

OVERVIEW

Internal controls are essential pre-requisite for the efficient discharge of an organisation's functions. Performance audit of the internal controls in the Department of Health revealed the absence of a reliable monitoring and evaluation system, lack of coordination and weak internal audit wing. The budget was prepared without inputs from the estimating officers. Poor expenditure control led to rush of expenditure at the fag end of the financial year. The department did not follow the Central Secretariat Manual on Office Procedures and orders of Government of India which led to inadequate work measurement studies and deficient work standards. Abnormal delays were noticed in submission, examination and processing of medical reimbursement claims resulting in hardship to the beneficiaries. Grants-in-aid were released to voluntary organisations without following prescribed norms and 3030 utilisation certificates for Rs. 1975 crore were pending from various bodies for the period 1976-77 to 2003-04. Poor controls were also noticed in use of staff cars and residential telephones and maintenance of control registers.

Performance audit of the internal control systems in the Department of Information Technology revealed the weakness of internal controls in the department, non-observance of the instructions in the areas of budgetary controls, internal audit, administrative controls and accounting controls. The department did not observe the instructions of the Ministry of Finance on the flow of expenditure resulting in rush of expenditure during the last quarter and March of the respective years. DIT neither established an internal audit wing nor prepared any internal audit manual. It did not constitute a Staff Inspection Unit and did not frame the recruitment rules for S&T staff. Rs. 76.31 crore released as loan and refundable grant-in-aid had not been recovered due to inadequate follow-up and monitoring. Rs. 12.38 lakh was paid as transport allowance to the staff residing in government accommodation within one kilometre of office premises.

The Ministry of Urban Development is responsible for policy formulation and monitoring of programmes in the areas of urban development, urban water supply and sanitation while the Ministry of Urban Employment and Poverty Alleviation handles programmes in the areas of housing and urban poverty alleviation. Ministries follow the Central Secretariat Manual on Office Procedures and government rules, orders and instructions. Performance audit revealed that the internal control systems were not effective in the two Ministries (UD & UEPA) and resulted in deficient budgetary controls, absence of work standards, lax controls etc. The internal audit wing was ineffective. Internal control structure and processes were not documented and control registers were not maintained properly which prompted adoption of ad-hoc procedures. The ministries failed to ensure timely disposal of cases. Sections/desks were not inspected annually, posts lying vacant for one year or more were not abolished and duties were not rotated which indicated weak management controls. Poor administrative control was noticed in the monitoring of the utilisation of grants-in-aid resulting in non-receipt of utilisation certificates for long periods.