedures for review

¹ Sh.T.W.Barfungpa, (2004-06)-Rs.11.62 lakh; Sh.Tashi Topden, (2003-06) -Rs.15.35 lakh; Sh.T.W.Tenzing, (2004-06)-Rs.9.93 lakh: Total - Rs.36.90 lakh

of cadre strength from time to time. The All India Service Manual also prescribes review of cadre strength every three years in consultation with the concerned State Government. The State Government however had not put in place the system of review of cadre strength in line with that of the Central Government in spite of stipulation to this effect. It was noticed that the cadre strength of various State Civil services was altered on a number of occasions without adhering to any laid down norms by cadre review committees instituted for the specific purpose as evidenced from the following paragraph:

5.1.9.3 Failure to conduct need-analysis while creating posts

The Sikkim Government Establishment Rule (13) forbids creation of post (except in emergent situations) during the year unless there is a provision for it in the approved budget. Mere provision in the Department budget, however, does not constitute authority for incurring liability on any new post. Despite this clear stipulation, 10 departments proposed creation of 443 posts which was approved by the DOPART on 15 occasions between July 2001 and July 2005 in a routine manner, without carrying out need or job analysis leading to additional financial burden to the tune of Rs. 4.70 crore per annum (calculated on an average). The action of the DOPART and also of Finance, Revenue and Expenditure Department (FRED) in submitting proposals for creation of posts and financial concurrence respectively, especially in the absence of specific job analysis and ban on creation of posts in terms of Memorandum of Understanding signed (June 1999) between the Government of Sikkim and GOI was indicative of casual approach of Government in creation of posts without justification.

The Department while admitting (September 2006) that there was a ban on creation of posts, stated that DOPART recommended creation of additional posts to FRED for financial concurrence based on the requirement of the respective departments. The reply is not tenable as in the absence of need analysis by the departments concerned, DOPART approval was not justified. Similarly, FRED also failed in its duties to scrutinise the proposals in right earnest before according financial concurrence.

5.1.9.4 Non-compliance with provisions of Voluntary Retirement Scheme (VRS)

With a view to right size the Government on the one hand and to provide an opportunity to employees to retire from service voluntarily before the date of their superannuation, the State Government introduced (January 2003) Voluntary Retirement Scheme (valid for one month *i.e.* February 2003). The scheme also stipulated abolition of the post vacated by the retiring incumbent. Scrutiny of records relating to implementation of VRS by DOPART revealed control failure as elucidated below:

- Although 131 Government servants availed the benefit under VRS and retired (March 2003) from their respective posts, only 99 posts were abolished and 32 posts continued to be operated in the category of Junior grade (10 posts), Senior grade (11 posts), Selection grade II (6 posts), Selection grade I (3 posts), Super time grade I (1 post) and 1 post in the rank of Secretary leading to violation of the spirit of VRS. Non-adherence to VRS policy indicated lack of administrative control and led to avoidable

expenditure of Rs. 2.24 crore² (upto March 2006) on account of pay and allowances at the minimum of the pay scale.

- The Government restructured (June 2003) the cadres of Director and Additional Director of Sikkim Finance and Accounts Service after availing of VRS by two of its Additional Directors (March 2003). Restructuring enhanced the sanctioned strength of Directors from 4 to 6 while the sanctioned strength for the post of Additional Director was reduced from 6 to 4, vitiating the spirit of VRS.

The DOPART stated (September 2006) that Government reviewed the cadre strength to meet the requirement of the concerned departments. Reply of the DOPART is not tenable as action of the Department to enhance the sanctioned strength was against the spirit of right sizing the Government under VRS and control of expenditure under pay and allowances.

5.1.10 Promotion & Deployment

5.1.10.1 Non-adherence to prescribed rules during promotions

According to Sikkim State Services Rules of various Gazetted services, no officer shall be considered for promotion to the next higher post unless he has rendered the required length of service in lower post as prescribed in the Recruitment Rules of the said post.

Test check of six³ services revealed that in 57 cases from all the six services, officials had been promoted to next higher grade in officiating capacity without having rendered the required length of service in the lower post.

Further, in 20 cases (out of 443 cases test checked) Government servants were promoted to next higher grade in substantive capacity without having rendered the minimum required length of service in the lower post. The officials were promoted to next higher grade without completing the length of service criteria in the lower post ranging from 1 to 6 years, indicating absence of internal control mechanism in respect of promotions and also indicative of disregard of allocated duties by the officers responsible for effecting promotions without verifying the eligibility in the DOPART and resulted in undue extension of benefits of higher pay and allowances and other related benefits. This resulted in extra outgo of Rs. 64.12 lakh from the Government exchequer towards pay and allowances⁴.

In reply, the Department stated (September 2006) that all promotions to substantive capacity are made only after the completion of the required length of service as per the cadre rules through the State Public Service Commission. The reply is factually incorrect as the particulars of promotion were taken from original records of the individual officer from their respective service

² Junior Grade Rs. 0.53 crore; Sr. Grade Rs.0.73 crore; Selection Gr.II Rs.0.48 crore; Selection Gr.I Rs.0.27 crore; Super-time Gr.II Rs.0.10 crore and Super-time Gr.I Rs.0.13 crore.

³ State Civil Engineering Service, State Mechanical Engineering Service, State Electrical Engineering Service, State Finance and Accounts Service, State Agriculture Service, and State Civil Service.

⁴ Calculated at the minimum of the pay scale.

books and information furnished by the Department.

This indicated lack of effective administrative control in the Department regarding promotion from one grade to another in the service mainly in Engineering and Accounts services.

5.1.10.2 Absence of uniform promotion criteria

There was no uniform criteria for promotion to next grade with identical pay scale. It was noticed that while Engineering and Finance & Accounts services were required to render eight years to become eligible for senior grade II in the pay scale of Rs. 9,000 – 16,250, officers of the State Civil Services had to render only six years. Similarly, while State Civil services and Finance & Accounts services had to render four years each for promotion to the next higher grade of Rs. 11,000 – 17,000, Engineering services required six years. This indicated DOPART’s failure to work out uniform promotion criteria for different cadres. The details are given below:

Table-5.1.2

Services	Junior Grade to Senior Grade (7000-11500)- (9000 -13800)	Senior Grade to Selection Grade II (9000 -13800)- (11000-16250)	Selection Grade II to Selection Grade I (11000-16250)- (12500-17000)	Selection Grade I to Suppertime Grade II (12500-17000)- (14300-18300)	Suppertime Grade II to Suppertime Grade I (14300-18300)- (17200-21250)
Engineering	6 years	8 years	6 years	4 years	2 years
State Civil Services	6 years	6 years	4 years	4 years	2 years
Finance and Accounts	6 years	8 years	4 years	8 years	2 years

(Source: Departmental records)

The Department stated (September 2006) that the prescribed length of service in all the services from junior grade to Super time grade are uniform. The reply of the Department is factually incorrect as in terms of the Sikkim State Civil Services Rules 1977, Sikkim State Engineering (Civil, Electrical, Mechanical) Service Rules 1989 and Sikkim Finance and Accounts Rules, 20 years, 24 years and 26 years length of service is required for promotion from Junior Grade to Super time grade in State Civil, Engineering, and Finance & Accounts Services respectively.

5.1.10.3 Irrational deployment of manpower

Sikkim State Service Rules, 1977 prescribed that the strength and composition of service shall be reviewed by the State Government from time to time. As of March 1998, the total strength of the State Civil Service was 427 comprising of Secretary (5), Special Secretary (5), Additional Secretary (25) and Joint Secretary (68), etc. This was inclusive of deputation reserve (20%), training reserve (15%) and leave reserve (5%). Restructuring of composition and cadre strength of various categories of posts under the State Civil Services were last done during February 2004. However, the department-wise structure and composition of the cadre strength was not done on the last occasion (February 2004) after restructuring. Records relating to necessity for restructuring the

cadre were also not produced to Audit. Further, after cadre restructuring (February 2004) department-wise structure and composition of the cadre strength was not prepared, which resulted in irrational deployment of manpower in various departments as illustrated below:

Table 5.1.3

Name of Department	Name of Post	Number of men-in-position				
		2001-02	2002-03	2003-04	2004-05	2005-06
Art and Culture	Addl. Secy	1	2	1	Nil	1
	Jt. Secy	2	1	1	Nil	2
	Dy.Secy	1	1	1	Nil	3
	U.Secy	1	2	1	Nil	1
Tourism	Addl. Secy	2	1	1	Nil	1
	Jt.Secy	1	Nil	6	3	3
	Jt. Dir	1	Nil	Nil	Nil	1
	OSD	2	Nil	1	Nil	1
	Dy.Secy	3	Nil	1	2	4
	U.Secy	1	Nil	2	2	Nil
Planning and Dev.	Addl. Secy	Nil	Nil	2	Nil	Nil
	US	Nil	1	2	3	3
Sports & Youth	Addl. Secy	Nil	1	Nil	1	1
	Sp. Secy	Nil	Nil	Nil	Nil	1
	JS I	Nil	Nil	Nil	Nil	1

(Source: OAD Inspection Reports)

This indicated inadequate/absence of internal control mechanism in respect to deployment of personnel by the DOPART.

5.1.10.4 Deployment of excess manpower

Similarly, DOPART had also failed to exercise any control over promotions of Deputy Superintendent of Police (DSP). It was noticed that men-in-position in DSP cadre were more than the sanctioned strength owing to promotions granted by DOPART in excess of the sanctioned strength. Details are shown below:

Table-5.1.4

Year	Name of the post	Sanctioned Strength	Men in Position	Excess
2001-02	DSP	25	32	07
2002-03	DSP	25	35	10
2003-04	DSP	25	33	08
2004-05	DSP	40	45	05
2005-06	DSP	40	45	05
	TOTAL	155	190	35

(Source: Departmental records)

While accepting the fact, the Department stated (September 2006) that Government appointed excess number of DSPs through direct recruitment in compliance with High Court directives (1994). The number of DSPs further increased as the Inspectors who had stagnated at the grade were promoted under promotion quota resulting in increase in the existing strength of DSPs. The Department further added that deployment, however, was made as per the

requirement of Sikkim Police. The reply is not tenable as the cadre strength review in December 2004 had already taken into account the requirement of the Sikkim Police while enhancing the cadre strength to 40 posts. This indicated the Police Department as well as DOPART's failure to exercise control over actual requirement of DSPs before according promotions.

5.1.11 Transfer and posting

5.1.11.1 Absence of rules regarding transfer

Periodical inter-departmental transfers is a normal feature of Government services for providing adequate exposure to enable the individual officer to gain experience to contribute to the efficiency of the State administration. DOPART had not initiated any concrete efforts towards this direction to facilitate transfer of IAS as well as of State Civil Services in a systematic manner.

It was observed in Audit, that, absence of laid down transfer policy led to transfer of some of the officers frequently while others were retained in the same place for a considerable period. Test check of records relating to 15 officers revealed that nine officers were transferred frequently, the duration ranging between 6 days to 14 months, while 6 officers continued in the same post and in the same place for 3 to 5 years. Thus, no rationale was followed while effecting transfers. While accepting the fact, the Department assured (September 2006) that necessary steps would be initiated to obviate such lapses in future.

5.1.12 Training

5.1.12.1 Non-formulation of training policy

Government of Sikkim (Allocation of Business) Rules enjoin all responsibility relating to training of Government employees to the DOPART. Audit scrutiny revealed that DOPART had neither identified the training requirements of the employees nor formulated any plan or policy, calendar of training programme for sponsoring and imparting training to various employees and post training deployment of personnel to utilise the skill acquired/ developed during training. The Department had maintained only a training register indicating 658 persons (604 persons in India and 54 persons abroad) trained in various fields during the period 2001-02 to 2005-06. However, feedback from the trainees and their controlling officers as to the usefulness of the programme and improvement of efficiency in the work field during post training period was not obtained or maintained. In the absence of this vital information, the impact of training and benefit to State Government could not be assessed by Audit.

5.1.13 Skill Development

5.1.13.1 Absence of monitoring control on trainees

The State Government launched 'Skill Development scheme' with the annual allocation of Rs. one crore to assist local educated unemployed youth in developing their skills to become entrepreneurs or assist them in seeking jobs.

Funds amounting to Rs. 48.09 lakh (December 2004) and Rs. 37.00 lakh (May 2005) were sanctioned by the State Government for implementation of the scheme by DOPART in 2004-05 and 2005-06 respectively. DOPART was to sponsor eligible candidates for Special Vocational Training Courses in different disciplines under the scheme.

Test check of records revealed the following control failures:

During 2004-05, DOPART decided to depute 35 candidates for training to 'Amity Institute of Vocational and Industrial Training' at New Delhi based on advertisement in local dailies for which entire fees were to be borne by the State Government. All candidates were required to give an undertaking through their parents, that, expenses incurred on their training would be refunded to the Government in case of non-completion of training. It was seen, that, the DOPART displayed a total lack of control in implementation of the scheme as 22 candidates who undertook training in 'International Certification Course' did not appear in the examination, 5 trainees returned back without even completing their courses, no feed back from trainees as to the attendance, quality of training, completion and above all pursuance of the trainees to complete the training was attempted. Expenditure of Rs. 21.16 lakh incurred towards training of these candidates, thus, did not contribute in achieving the objectives of the scheme.

5.1.14 Administrative Reforms

Administrative Reforms in the Government Department is one of the key areas for effective discharge of the responsibility in most efficient, effective and economical manner with concise human resources. The State Government assigned this responsibility to DOPART to bring about administrative reforms in the area of classification of offices, inspection and checking of administrative lapses, work study of various departments for assessing staff requirement etc. in Government departments. It was noticed in Audit that no steps were initiated by the DOPART except the amalgamation of four⁵ departments into two departments. So much so, that the allocation of duties and responsibilities for initiating administrative reforms required to be taken by DOPART was not delineated by the Department. The Department could not produce any record to indicate initiation of proposals for administrative reforms indicating failure of administrative and supervisory control at all levels.

In reply, the Department stated (September 2006) that although administrative reforms and manpower research was initiated through a Commission (constituted in 1990) and Department of Economics, Statistics, Monitoring and Evaluation (DESME) and report submitted by them in March 1992 and June 2002 respectively; the Government had not accepted the reports as yet. Besides, the Department was also engaged in framing Recruitment Rules and other notifications dealing with welfare measures like compassionate

⁵ Motor vehicle Department and Sikkim transport Department as Transport Department, and Social Welfare Department and SC&ST Welfare Department as Social Welfare

appointment, ex-gratia appointments etc. The reply of the Department is not tenable as no progress was made towards classification of offices, inspection and checking of administrative lapses, work study of various departments for assessing staff requirement, etc.

5.1.15 Monitoring controls

5.1.15.1 Delay in finalisation of disciplinary cases

Sikkim allocation of Business Rules enjoins upon the DOPART to regulate service conditions, recruitment, promotions posting, transfer and deputation to various services. Sikkim Government Servant (Discipline and Appeals) Rules, 1985 prescribed speedy disposal of disciplinary cases by DOPART.

Test check of records revealed that two cases of disciplinary proceeding were pending, one from October 1999 and another from June 2002 against the members of IAS of Sikkim cadre as of August 2006 due to failure of the departmental authority to initiate adequate measures towards disposal of the cases. Further, records relating to disciplinary cases pending against other than IAS cadre were not maintained by the Department indicating total absence of monitoring mechanism in the Department. The Department informed (September 2006) that due care would be taken to obviate the weaknesses.

5.1.15.2 Service verification not done

According to Rule 44 of the Sikkim Service Rules, every entry in the Service Book must be attested by the Head of the Department or a Gazetted Officer authorised to do so, and must be verified by him at least once a year. Test check of service books of officers maintained in the Department revealed that service verification from April 2002 to March 2006 had not been undertaken in respect of 36 officers of All India Service, 53 officers of Sikkim Civil Service, 53 officers belonging to Agriculture service and 57 officers from Finance and Accounts service, indicating that concerned authority of the Department had failed to discharge their assigned work and control mechanism at supervisory level was virtually non-existent facilitating such lapses. This was fraught with the risk of non-reflection of vital service records such as completion of probation period, confirmation of services, promotions, leave availed, leave travel concessions availed, foreign assignments, training/workshops attended, etc in the absence of which, the Department would be unable to take appropriate decisions regarding various career related issues as well as settlement of final dues at the time of superannuation. While accepting the fact, the Department stated (September 2006) that attempt would be made to systematise the annual service verification process.

5.1.15.3 Non-submission of returns

According to the IAS (Cadre) Rules, 1954 the Department was required to furnish quarterly returns to GOI in prescribed proforma indicating authorised number of posts, utilisation of post, details of posts lying vacant, vacant since, reasons for keeping vacant etc. It was noticed that quarterly returns for the period April 2001 to December 2005 had not been furnished to GOI by the DOPART. The Department stated (September 2006) that the quarterly returns for the quarter ending on 31 March 2006 were forwarded to the GOI.

5.1.15.4 Failure of senior officials to enforce accountability and protect interest of State Government

Audit scrutiny revealed that senior officers in DOPART had failed to enforce accountability and protect interest of the State Government indicating lack of internal control mechanism and casual approach to Audit.

Observations on the accounts of various departments noticed during Audit and not settled on the spot were communicated to the Heads of Departments/offices through Inspection Reports (IRs). The Heads of Departments/officers were required to take corrective action in the interest of the State Government and furnish compliance on Audit observations within a period of four weeks. Seven inspection reports containing 15 Audit observations relating to the DOPART were pending for want of settlement by the Department as on March 2006, indicating failure of the Heads of Department/officers to discharge due responsibility as even after 4 years 10 months they had failed to send even the first reply to six IRs and no remedial measures were taken to ameliorate the discrepancy pointed out by the Audit.

5.1.15.5 Non-production of records

In spite of repeated reminders, a number of records /information pertaining to deployment of manpower, disposal/pending court cases, cases of ad-hoc promotions, training of officials and their feedback, deputation and absorption thereof, sanctioned strength and men-in-position, records of public grievances, inter-departmental transfers, etc were not produced to Audit as a result of which vital information could not be verified in Audit. Details are shown in *Appendix-XV*.

5.1.16 Internal Audit

5.1.16.1 Absence of Internal audit

Internal audit is an independent appraisal of the internal control mechanism in the Department by the Auditors. The responsibility of carrying out internal audit of DOPART was assigned to Finance Department (Directorate of Internal Audit). It was however noticed that the Director of Internal Audit had not inspected the records of the Department during any of the years under Audit review. Consequently, weaknesses, lacunae in the internal control mechanism were not brought to the notice of the Department to initiate necessary corrective measures.

5.1.17 Conclusion

The ICM of the Department with regard to implementation of rules and regulations framed by the Government, manpower control, cadre strength, review of sanctioned strength for proper placement of manpower in Government departments, promotion policies and verification of service records of personnel, steps towards bringing reforms in the administration etc. were beset with weaknesses. In the absence of built-in mechanism for proper supervision and inspection at higher level, the Department could not benefit from the ICM in making its working effective, efficient and economical. The

Department also failed to discharge its responsibility relating to training of employees and initiate administrative reforms.

5.1.18 Recommendations

The following recommendations are made:

- Strict adherence to the provisions of the financial rules and procedures should be ensured to exercise control and avoid unnecessary budget provisions.
- Codes and Manuals for dealing with personnel matters of all Gazetted officers of the State and of non-gazetted officials of Sikkim Subordinate (Ministerial and Executive) Service of Government departments should be prepared and updated from time to time.
- Cadre Rules may be formulated to provide uniform career prospect and promotion among different cadres for the employees in their specific cadre, examination of cadre strength and creation of posts in judicious manner.
- Checking of eligibility criteria before effecting promotions and adoption of uniform transfer policy.
- Initiate steps towards administrative reforms and imparting of training to officials at suitable intervals on identified need basis.
- Internal audit system should be made effective and should be used as an instrument for streamlining the internal system.
- Reporting and monitoring system need to be strengthened.