

## **CHAPTER 6: AUDIT EFFECTIVENESS**

### **6.1 Audit objections issued, settled and outstanding**

During the year 2003-04, based on the results of test audit, a total of 13,840 audit objections were issued through Special letters, Part I Audit Notes and Inspection Reports. Besides these, there was a carry forward of 27,030 audit objections pertaining to the previous years. A total of 15,233 Audit objections were settled during the year after the Railway Administration recovered/ agreed to recover the amounts involved or had initiated corrective/ remedial action. The balance 25,637 audit objections outstanding as on 31 March 2004 involve financial irregularities amounting to Rs.12,060.70 crore.

### **6.2 Recoveries at the instance of Audit**

As a result of cases of undercharges in realisation of freight and other earnings, overpayments to staff and other agencies, non-recovery of dues of the Railways etc. brought to the notice of the Railway Administration during the year 2003-04, an amount of Rs.75.24 crore was recovered or agreed to be recovered. Out of this Rs.46.10 crore pertained to transactions which were checked by Accounts but the errors could not be detected by them. An amount of Rs.0.09 crore pertained to recoveries made by Railway Administration as a result of further review done by them on the basis of audit objections. The Railways where more than Rs.1 crore was recovered or agreed to be recovered at the instance of Audit are Eastern (Rs.21.41 crore), Northern and North Central (Rs.16.53 crore), North Eastern (Rs.9.01 crore), North Western (Rs.6.85 crore), South East Central (Rs.5.33 crore), Southern (Rs.3.29 crore), South Central (Rs.2.81 crore) Western (Rs.3.08 crore), Central (Rs.2.69 crore), Northeast Frontier (Rs.1.22 crore) and East Coast (Rs.1.17 crore) Railways.

### **6.3 Response of the Ministry of Railways (Railway Board) to provisional paragraphs**

In order to implement the recommendations of the Public Accounts Committee (PAC), Ministry of Finance issued instructions (June 1960) to send replies to Draft Audit Paragraphs (Provisional Paragraphs) proposed for inclusion in the Report of the Comptroller and Auditor General of India within six weeks from the date of issue.

For this Railway Audit Report, 114 Provisional Paragraphs were issued. Replies to 27 Provisional Paragraphs have been received (December 2004).

### **6.4 Follow up on Audit Reports**

To ensure the accountability of the executive on all issues dealt with in the Reports of the Comptroller and Auditor General of India, the PAC had decided (1982) that the concerned Ministries/ Departments of the Government of India should furnish corrective/remedial ATNs on all paragraphs contained therein.

Taking a serious view of the inordinate delays and persistent failures in furnishing ATNs within the prescribed time limit, PAC had desired in their Ninth Report (Eleventh Lok Sabha) presented to Parliament on 22 April 1997

that henceforth corrective/ remedial ATNs, duly vetted by Audit, on all paragraphs included in the Reports be furnished within four months after the Report is laid on the table of the Parliament.

The position of ATNs furnished by the Railway Board (December 2004) on the paragraphs included in the Reports of the Comptroller and Auditor General of India - Union Government (Railways) upto the year ended 31 March 2003 is given below:

Year	Total paragraphs on which ATNs are due	Break up of ATNs in Column 2			
		ATNs not furnished to Audit at all	ATNs on which further comments sent to Railway Board	ATNs finally vetted for furnishing to PAC appending Audit comments	ATNs under verification by Audit
1994-95	2	-	1	-	1
1995-96	4	-	1	-	3
1996-97	2	-	0	1	1
1997-98	10	2	5	2	1
1998-99	16	4	4	3	5
1999-00	31	10	6	10	5
2000-01	29	7	10	12	0
2001-02	78	22	18	26	10
2002-03	110	56	19	13	22
<b>Total</b>	<b>282</b>	<b>101</b>	<b>64</b>	<b>69</b>	<b>48</b>

ATNs in respect of 101 paragraphs relating to the Report for the years 1997-98 to 2002-03 have not been furnished at all (December 2004). Besides, 64 ATNs received for vetting by Audit are outstanding because adequate remedial action has not been taken. In 48 cases the action stated to have been taken is under verification by Audit.

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