

CHAPTER XI : MINISTRY OF INFORMATION AND BROADCASTING

11 Functioning of internal control systems/internal audit

The Ministry applies checks prescribed in Central Secretariat Manual of office procedure, government rules, orders and instructions issued from time to time, which constitute the internal controls. There was laxity in implementation of these controls, resulting in deficiencies/shortcomings in the systems. A few of the major deficiencies are non-reviewing of various management and administrative policy/matters, not taking effective action to rectify the deficiencies pointed out by Internal and Statutory Audit and failure to review the performance of institutions receiving grants-in-aid exceeding Rs. 10 lakh.

Internal control systems are essential for efficient and cost effective functioning of an organization as well as for getting timely warnings of deviations or malfunctioning.

The Ministry is the nodal Ministry for the Information, Broadcasting and Film sectors. It formulates policy guidelines for the efficient dissemination of news and views by the media units. Thirteen attached and subordinate offices, six autonomous bodies and two public sector undertakings assist and support the activities of the Ministry.

Audit test checked the records of different wings of the Ministry to ascertain the level of effectiveness of the mechanisms instituted for implementation of various control systems. A few of the major shortcomings/deficiencies in management are discussed below:

11.1 Management controls

11.1.1 Work standards

As per Central Secretariat Manual of Office Procedure (CSMOP), time limits are required to be fixed for disposal of cases. The Department of Administrative Reforms had also requested all Ministries/Departments to fix the time limits for disposal of cases. The Ministry, however, did not fix time limits for early disposal. Out of 170 pending cases, 56 *per cent* were more than six months old.

The Ministry stated (January 2005) that monitoring of pending cases was being done through weekly/monthly arrear statements.

11.1.2 Review of posts lying vacant/strength of staff car

The Ministry did not conduct reviews of various management and administrative matters such as posts lying vacant for more than one year, strength of staff cars, control on expenditure being incurred on repairs and maintenance on vehicles, periodical reports/returns, annual action plan for implementation of twenty point programme and non- finalisation of recruitment regulations in respect of Prasar Bharati.

The Ministry accepted the audit observations and reported (January 2005) that the necessary exercise of review of posts lying vacant had been carried out in respect of 8 organisations and review of staff car for the Main Secretariat had been conducted during 2004. The Ministry further stated that action had been initiated in all other cases.

11.1.3 Data base of newspapers

Section 19D of Press and Registration of Books Act, 1867, prescribes that the publisher of every newspaper would furnish to the Registrar of Newspapers for India (RNI) an annual statement in respect of the newspaper at such time and containing such particulars as referred to in sub section (2) of section 19B of Act. Default is punishable with a fine upto Rs. 500 under section 19K of the Act. The control is designed to ensure a reliable data base of newspapers published in the country. During 1989 to 2002, only 10 percent to 14 percent of total registered publishers of newspapers had furnished the annual statement. The RNI did not punish the defaulters with a fine which resulted in non-observance of the control, thus defeating the very objective of the Act. RNI stated (July 2004) that it was not empowered to impose penalty and the matter had to be taken to a court where the expenses on fighting a case would be many times more than rupees five hundred and added that its office was also short of manpower for taking up such cases.

11.2 Administrative control

11.2.1 Manpower appraisal/Annual inspection/compilation and consolidation of orders

The Ministry formulated the Annual Action Plan for work measurement studies and prepared a perspective plan for 2001-04 targeting 17 units for the

study. Consequent upon abolition of the post meant for work measurement studies in February 2002, the Ministry stopped formulation of Annual Action Plans for work measurement studies from 2003-04. Expenditure Reforms Commission (ERC) had recommended that study of staff requirements of Ministry may be conducted by Staff Inspection Unit (SIU). The Ministry stated in August 2004 that no work measurement study of either the Main Secretariat or any of its sub-ordinate offices was conducted by SIU after implementation of ERC recommendations and further reported (January 2005) that it had been vigorously pursuing with the SIU to conduct work measurement study of its Main Secretariat.

As per CSMOP, each section/desk is to be inspected once a year. Each department will also inspect once a year all attached and sub-ordinate offices under its administrative control through designated senior officers and submit annual reports on O&M activities to the Department of Administrative Reforms and Public Grievances (DAR&PG). The Ministry, however, conducted 35 *per cent* inspection of sections/desks in 2001-02, 50 *per cent* of section/desks in 2002-03 and 41 *per cent* of sections/desks in 2003-04. The Ministry stated in August 2004 that O&M inspection of attached and sub-ordinate offices was conducted from the year 2003-04. Besides, it was also noticed that there was no system of compilation/consolidation of orders/instructions in the Ministry as of September 2004 as required under CSMOP.

The Ministry accepted (January 2005) the audit observation and noted it for future compliance.

11.2.2 Physical verification of fixed assets and stock

Physical verification of fixed assets and stock is conducted by the various departments/grantee institutions of the Ministry themselves. The position of physical verification was as follows:

Sl. No.	Name of the department/ institution	Store item	Period since physical verification not conducted
1	Prasar Bharati	Assets and stock	Since its inception i.e April 2000
2	Indian Institute of Mass Communication	-do-	Since April 2001
3.	Satyajit Ray Film and Television Institute, Kolkata	-do-	Since 2001-02
4.	Press Council of India	-do-	Physical verification of stock and stores was conducted in June 2002 for 2001. No physical verification for the years 2002-04 had been conducted

Main Secretariat of the Ministry has not taken remedial measures to remove the shortcomings pointed out in the physical verification report of January 2002. There was no system to verify the opening and closing balances of stores and effective control on issue of stores. Over writings and cuttings were not attested and there was no system of verification of totals worked out in the stock registers by a person other than the writer. Besides, the Ministry had not been able to take back possession of some stores items issued such as computers, printers, photocopiers, etc.

The Ministry accepted the audit observations and stated (January 2005) that instructions to the attached/subordinate offices had been issued for strict compliance.

11.2.3 Verification of service records

The head of the office was to inspect annually at least ten *per cent* of the service books and leave accounts. There was, however, no regular system for verification of service records by the head of office. The Ministry was not maintaining a register of nominations. Thus, it was not clear how the Ministry ensured that the nominations in respect of gratuity, GPF, CGEGIS, etc. had been obtained.

The Ministry accepted the audit observation (January 2005) in respect of verification of service records and further stated the nominations were being kept in the Service Books and maintaining the same by DDO would involve duplication of records. The Ministry was informed that this was required as per provisions of the rule.

11.3 Accounting control

11.3.1 Budget and expenditure

There was no effective monitoring to control the flow of expenditure. The Ministry had neither maintained any register/broadsheet in prescribed form to ensure timely receipt of returns in GFR 12 and 13, showing the complete expenditure from the grant or appropriation at his disposal up to end of the preceding month, from the offices under them nor were the returns received being consolidated in a register kept for the purpose with a view to ascertaining the progressive total expenditure for the department as a whole. Non-observance of internal controls resulted in not only rush of expenditure in the last quarter of the year but also considerable savings/excess in a number of cases, ranging between 10 and 252 *per cent* during 2001-04. The Ministry

stated in August 2004 that monitoring of expenditure was done on monthly basis and the figures of expenditure submitted by the sub-ordinate and attached offices were reviewed in the relevant files and submitted to Chief Controller of Accounts (CCA) and other officers. However, scrutiny of records revealed that the Ministry did not review the progress of expenditure every month and files relating to review of progress of expenditure had been submitted to the CCA and other officers occasionally.

The Ministry accepted the audit observation and stated (January 2005) that an Expenditure Review Register in form GFR 13 had been opened.

11.3.2 Reconciliation of figures of expenditure

The Ministry was not doing regular reconciliation of figures of expenditure with those booked by DDOs and PAOs. There were delays ranging from three to 14 days in depositing government receipts though these were to be deposited immediately.

The Ministry stated (January 2005) that the audit observation had been noted for future compliance.

11.3.3 Improper/non-maintenance of control registers

It was observed that the control registers such as bill register, stock register of receipt books and register of valuables, duplicate key register, etc. had either not been maintained or were not maintained in the prescribed form. The register of valuable did not indicate important details like date of receipt of the valuables, date of its deposit into account, date of credit in bank scroll or return of the cheque, if dishonoured. Thus, possibility of delayed remittance of cheques/demand drafts into banks cannot be ruled out.

The Ministry accepted the audit observations and stated (January 2005) that the necessary action had been started.

Ministry releases grants-in-aid to the grantee institutions. It was, however, noticed that though the Ministry maintained a register of grants-in-aid, it did not contain the prescribed columns. Thus, in absence of proper register, the possibility of double payment cannot be ruled out. Besides, the Ministry did not undertake a periodic review of the performance of the grantee institutions receiving grants exceeding Rs 10 lakh per annum as required under Ministry of Finance O.M. dated 18 November 1983.

The Ministry stated (January 2005) that the register of grants had been suitably modified. As regards review of the performance of the grantee institutions, the Ministry stated that review of performance of some of the grantee institutions was being done and for others it would be undertaken.

11.3.4 Internal Audit

Internal Audit is conducted to ascertain how far the rules and regulations, systems and procedures in accounting, financial and administrative matters are being followed.

The Principal Accounts Office conducts the internal audit of the Ministry under the supervision of Chief Controller of Accounts. There are about 562 units across the country. Frequency and periodicity of internal audit wing of the Ministry is annual for expenditure of Rs. one crore or more, biennial above Rs. 50 lakh and triennial for less than Rs. 50 lakh

11.3.5 Performance

Internal Audit Wing had planned and audited 278,134 and 150 units during 2001-02, 2002-03 and 2003-04 respectively including the audit of Prasar Bharati units that were in arrears. The internal audit wing could not provide the details of the units of Prasar Bharati remaining to be audited. Besides, it could also not intimate the period up to which year internal audit of the remaining units was completed.

11.3.6 Monitoring of compliance of observations

The Ministry did not take timely, effective measures to rectify the deficiencies or to comply with the observations of the Internal Audit and Statutory Audit. The position of outstanding audit observations as of September 2004 was as under:

Outstanding audit observations	1987-99	1999-00	2000-01	2001-02	2002-03	2003-04	Total
Internal	-	-	-	2771	1458	1241	5470
Statutory	156	37	68	109	166	58	594

The Ministry stated (January 2005) that vigorous efforts had been launched by various sections to take timely rectificatory measures.

11.3.7 Internal control mechanism in the grantee institutions

Effective system of internal audit did not exist in the grantee institutions receiving substantial funding from the Ministry, such as Prasar Bharati, Press Council of India, Children's Film Society of India, Film and Television Institute of India, Satyajit Ray Film and Television Institute and Indian Institute of Mass Communications. These institutes have not yet developed Accounts and Audit Manual for effective internal control. There was no pre-audit system in these organisations.

The Ministry accepted the audit observation and stated (January 2005) that the matter was being pursued with the grantee institutions.