

OVERVIEW

This Audit Report contains audit observations emerging out of the transaction audit in the Civil Ministries including the Department of Posts and their field offices. The audit observations on the accounts of the Union Government (excluding Railways) are incorporated in Report No.1 of 2005.

Avoidable expenditure on creation of the office of the Ambassador-at-large

The Ministry of External Affairs in August 2001 created the post of Ambassador-at-large for non-resident Indians and Persons of Indian Origin. The office located at New York was opened with five India based and five local posts, without assigning any specific and separate mandate. The office was wound up in October 2004, after incurring an expenditure of Rs. 15.95 crore.

(Paragraph 6.1)

Unauthorised expenditure on media campaign

Ministry of Finance, without the approval of the Parliament, incurred an expenditure of Rs. 63.23 crore on media campaign through diversion of funds although this activity was not contemplated in the annual budget and was, therefore, a 'New Service/New Instrument of Service'.

(Paragraph 7.2)

Allotment in excess of quota fixed

While making allotment under discretionary quota of Government quarters in Delhi, Ministry failed to observe the directions of Hon'ble Supreme Court and its own guidelines. Ministry made out of turn allotment of Government quarters to key officials of various dignitaries outside the prescribed ceiling of five *per cent* during 2001-2004.

(Paragraph 17.5)

Sale of HCI Hotels in Mumbai

Juhu Centaur and Airport Centaur hotels were sold on the basis of single bids without the benefit of competition. Inconsistencies in valuation of the properties and fixation of reserve price of Airport Centaur coupled with relaxation allowed to the bidder to facilitate the sale of Juhu Centaur indicated undue urgency to sell the properties while making inadequate efforts to mitigate the risk of transaction.

(Paragraph 7.1)

Expiry of Anti-TB drugs and X-Ray film

Anti-TB Drugs and X-Ray Film valuing Rs. 66.16 lakh, received under the Revised National TB Control Programme, expired in the Government Medical Stores Depot, Kolkata due to failure of the Director General of Health Services, New Delhi, to issue the release order in time and take effective action against

the procurement agent for replacement of sub-standard drug. Apart from the loss of Rs. 66.16 lakh, the drug and the film could not reach the patients for whom they were meant, defeating the very purpose of procurement.

(Paragraph 8.1)

Non-recovery of interest on delayed payment of leave salary and pension contribution from MTNL Mumbai

Leave salary and pension contribution of DoT personnel on deputation to Mahanagar Telephone Nigam Limited, Mumbai were received by the Controller of Communication Accounts, DoT Cell, Maharashtra Circle after delays of 100 to 491 days. The delayed payments attracted interest of Rs. 78 lakh, which the Controller of Communication Accounts failed to claim.

(Paragraph 4.11)

Non-realisation of service tax

Department of Posts did not levy service tax on telegraph receipts in 20 postal circles in terms of the provisions of the Finance Act 2001. This resulted in non-realisation of service tax and interest thereon, amounting to Rs. 66.94 lakh.

(Paragraph 4.2)

Irregular payments against recurring deposit accounts

Two Head Postmasters under the Rajasthan Circle and one Head Postmaster under the Chhattisgarh Circle allowed withdrawals by persons other than guardians in respect of recurring deposit accounts opened on behalf of minors. This resulted in irregular payment of Rs. 32.43 lakh during 2002-2003.

(Paragraph 4.4)

Irregular opening of time deposit accounts

Three Head Post Offices in the Delhi Postal Circle allowed institutions/associations to open time deposit accounts in contravention of rules, resulting in irregular payment of interest of Rs. 41.24 lakh.

(Paragraph 4.3)

Loss of interest on belated realisation of licence fee and royalty charges and non-realisation of licence fee for VSAT systems and dedicated radio links

The Controller of Communication Accounts, Mumbai did not collect licence fee and royalty for privately owned VSAT systems and dedicated radio links on time which led to belated realisation of Rs. 8.85 crore and consequent loss of interest of Rs. 1.44 crore. In another case, the Chief General Manager, Kerala Telecom Circle failed to collect licence fee of Rs. 26.38 lakh.

(Paragraph 4.10)

Loss of Government money

Failure of the High Commission of India, London to follow the procedure laid down in the Consular Manual to safeguard against leakage of revenue led to defalcation of Government money and consequent loss of Rs. 11.58 lakh.

(Paragraph 6.9)

Irregular expenditure

The Ministry of External Affairs incurred irregular expenditure of Rs. 40.92 lakh on furniture, furnishings, air-conditioners etc. for the residence of the Foreign Secretary during 2000-2003.

(Paragraph 6.5)

Misuse of official powers for personal gains

An officer of Embassy of India, Ulaanbaatar, who worked as Head of Chancery and also acted as Charge d' Affaire from time to time, misused his official powers repeatedly for personal gains amounting to Rs. 10.89 lakh.

(Paragraph 6.10)

Wasteful expenditure on printing

The Indiatourism offices at Frankfurt, Madrid and Milan incurred wasteful expenditure of Rs. 60.04 lakh towards printing of publicity material, which could not be used for the intended purposes. The Indiatourism office at London spent Rs. 38.87 lakh towards printing of collaterals without proof of receipt of material.

(Paragraph 15.1)

Irregular payment of administrative overhead/service charges

The Director of the project on History of Indian Science, Philosophy and Culture paid Rs. 68.86 lakh as service charges to the Centre for Studies in Civilisation, a voluntary organization, without the approval of the Ministry. The Director of the project was also the Chairman of the recipient organisation leading to a conflict of interest.

(Paragraph 10.4)

Unintended subsidy to states/PSUs

Ministry failed to rectify deficiencies in the system of recovery of outstanding dues from state governments and Public Sector Undertakings for deployment of Central Para Military Forces despite being pointed out earlier by audit. This resulted in accumulation of outstanding dues of Rs. 2399.55 crore. The delay in recovery also resulted in Rs. 372.38 crore becoming irrecoverable, which were due from 26 sick/disinvested PSUs.

(Paragraph 9.1)

Inadequate monitoring of utilisation of grants

Failure of Ministry to verify utilisation of the grant of Rs. 5.96 crore released under CLASS scheme during the year 1997-98 to Government of Madhya Pradesh for maintenance of computers resulted in Rs. 3.48 crore being spent on purchase of items not covered under the scheme and the balance of Rs. 2.48 crore lying unutilised as of September 2004. The interest cost to the Government of India on the unutilised amount was Rs. 1.53 crore.

(Paragraph 10.3)

Release of excess grants

Ministry released Rs. 35.08 crore in excess of the grants actually admissible to the Indian Institute of Management, Lucknow, which was to be funded on net deficit basis. This amount was irregularly parked by the Institute in its Endowment/Corpus Fund.

(Paragraph 10.1)

Functioning of internal control systems/internal audit

Laxity in implementation of internal controls resulted in deficiencies/shortcomings in the functioning of the Ministry of Information and Broadcasting. A few of the major deficiencies were non-review of various management and administrative policies and other issues; non-verification of fixed assets and stock; not taking effective action to rectify the deficiencies pointed out by Internal and Statutory Audit; failure to review the performance of institutions receiving grants-in-aid exceeding Rs. 10 lakh etc.

(Paragraph 11)

Blocking of unspent grant

Failure of the Ministry of Youth Affairs and Sports to recover unspent grant of Rs. 5.82 crore from the Organising Committee of the First Afro-Asian Games 2001 resulted in blocking of funds. The Committee also retained Rs. 1.06 crore (March 2004) even after 30 months of postponement of games.

(Paragraph 18.1)

Irregular financial assistance

Ministry of Human Resource Development released central assistance of Rs. 3.75 crore under the scheme 'Vocationalisation of Secondary Education' during each of the years 2002-03 and 2003-04 to the Government of Uttar Pradesh on account of honorarium to guest lecturers in violation of the guidelines of the Planning Commission.

(Paragraph 10.2)

Lack of internal control resulting in misappropriation

Failure of the Archaeological Survey of India to exercise prescribed checks over issue and accounting of stationery items resulted in misappropriation of articles worth Rs. 8.37 lakh.

(Paragraph 5.1)

Extra expenditure due to excess contracted demand of power

By contracting demand of power with Delhi Vidyut Board in excess of requirement, Delhi Milk Scheme incurred extra expenditure of Rs. 2.20 crore toward minimum demand charges on unutilised load.

(Paragraph 1.1)

Excess release of funds

Failure of the Ministry of Labour to adjust the excess grants released in earlier years resulted in excess release of Rs. 12.68 lakh to Bala Karmika Vikas Society, Anantapur, Andhra Pradesh.

(Paragraph 12.1)

Non-recovery of electricity charges

Failure of Lady Hardinge Medical College and Smt. Sucheta Kriplani Hospital to obtain electricity connection at domestic rate for its staff quarters resulted in avoidable extra expenditure of Rs. 97.17 lakh. Out of Rs. 51.86 lakh recoverable at domestic rates for the period April 1997 to July 2004, LHMC had recovered only Rs. 5.75 lakh upto June 2004 from the occupants of the staff quarters.

(Paragraph 8.2)

Idling of funds and short recovery of penal interest

The Ministry of Finance released Rs. 4.86 crore to the Securities and Exchange Board of India without proper assessment of its requirement resulting in idling of Rs. 2.93 crore for 28 months. The Ministry also short recovered Rs. 35.85 lakh towards penal interest.

(Paragraph 7.3)

Extra expenditure on pay and allowances of surplus staff

The Ministry delayed the withdrawal of assistants rendered surplus in the High Commission of India, Nairobi and further posted an additional assistant resulting in avoidable extra expenditure of Rs. 22.72 lakh.

(Paragraph 6.7)

Arbitrary action leading to infructuous expenditure

Arbitrary action by the High Commissioner, Dar es Salaam in making the attaché sit idle for more than a year rendered the expenditure of Rs. 14.93 lakh incurred on his salary and rent for his residence infructuous.

(Paragraph 6.8)

Non-recovery of guarantee fee from Air India and Indian Airlines

Ministry of Civil Aviation failed to recover guarantee fee of Rs. 1021.50 crore from Air India and Indian Airlines as of March 2004.

(Paragraph 2.1)

Avoidable expenditure on manning of vessels

The Director of Shipping Services engaged an agent for manning its vessels and extended the contract with the agent during the period of lay off of two vessels, incurring an avoidable expenditure of Rs. 66.89 lakh.

(Paragraph 19.3)

Irregularities in execution of deposit works

Executive Engineer, Central Division, Nasik did not follow rule provisions in execution of deposit works and incurred an expenditure of Rs. 3.76 crore in excess of deposits received.

(Paragraph 17.1)