

Chapter 9

Internal Audit and Accounts

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9.1 Effectiveness and Efficiency of Internal Audit in DDA

The internal audit cell in DDA is headed by Member (Finance) who is assisted by the Chief Accounts Officer along with the other staff. DDA had 213 auditable units, out of which 140 units were to be audited annually. Year-wise auditable units planned for audit and actually audited by internal audit during the period from 2010-11 to 2014-15 were as under:

Table 17 : Year-wise details of audited unit by Internal Audit

Sl. No.	Year	Total No. of auditable units	No. of units to be audited annually as per schedule	Total No. of units planned for audit in the year	No. of units actually audited
1	2010-11	213	140	80	80
2	2011-12	213	140	95	95
3	2012-13	213	140	80	88
4	2013-14	213	140	100	104
5	2014-15	213	140	101	98

From the above, it is apparent that total units planned for annual audit were low as compared to number of units to be audited annually.

DDA stated (June/October 2016) that the reasons for low coverage of auditable units were due to shortage of man power and entrustment of special audit to the Audit Parties. Efforts were being made to fill the vacant posts.

Some specific deficiencies observed in internal audit of three wings of DDA i.e. Land Management Wing, Land Development/Engineering Wing and Land disposal Wing are given below:

In three Sections of Land Management Wing namely Damage Section, Damage Accounts Section and Land Management Section audit was to be conducted annually. However, it was noticed that during the period from 2010-11 to 2014-15 Internal Audit of Land Management Section, Damage Section and Damage Accounts Section was conducted twice, thrice and once only respectively.

Audit also reviewed the settlement of outstanding paras in these three sections, the status of which is as follows:

Table 18 : Details of audit paras raised by Internal Audit and settled

Name of Section	Opening balance of Para Outstanding Para	New Para raised during 2010-11 to 2014-15	Para settled during 2010-11 to 2014-15	Para Outstanding
Land Management	15	56	Nil	71
Damage Section	16	38	Nil	54
Damage Accounts Section	Nil	17	Nil	17

It was also noticed that significant issues like tracking of court cases, non-digitalisation of complete land records, non-transfer of land to user department, non-reconciliation of accounts of land compensation/enhanced compensation, non-maintenance of important land records etc. were noticed by Internal Audit Wing of DDA. However, no para was settled during the period from 2010-11 to 2014-15 which is indicative of fact that DDA did not take any corrective action on the issues pointed out by internal audit.

In Land Development and Land Disposal wings, information relating to units planned, audited and copies of internal audit reports for the audit period were called for. These were, however, not provided to audit in absence of which audit could not draw an assurance as to whether internal audit was being conducted in these wings.

DDA while accepting the audit view stated (June/October 2016) that the main reason for not conducting audit as per prescribed schedule and settlement of the old outstanding paras was due to shortage of staff and assignment of special audits. It further stated that letters were written to the concerned branch followed by reminders to concerned officers, however, no reply was received.

9.2 Reporting and Reconciliation in DDA

9.2.1 Income & Expenditure Account and Balance Sheet of Nazul-II.

DDA had been preparing final accounts relating to land in different formats as per the details indicated below:

- **Nazul-I-** Receipt and Payment Account, Income and Expenditure Account and Balance Sheet.
- **Nazul-II-** Receipt and Payment Account.
- **General Development Account-** Receipt and Payment Account, Income and Expenditure Account and Balance Sheet.

Due to non-preparation of Income and Expenditure Account and Balance Sheet as part of Annual Accounts, actual state of affairs and financial position of Nazul-II Accounts was not reflected in the Annual Accounts of DDA. The issue was raised by the C&AG of India through its Separate Audit Reports on the Annual Accounts of DDA for the year 2012-13, 2013-14 and 2014-15.

DDA, while accepting the audit observation, assured (June/October 2016) that they would prepare Balance Sheet of Nazul-II Account in time bound manner and be able to prepare Balance Sheet and Income & Expenditure Account of Nazul-II by 31 March 2020.

9.2.2 Expenditure incurred on Land Acquisition

DDA incurred expenditure towards acquisition of land by way of compensation, enhanced compensation, supplementary award and amount directly attached by the Court. Audit noticed that:

- The expenditure incurred towards land compensation, enhanced compensation and amount directly attached by the Hon'ble Court towards compensation was clubbed together and booked in one account under the head 'Payment to Delhi Administration'. Therefore, the system of accounting and reporting did not facilitate the proper presentation and ready availability of expenditure incurred under the three different heads.
- Total expenditure incurred on acquisition depicted in Annual Accounts (Receipt & Payment Accounts of Nazul-II) published by DDA during the period from 2010 to 2015 was ₹1304.56 crore, whereas the same was ₹1001.85 crore as per information furnished by Land Management Account Section (LMA) of DDA for the same period. Thus, there was difference of ₹302.71 crore between expenditure reported in the final Annual Accounts and LMA Section.
- The LMA Section and Cash Main Section reported the expenditure on land acquisition on monthly basis to Accounts Main Section but reconciliation of expenditure was not done regularly and certificate of reconciliation was not authenticated by both the Sections.

DDA stated (January 2016) that the difference was due to non inclusion of amount attached by the Hon'ble Courts while reporting of expenditure by the LMA Section. It further stated (June/October 2016) that Audit observations have been noted for compliance and instructions were being issued in this regard.

9.2.3 Land received by DDA

Audit noticed that DDA prepared monthly statement/MIS in respect of physical possession of land taken from Delhi Government on the basis of Kabja Karyavahi⁵⁵ reports. Scrutiny of monthly statements and kabja karyavahi reports for the period 2010-11 to 2014-15 revealed that:

- There were differences between actual physical possession of land received from Delhi Government *vis-à-vis* physical possession of land reported by DDA through MIS, details of which are as follows:

⁵⁵ Proceedings for physical possession

Table 19 : Year-wise difference in actual receipt of land as per MIS and Kabja Karyavahi Report of DDA

(Land in Acres)

Year	Physical possession of land reported as received in MIS	Physical possession of land received in actual as per 'Kabja karyavahi' report	Difference in actual receipt of land as per MIS and as per 'Kabja karyavahi'
2010-11	359.69	359.15	0.54
2011-12	329.08	339.54	(-) 10.46
2012-13	844.96	226.52	618.44
2013-14	253.14	252.38	0.76
2014-15	0.00	0.00	0.00
Total	1786.87	1177.59	609.28

Audit also noticed that there was no system in place for regular cross checking and reconciliation of land actually received by DDA and that reported through MIS.

Audit further noticed that

- Cumulative closing balance of land 76,922.93 acres shown in May 2011 was changed to 75,692.70 acres as opening balance of June 2011 which was not evidenced by any document.
- There were instances⁵⁶ of arithmetical mistakes while converting and reporting of the land from Bigha, Biswa, Biswani to Acres. Thus, the system of reporting of receipt of land as well as the actual quantity of land bank available with DDA as on 31 March 2015 was not reliable.

DDA stated (June/October 2016) that discrepancies in receipt of land for the year 2010-11, 2011-12 and 2013-14 have been adjusted in the MIS for the month of January 2016 and March 2016. DDA assured that in future efforts will be made to report the receipt and disposal of land on monthly basis. DDA further stated that cumulative receipt of land was reduced by 1230.23 acres in June 2011 (year 2011-12) and 618.44 acres was increased during the year 2012-13 to file an affidavit in the Hon'ble Court after reconciliation of land with the respective Land Acquisition Collectors.

DDA, however, did not furnish any documentary evidence regarding reconciling of land balances with Delhi Government to audit. Therefore, reasonable assurance could not be drawn on the actual receipt of land by DDA as well as balance of land available with DDA as on date (October 2016).

⁵⁶ In November 2013, 11.87 acre of land acquired in villages Malikpur Kohi which was reported as 11.74 acre. Similarly, in December 2013, land measuring 0.87 acre (i.e. 185.81 acre-184.94 acre) was reported in excess due to arithmetical/conversion mistakes.

Conclusion:

- There was lack of efficient internal audit as total units planned for annual audit by Internal Audit Wing of DDA were low as compared to number of units to be audited annually.
- Timely reconciliation of expenditure incurred vis-a-vis stock of land was not being done resulting in difference in the figures.

Recommendations:

- DDA needs to evolve and implement a system for internal audit and effective internal monitoring of the activities of DDA in land management.

