

PERFORMANCE AUDIT ON FUNCTIONING OF INTERNAL CONTROLS

Department of Health (Ministry of Health and Family Welfare)

Highlights

- **The department did not anticipate expenditure correctly and utilise the finally allocated funds in full.**
(Paragraph 5.1.2)
- **Budget was prepared in the department without obtaining inputs from subordinate offices. The department also did not monitor receipt of monthly expenditure returns from DDOs.**
(Paragraph 5.1.2.1 & 5.1.2.2)
- **Lack of effective monitoring of expenditure in the department resulted in rush of expenditure at the fag end of the financial year.**
(Paragraph 5.1.2.3)
- **The department did not document the internal control system after identification of risks which it faces in achieving objectives. It had also not undertaken any work study for prescribing appropriate standards for the output in terms of quality and quantity and consequently failed to ensure timely disposal of cases.**
(Paragraph 5.1.3)
- **The department did not conduct annual inspection of its sections/desks as required under Central Secretariat Manual on Office Procedure (CSMOP).**
(Paragraph 5.1.3.1)
- **The department did not rotate the duties of its personnel which resulted in officials working in particular sections for very long periods.**
(Paragraph 5.1.3.2)
- **The system of periodic physical verification of assets had not been instituted in the department as well as in its subordinate offices.**
(Paragraph 5.1.3.3)
- **Internal audit wing of the Ministry did not conduct any training programmes for upgradation of skills of its staff. It also did not prepare periodic audit plans necessary for efficiently conducting its work.**
(Paragraph 5.1.4.1 & 5.1.4.3)

- **The department did not take timely and effective measures to rectify the deficiencies pointed out by the Internal audit wing and statutory audit which resulted in persistence of deficiencies.**
(Paragraph 5.1.4.4)
- **The Internal Work Study Unit (IWSU) of the department had conducted work measurement study of only 5 to 8 per cent of the subordinate offices in three years and had not covered any section/desk of the department itself.**
(Paragraph 5.1.5.2)
- **Weak internal controls resulted in release of grants-in-aid to voluntary organisations in violation of the approved pattern. 3030 utilisation certificates amounting to Rs.1975 crore remained outstanding from the various bodies/authorities for the period 1976-77 to 2003-04.**
(Paragraph 5.1.5.3 & 5.1.5.4)
- **Weak controls led to non-observance of instructions/ procedures prescribed for curbing misuse of vehicles and telephone.**
(Paragraph 5.1.5.5)
- **Inadequate control resulted in advance payment aggregating Rs.138.72 crore pertaining to the years 1999-2000 to 2003-04 remaining outstanding as of November 2005.**
(Paragraph 5.1.5.7)
- **Surprise check of cash was not conducted in the department and its subordinate offices rendering the department vulnerable to misappropriation of public funds.**
(Paragraph 5.1.6.2)

Recommendations

- ❖ **Timely submission of Budget Estimates by subordinate/attached offices of the department needs to be ensured to avoid excess provisions and consequential surrender of savings as well as to enforce expenditure control.**
- ❖ **Internal Audit Wing needs to cover all the units at regular intervals. Timely corrective action on the reports of this wing needs to be taken.**
- ❖ **The department should ensure that each section/desk in the Department is inspected once in a year to ascertain the extent to which the provisions of the Central Secretariat Manual on Office Procedure and other government instructions were being followed.**

- ❖ **Internal controls for monitoring early disposal of Medical Reimbursement claims need to be strengthened so as not to cause inconvenience to the claimants particularly pensioners.**
- ❖ **It is necessary to ensure rotation of the duties of its officers and staff.**
- ❖ **It is necessary to ensure timely adjustment of outstanding advances.**

Department of Information Technology (Ministry of Communication & Information Technology)

Highlights

- **Irregular flow of expenditure resulted in rush of expenditure during the last quarter and in the month of March every year.**
(Paragraph 5.2.2.1)
- **DIT did not set up an Internal audit wing and did not prepare internal audit manual.**
(Paragraph 5.2.3)
- **Substantial shortfall in O&M activities prescribed by the Central Secretariat Manual of Office Procedures was observed.**
(Paragraph 5.2.4.3)
- **DIT did not constitute the Staff Inspection Unit. It also did not frame recruitment rules for S&T staff.**
(Paragraph 5.2.5.4 & 5.2.5.5)
- **Rs. 76.31 crore given as loan and refundable grant-in-aid by DIT was pending recovery due to inadequate monitoring.**
(Paragraph 5.2.6)
- **DIT paid Rs. 12.38 lakh as transport allowance to its staff though they were allotted government accommodation within one kilometer of the office premises.**
(Paragraph 5.2.6.2)

Recommendations

- ❖ **DIT should evolve proper internal controls to ensure that instructions issued by Government of India were followed.**
- ❖ **The internal audit wing should be established and a comprehensive internal audit manual be prepared at the earliest.**

- ❖ **The registers prescribed to be maintained under various instructions and rules should be maintained and updated.**

Ministry of Urban Development and Ministry of Urban Employment and Poverty Alleviation

Highlights

- **There were persistent savings in a number of schemes suggesting lax controls in budget estimation and monitoring.**
(Paragraph 5.3.2.1)
- **Lack of effective monitoring of expenditure in the Ministries resulted in the rush of expenditure in the last quarter of financial year.**
(Paragraph 5.3.2.2)
- **The Ministries did not undertake any work study for prescribing appropriate work norms and standards of output in terms of quality and quantity.**
(Paragraph 5.3.3)
- **The Ministries did not conduct the annual inspection of its sections/ desks as required under Central Secretariat Manual on Office Procedure. (CSMOP).**
(Paragraph 5.3.3.1)
- **The Ministries had no policy to rotate the duties of employees, which resulted in officials working in particular sections for very long periods.**
(Paragraph 5.3.3.6)
- **The Ministries did not conduct physical verification of assets and library records despite this having been pointed out by the internal audit.**
(Paragraph 5.3.3.7 and 5.3.3.8)
- **Internal Audit Wing of the Ministries did not conduct any training programmes for upgradation of skills of its staff nor did it document annual audit plans.**
(Paragraph 5.3.4.1 & 5.3.4.2)
- **The Ministries did not take timely and adequate measures to rectify the deficiencies pointed out by Internal Audit Wing.**
(Paragraph 5.3.4.4)

- **There was laxity in maintenance of control registers and review of service books.**
(Paragraph 5.3.5.3 & 5.3.5.2)
- **Lax internal controls resulted in non-receipt of 254 utilisation certificates amounting to Rs. 685 crore pending from various bodies for the period 1983-84 to 2003-04.**
(Paragraph 5.3.5.8)
- **Surprise check of cash was not conducted for long periods.**
(Paragraph 5.3.6.2)

Recommendations

- ❖ **The Ministry should consider laying down work standards and norms besides ensuring that each section/desk is inspected once in a year in terms of the provisions of the Central Secretariat Manual on Office Procedure to ensure timely disposal of cases.**
- ❖ **The Ministry should have a clear policy on rotation of duties of its officers and staff and implement it effectively.**
- ❖ **The Ministry should institute a mechanism for recording and updating all physical assets and arrange for periodic physical verification.**
- ❖ **Internal Audit should be strengthened by specific training on audit planning, risk assessment etc.**
- ❖ **Higher management could utilise internal audit reports as tools of control and ensure time bound and sustained action on the deficiencies pointed out therein.**