

### **5.3 Department of Science and Technology (Ministry of Science and Technology)**

#### **5.3.1. Organisational structure**

Department of Science and Technology (DST), which is the nodal department of the Ministry of Science and Technology (MOST), is mainly responsible for formulation of policy and guidelines on Science and Technology (S&T), promotion of new areas of S&T in which a number of Institutes/Departments have interest and capabilities, scientific and technological surveys, research and development (R&D) activities, international scientific and technological cooperation, promotion of S&T and its application to the development of the nation.

DST is headed by a Secretary who is assisted by two Joint Secretaries, one of whom is the Financial Adviser. DST has an Integrated Finance Division (IFD) headed by the Joint Secretary and Financial Adviser who is responsible for internal finance and expenditure control of DST.

#### **5.3.2 Financial Management and Budgetary Control**

##### **5.3.2.1 Lack of effective monitoring over flow of expenditure**

The Public Accounts Committee (PAC), in its sixteenth report on the rush of expenditure in the month of March, had drawn attention to provisions contained in Rule 69 of General Financial Rules (GFRs) 1963 which provided that rush of expenditure, particularly in the closing months of the financial year should be regarded as breach of financial regularity and should be avoided. Ministry of Finance (MOF) advised (February 2000) all the Ministries/Departments to put in place a mechanism in consultation with the concerned Financial Advisers to exercise a monthly check on the flow of expenditure.

DST incurred Plan expenditure of Rs. 106.20 crore, Rs. 158.03 crore and Rs. 238.59 crore representing 17.63 *per cent*, 17.63 *per cent* and 23.29 *per cent* respectively of the total plan expenditure during 2003-04 to 2005-06 during March of each year. This was contrary to the recommendations of PAC as well as violative of the instructions of MOF.

DST stated in January 2007 that steps were being taken to implement the latest instructions of MOF to limit the expenditure to 15 *per cent* of the budget estimates during the month of March.

### **5.3.2.2 Release of grant without assessing the actual requirements**

As per Rule 208 and 209 of GFRs 2005 (Rule 148 (4) of earlier GFR), if financial assistance was proposed to be granted to a profit making society or an organisation, the feasibility of giving such assistance as loan instead of grants-in-aid should be specifically considered by the sanctioning authority in consultation with the MOF. The guidelines of Government of India, MOF on expenditure management including fiscal prudence and austerity issued in September 2004 mentioned *inter alia* that there had been cases in which Ministries were releasing funds to autonomous bodies year after year though substantial unutilised balances remained available with these bodies and were kept as deposits with banks. The Ministries were advised not to release funds in such cases. It was, however, noticed that DST released grants-in-aid to two autonomous bodies viz Technology Information Forecasting and Assessment Council (TIFAC) and National Accreditation Board for Testing & Calibration Laboratories (NABL) during 2003-06, though these institutes had sufficient funds available from their internal sources. DST released grants-in-aid amounting to Rs. 47.91 crore during the year 2003-04 to 2005-06 to TIFAC though the institute had funds amounting to Rs. 84.69 crore available from internal sources as against expenditure of Rs. 74.38 crore during the period. Similarly, in case of NABL, grants-in-aid amounting to Rs. 12 crore was released during 2003-06 though Rs. 8.25 crore was available from the internal sources as against the expenditure of Rs. 11.51 crore during the period.

DST stated in January 2007 that its Integrated Finance Division was closely monitoring the projected requirement of the Institutes vis-à-vis the balance available. No funds were released to TIFAC and NABL after 2005-06 as they are earning revenues and the fund releases were made as per actual requirement.

### **5.3.2.3 Irregular expenditure by the grantee institutions by diverting Plan funds for Non Plan activities**

As per Rule 10(6) (d) of Delegation of Financial Powers Rules (DFPRs), appropriation or re-appropriation from Plan heads to Non – Plan heads should be made only with the prior approval of MOF. DST had been providing grants to its autonomous bodies under the Plan and Non-Plan heads. It was, however, noticed that the following nine institutes had incurred excess expenditure of Rs. 36.70 crore during the years 2003-04 to 2005-06 on non-plan heads, which was met from Plan funds, without obtaining the approval of MOF, as detailed below:

Table 17: Grants released for non-plan activities and expenditure incurred thereagainst

| Name of the Institute  | 2003-04        |                |                | 2004-05        |                |                | 2005-06        |                |               |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|
|  | Grant released | Expr.          | Excess         | Grant released | Expr.          | Excess         | Grant released | Expr.          | Excess        |
| Sree Chitra Tirunal Institute of Medical Sciences & Technology | 903.00         | 1421.00        | 518.00         | 855.00         | 1799.00        | 944.00         | NA             | NA             | NA            |
| Birbal Sahni Institute of Paleobotany                          | 166.00         | 190.00         | 24.00          | 158.00         | 189.00         | 31.00          | 140.00         | 212.00         | 72.00         |
| Technology Information Forecasting & Assessment Council        | 10.00          | 172.00         | 162.00         | 9.00           | 203.00         | 194.00         | 8.00           | 235.00         | 227.00        |
| Indian Academy of Sciences                                     | 71.00          | 148.00         | 77.00          | 67.00          | 154.00         | 87.00          | 60.00          | 160.00         | 100.00        |
| Indian National Science Academy                                | 255.00         | 327.00         | 72.00          | 243.00         | 291.00         | 48.00          | 204.00         | 258.00         | 54.00         |
| Wadia Institute of Himalayan Geology                           | 143.00         | 485.00         | 342.00         | 135.00         | 484.00         | 349.00         | 120.00         | 192.00         | 72.00         |
| Indian Institute of Astrophysics                               | 285.00         | 333.00         | 48.00          | 270.00         | 300.00         | 30.00          | NA             | NA             | NA            |
| Agharkar Research Institute                                    | 119.00         | 157.00         | 38.00          | 113.00         | 146.00         | 33.00          | 100.00         | 178.00         | 78.00         |
| Indian Science Congress Association                            | 33.25          | 58.53          | 25.28          | 31.00          | 75.63          | 44.63          | NA             | NA             | NA            |
| <b>Total</b>   | <b>1985.25</b> | <b>3291.53</b> | <b>1306.28</b> | <b>1881.00</b> | <b>3641.63</b> | <b>1760.63</b> | <b>632.00</b>  | <b>1235.00</b> | <b>603.00</b> |

\*NA - Not Available

Thus, the aforesaid institutes diverted Rs. 36.70 crore from Plan head to Non Plan head, without obtaining the approval of MOF, which was irregular.

DST stated in January 2007 that the diversion of funds from Plan to Non-Plan heads by its grantee Institutes was done in accordance with the instructions issued by MOF in January 2002. The reply is not based on facts as the instructions regarding diversion of funds from Plan to Non Plan heads was only upto the year 2002-03.

### 5.3.3 Accounting Controls

#### 5.3.3.1 Outstanding Utilisation Certificates

As per Rule 212 (1) of GFR, in respect of recurring grants, Ministry/ Department concerned should release the amount sanctioned for the subsequent financial year only after the receipt of Utilisation Certificates

(UCs) in respect of grants of preceding financial year. This was also reiterated in the instructions issued by MOF in September 2004 and November 2005. DST did not furnish to audit the details of UCs for the grants-in aid released to its autonomous bodies for the year 2004-05. It was, however, noticed that DST released grants-in-aid to its autonomous bodies for the year 2005-06 without obtaining the UCs for the previous financial year 2004-05. Further, it did not maintain any register or records to show the position of UCs in respect of grants released to its autonomous bodies.

While accepting the facts, DST stated in January 2007 that release of grants-in-aid from the financial year 2005-06 onwards was being done only after obtaining UCs for the previous year and consolidated statement of outstanding UCs in respect of grants-in-aid upto financial year 2004-05 was being collected from the concerned divisions and the details would be furnished to audit as soon as it would be available. It was also stated that the system of release of grants-in-aid has been further tightened from the year 2006-07. The fact remains that DST took action in this regard only after being pointed out by Audit.

#### **5.3.3.2 Non reconciliation of department's receipts with PAO**

As per para 1.16.2 of Civil Accounts Manual, all the receipts of the department deposited in the relevant branch of the bank accredited to the Ministry/ Department should be reconciled monthly with the figures booked by the Pay and Accounts Office (PAO) of the department in order to ensure that all receipts had been deposited into the bank and were classified under proper heads of accounts. It was, however, noticed that monthly reconciliation of department's receipts with the figures booked by the PAO was not done during the years 2003-04 to 2005-06.

While accepting the facts, DST stated in January 2007 that the matter of reconciliation of receipts in terms of provisions contained in the Civil Accounts Manual was being taken up with concerned departments.

#### **5.3.3.3 Non-maintenance of register of settlement of Audit objections**

As per Paragraph 12.12.1 of the Civil Accounts Manual, in order to keep a watch over the settlement of audit objections included in the Test Audit Notes issued by the Statutory Audit Offices, the Internal Audit Organisation was to maintain a register in the prescribed proforma. The progress made towards the settlement of outstanding objections was to be reviewed quarterly and appropriate further action taken to ensure their speedy settlement. The

compliance with the objections reported to have been made by DDOs was to be verified during next internal audit of the concerned office. The register was to be produced to Statutory Audit Parties whenever asked for. It was, however, noticed that no such register was maintained by DST.

DST accepted (January 2007) the Audit's observations for future compliance.

#### **5.3.3.4 Non maintenance of Liability Register**

As per Rules 53 and 58 of GFRs, controlling officer should maintain a Liability Register in form GFR 6 in order to see that there is no case of excess expenditure over the sanctioned amount. Further, in order to maintain proper control over expenditure, the controlling officer should obtain from spending authorities, liability statements in form GFR-6-A every month, starting from the month of October in each financial year. It was, however, noticed that statements in the form GFR-6-A were not obtained every month from the spending authorities and no Liability Register for effecting proper control over expenditure was maintained by DST as required under Rules 53 and 58 of GFRs.

DST accepted (January 2007) the Audit's observations for future compliance.

#### **5.3.3.5 Non maintenance of other registers**

To have effective monitoring and control of expenditure and to exercise other administrative checks, prescribed registers<sup>15</sup> were to be maintained by DST. It was, however, noticed that DST did not maintain the prescribed registers. DST did not furnish replies to the Audit observations.

### **5.3.4 Internal Audit**

#### **5.3.4.1 Non-conducting of internal audit**

DST has an Internal Audit Wing under the overall supervision of Financial Adviser, consisting of three officials at headquarters and five officials in the field Audit Party. The internal audit of the 24 units under DST had not been conducted as on 31 March 2006.

---

<sup>15</sup> Register of stock of receipt books, register of transactions of non Government money and accounts, register of overtime allowance, register of sanctions, register of purchase orders, register of letter of credit, register of contingent advances, register of contracts, register of refund of revenue etc.

DST stated in July 2006 that the internal audit of these units could not be conducted during 2005-06 due to acute shortage of manpower. DST further stated in January 2007 that Internal Audit of 16 units had already been completed and audit of balance units would be completed by 31 March 2007.

#### **5.3.4.2 Non revision of Manual of Internal Audit**

DST was set up in May 1971. A Manual of Internal Audit was prepared in March 1988 for guidance of members of the staff of departmentalised accounts organisation in the Ministry of Science and Technology. Since then, this Manual had not been revised/updated. The Government of India had issued instructions relating to conducting of Audit from time to time after 1988, which had not been incorporated in the Manual. The manual of internal audit prepared in 1988 had become partly out of date.

While accepting the facts, DST stated in January 2007 that action had been initiated to revise the Manual of Internal Audit and final position would be intimated to Audit in due course.

#### **5.3.4.3 Outstanding paragraphs of internal audit**

During the course of audit, it was noticed that 293 paragraphs of inspection reports of internal audit on the accounts of 23 units of DST including DST Headquarters were outstanding as of 31 March 2006. These paragraphs include 12 paragraphs of the inspection reports for the period 1994 to 2001 and 10 paragraphs of inspection reports for the period 1992 to 1994 on the accounts of DST. Another 19 paragraphs of the inspection reports for the period 2001 to 2003 pertained to Sri Chitra Thirunal Institute of Medical Sciences, Thiruvananthapuram. Some of the persistent irregularities pointing at deficient controls were the following:

- Non-reconciliation of bank balances.
- Non-adjustment of advances.

While accepting the facts, DST stated in January 2007 that action had been initiated to settle the outstanding paragraphs and the final position would be intimated to Audit in due course.

### 5.3.5 Administrative Controls

#### 5.3.5.1 Manpower management and controls: Non abolition of vacant posts

Audit examination of the sanctioned strength vis-à-vis men-in-position of the DST revealed that 5029 posts which were lying vacant for a period of more than one year as of March 2006 were not abolished in terms of the instructions of the Government circulated vide Department of Personnel and Training (DOPT) OM No. 2/8/2001/PIC dated 16-05-2001 and instructions reiterated by MOF in September 2004 and November 2005. The reasons for non-abolition of vacant posts as required in MOF instructions were not elucidated to audit.

DST stated in January 2007 that 22 posts being vacant for more than one year had been abolished based on review conducted for the quarter ended 30 September 2006 while some posts are lying vacant for more than one year but cannot be abolished as these were reserved. DST further stated that action will be initiated to abolish the remaining vacant posts where necessary.

From the details given in the Detailed Demands for Grants for 2006-2007, it was noticed that 295 posts were operated in the higher grade against the vacancies in lower grade, which was also irregular, as concurrence of MOF for up-gradation of these posts was not obtained, as required in DFPRs as detailed below:

**Table 18: Statement showing details of sanctioned strength and men-in-position in DST as on March 2005**

| Scale of Pay         | Group A, B, & D | Sanctioned post | Men-in-position | Excess     |
|----------------------|-----------------|-----------------|-----------------|------------|
| 18400-500-22400      | A               | 18              | 41              | 23         |
| 16400-450-20000      | A               | 6               | 50              | 44         |
| 12000-275-16500      | A               | 174             | 183             | 9          |
| 7450-225-11500       | B               | 56              | 57              | 1          |
| 2610-60-3150-65-3540 | D               | 171             | 389             | 218        |
| <b>Total</b>         |                 | <b>425</b>      | <b>720</b>      | <b>295</b> |

#### 5.3.5.2 Non-framing of norms for S&T staff

DST was set up in May 1971. DST had framed recruitment rules for its administrative and S&T staff but it failed to evolve work norms for its S&T staff even after 35 years. Further, the recruitment rules framed for its administrative and S&T staff were not updated.

While accepting the facts, DST stated in January 2007 that Audit observation had been brought to the notice of concerned divisions for evolving the requisite norms and for incorporation of the rules.

#### **5.3.5.3 Non constitution of Staff Inspection Unit**

As per instructions issued by MOF in August 1988, all scientific departments were to constitute a Staff Inspection Unit (SIU) in their department. The functions of SIU in respect of scientific departments were to be entrusted to a team appointed by the head of the respective department consisting of the core member of the SIU (MOF) and scientific/technical personnel from the concerned department.

It was, however, noticed that DST did not constitute any SIU to review its various activities since 1988.

While accepting the facts, DST stated in January 2007 that all posts except one post of Research Assistant of concerned wing were abolished in June 2005. Thereafter practically no SIU existed in DST.

#### **5.3.5.4 Non observance of provisions of Manual of Office Procedures**

##### **a) Non formulation of Annual Action Plan**

As per Paragraphs 128 to 132 of Central Secretariat Manual of Office Procedure (CSMOP), every department should formulate an Annual Action Plan indicating time frame of action with month-wise break-up of targets to be achieved in respect of each of the activities to be performed during the ensuing financial year in the month of January, so that the programmes and projects undertaken by the department are implemented in a systematic manner within the prescribed time frame.

Monthly performance reports on the items of Action Plan indicating the details of targeted and actual performance with comments on variance, if any, were required to be sent by DST to the Prime Minister's Office, Cabinet Secretariat and Ministry of Programme Implementation. In addition, a quarterly report on the programme achieved in key items identified by the Prime Minister's Office for special monitoring was to be sent to that office.

It was, however, noticed that DST did not formulate any such Annual Action Plan during the years 2003-04 to 2005-06.



While accepting the facts, DST stated in January 2007 that the matter had been brought to the notice of the concerned division.

**b) Non inspection by officers of DST**

As per Paragraph 133 to 136 of CSMOP, each section/desk in the department was to be inspected once in a year to ascertain as to what extent the provisions of the manual and the instructions issued thereunder were being followed. The record room in the department was to be inspected in association with the National Archives of India (NAI) once in a year. The inspection was to be conducted by an officer of or above the rank of Under Secretary/Desk Officer who was not entrusted any part of the work of the section/desk concerned.

It was, however, noticed that inspections as required in CSMOP were not carried out by DST during 2003-04 to 2005-06.

DST stated in January 2007 that the record room was being inspected under the appraisal of NAI during the current financial year.

**5.3.6 Cash Management**

**5.3.6.1 Surprise check of cash**

Surprise check of cash was required to be conducted in every month by an authority not responsible for maintenance of the cash book. Also, a certificate to the effect that the cash balance found during the physical verification had agreed with the balance recorded in the cash book was also to be recorded in the cash book. It was, however, observed that surprise check of cash was not done by DST during May 2003, August 2003, October 2004 and December 2004. Non-observance of this control renders the department vulnerable to misappropriation of public funds.

While accepting the facts, DST stated in January 2007 that surprise check of cash could not be made regularly due to non-availability of head of office.

**5.3.6.2 Contingent Advances**

**a) Drawal of contingent advances in excess of requirement**

As per GFR 291, permanent advance or imprest for meeting day to day contingent and emergent expenditure should be granted to a government servant by the head of department in consultation with Internal Finance Wing,

keeping the amount of advance to the minimum as required for smooth functioning.

A test check of paid vouchers revealed that DST had been sanctioning contingent advances in excess of requirement, which ranged from Rs. 1.01 lakh to Rs. 4.78 lakh.

Further, as per Rule 292(2) of GFR, the adjustment of advance was to be done within 15 days of the drawal of advance. However, in the above cases the contingent advance was adjusted after a period varying from two to three months from the date of drawal of advance.

While accepting the facts, DST stated in January 2007 that concerned divisions/sections had been instructed to follow the procedure scrupulously in future.

#### **b) Non adjustment of contingent advances within the financial year**

A test check of paid vouchers revealed that contingent advance of Rs. 13.85 lakh (nine cases) for seminars and meetings were drawn by the officials during the period 22 February 2006 to 23 March 2006 and after spending Rs. 6.78 lakh, balance amount of Rs. 7.07 lakh was refunded during the period 9 March to 29 March 2006, but these expenses were not booked/adjusted in the books of accounts till 31 March 2006.

DST stated in January 2007 that all outstanding bills had since been adjusted. The fact remains that the said bills were adjusted only after the close of financial year.

#### **5.3.6.3 Outstanding Advances**

As per Rule 292 (2) of GFR, all contingent advances should be adjusted within 15 days of drawal of advance. It was, however, noticed that contingent advances of Rs. 14.14 crore pertaining to the years 1984-85 to 2005-06 were not adjusted as of 31 March 2006.

Similarly, as per Rule 261 of GFR, LTC advance should be adjusted within one month of completion of return journey. However, LTC advances of Rs. 1.17 lakh paid during 2004-05 and Rs. 3.22 lakh paid during 2005-06 were outstanding as of 31 March 2006.

As per TA rules, TA advance should be adjusted within 15 days of completion of the return journey. It was, however, seen in audit that TA

advances of Rs. 8.45 lakh paid during 2003-04 to 2005-06 were outstanding as of March 2006. The details of outstanding TA advances prior to the year 2003-04 were not furnished to Audit.

While accepting the facts, DST stated in January 2007 that efforts were being made to adjust all outstanding contingent advances, LTC and TA advances.

#### **5.3.6.4 House Building Advance**

As per HBA rules, the house built out of the house-building advance, on its completion, should be insured by the official at his cost against fire, flood and lightening for a sum not less than the amount of advance. The insurance policy should be deposited with the Government and the premium receipts should be produced for inspection. The insurance should be kept alive till liquidation of advance. It was, however, noticed that in respect of eleven cases, the property was not insured though the advance of Rs. 45.04 lakh was disbursed during December 2003 to March 2006 as detailed in **Annex-V**.

It was also noticed that no register for HBA was maintained by DST to watch the insurance, regular upkeep and maintenance of the house, etc. Further, amount of HBA released to Government Servants and number of instalments recovered from them were also not reconciled with the PAO, DST.

While accepting the facts, DST stated in January 2007 that papers were received from four out of eleven officials and the matter was being pursued to obtain the insurance papers from the rest of the officials.

#### **5.3.7 Non maintenance of Register of Parliamentary Assurances**

As per Para 123 of the Manual on Office Procedure for Central Government offices, each section in a department was to keep a record of assurances given by the Minister to either House of Parliament, whether in replies to questions or in the course of discussion on bills, resolutions and other motions. A separate register was to be maintained for each House and the entries therein was to be made session wise. It was, however, noticed that no such register was maintained by the respective sections of DST for review of the position of assurances given in the Parliament on various subjects for keeping the higher officers informed of the progress made in the implementation of assurances given during 2003-04 to 2005-06.

While accepting the facts, DST stated in January 2007 that suitable instructions had been issued to all divisions to maintain a Register of Parliamentary Assurances.

### **5.3.8 Delay in submission of final completion report of projects**

During scrutiny of records of R&D projects sanctioned by International Division and JTP Division of DST, it was noticed that in 10 projects, there was delay of over six to twelve months in submission of final completion reports from the date of completion during 2003-04 to 2005-06 as detailed in **Annex-VI**.

While accepting the facts, DST stated in January 2007 that the delay in submission of final completion reports on these projects was due to compilation of accounts on the projects and submission of utilisation certificates to finance division of the concerned institutes.

#### ***Recommendations***

- ❖ **DST should ensure that all MOF instructions are strictly adhered to.**
- ❖ **DST should regularly and effectively monitor expenditure by grantee institutions and timely receipt of Utilisation Certificates.**
- ❖ **DST should strengthen its internal audit wing to clear all pending paras and to remove the deficiencies pointed out in the internal audit reports at the earliest.**
- ❖ **DST should ensure proper maintenance of various registers as required under the existing GOI instruction.**