

***CHAPTER-IV***

***GENERAL***



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### 4 General

#### 4.1 Cases of theft, misappropriation and losses

Audit observed 366 cases of theft, misappropriation, and losses involving Government money amounting to ₹ 162.05 crore (up to March 2018) on which final action was pending. The Department-wise breakup of pending cases and age-wise analysis is given in *Appendix-4.1* and the nature of those cases is given in *Appendix-4.2*.

The age-profile of pending cases and the number of cases pending in each category *i.e.*, theft, misappropriation and losses of Government material *etc.*, are summarised in *Table-4.1*.

**Table-4.1**

**Profile of cases of theft, misappropriation and loss**

(₹ in lakh)

Age Profile of the Pending cases			Nature of the Pending Cases		
Range in Years	Number of cases	Amount involved	Nature/ characteristics of the cases	Number of cases	Amount involved
0-5	220	11,735.14	Theft	25	222.12
5-10	108	3,337.18			
10-15	21	1,035.56	Misappropriation/ Loss of material etc.	341	15,982.50
15-20	9	78.25			
20-25	6	7.96			
25 and above	2	10.53	<b>Total</b>	<b>366</b>	<b>16,204.62</b>
			Cases of loss written off during the year	Nil	Nil
<b>Total</b>	<b>366</b>	<b>16,204.62</b>	<b>Total pending cases as on 31 March 2018</b>	<b>366</b>	<b>16,204.62</b>

*Source: Inspection Reports.*

A further analysis indicated that the reasons for which the cases were outstanding could be classified in the categories listed in *Table-4.2*.

**Table-4.2**

**Reasons for outstanding cases of theft, misappropriation and losses**

Reasons for the Delay of Outstanding Pending cases	Number of Cases	Amount (₹ in lakh)
(i) Non-receipt of reply or want of reply from Government	127	6,073.69
(ii) Non-submission of specific/proper/appropriate reply by Department	239	10,130.93
<b>Total</b>	<b>366</b>	<b>16,204.62</b>

*Source: Inspection Reports.*

Of the 366 cases above, the First Information Report (FIR) in respect of only 38 cases involving ₹ 18.55 crore was lodged where the investigation was in process. The Government should consider lodging FIR in all the remaining cases also, for their expeditious settlement.

Besides, Government should consider putting in place an effective mechanism to ensure speedy settlement of cases relating to theft, misappropriation and losses.

## **4.2 Follow up on Audit Reports**

### ***Non-submission of suo-moto Action Taken Notes***

In terms of the resolution (September 1994) of the Public Accounts Committee (PAC), the administrative Departments were required to submit *suo-moto* Action Taken Notes (ATNs) on paragraphs and reviews included in the Audit Reports, within three months of presentation of the Audit Reports to the Legislature, to the PAC with a copy to Accountant General (AG) (Audit) without waiting for any notice or call from the PAC, duly indicating the action taken or proposed to be taken. The PAC, in turn, is required to forward the ATNs to AG (Audit) for vetting before its comments and recommendations.

However, only seven *suo-moto* replies/explanatory notes out of 1,772 were received in respect of paragraphs and reviews included in the Audit Report on Social, General and Economic (Non-PSUs) sectors up to 2016-17 from the respective departments.

As of March 2018, PAC discussed 1,172 out of 1,772 paragraphs, reviews and stand-alone Reports pertaining to the years 1983-84 to 2016-17. Consequently, 600 audit observations/comments included in those paras/reviews had not been discussed by the PAC as of March 2018.

## **4.3 Action taken on recommendations of the PAC**

The PAC made 545 recommendations in its Fifty Fifth to Hundred and forty seventh Reports with regard to 45 Departments. The PAC dropped 244 paragraphs based on compliance action taken by the respective departments on the recommendations made by the PAC and as such, no further action was required to be taken against those paragraphs. However, only two Departments<sup>1</sup> furnished ATNs relating to two paragraphs pertaining to the years 2004-05 and 2006-07 respectively, as of March 2018. Thus, 299 recommendations were pending for settlement as of March 2018 due to non-receipt of ATNs/Reports from the Government Departments.

## **4.4 Response to audit observations and compliance thereof by senior officials**

The Accountant General (AG) arranges to conduct periodical inspection of Government Departments to test-check the transactions and verify the maintenance of significant accounting and other records according to prescribed rules and procedures. When important irregularities detected during inspection are not settled on the spot, Inspection Reports (IRs) are issued to the Heads of the concerned offices with a copy

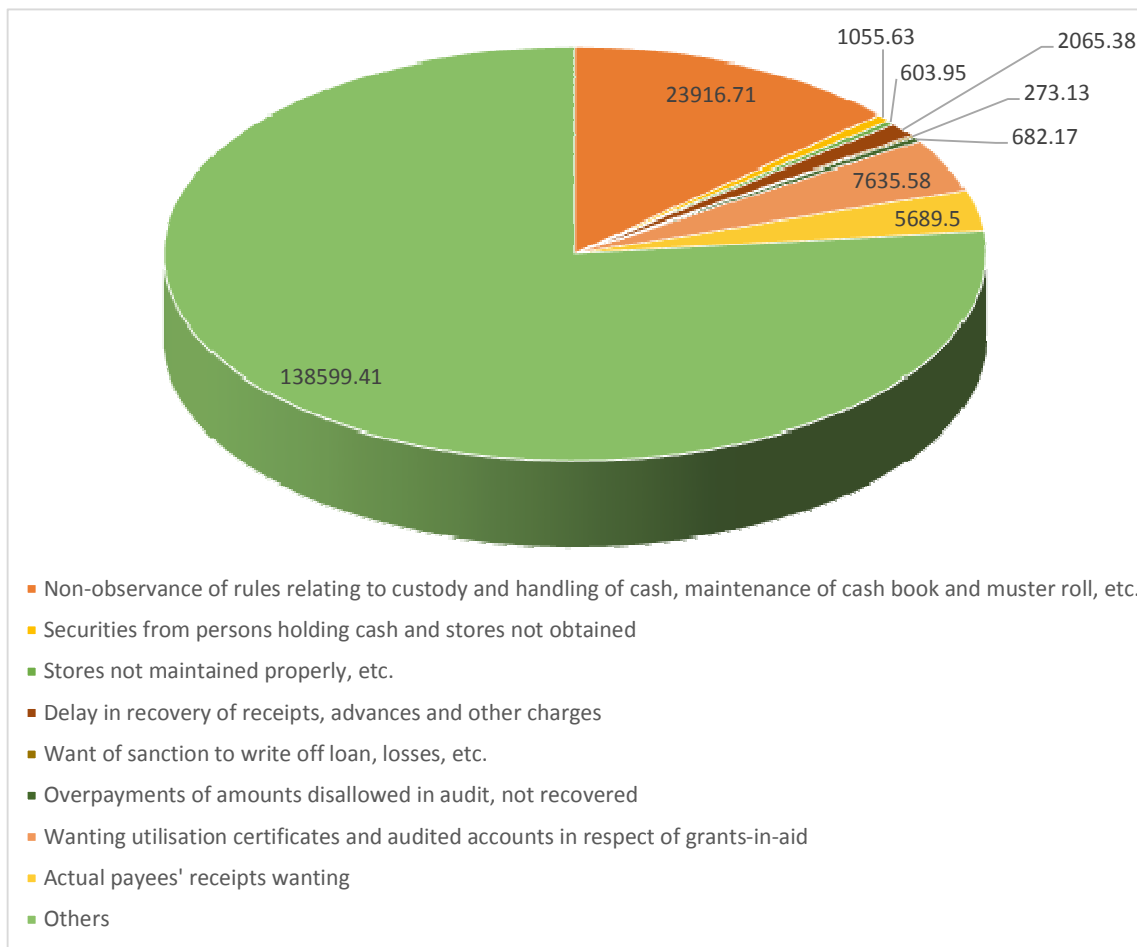
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<sup>1</sup> Home and Water Resources.

to the next higher authorities. Orders of the State Government (March 1986) provide for prompt response by the executive to the IRs issued by the AG to ensure rectificatory action in compliance with the prescribed rules and procedures. The authorities of the Offices and Departments concerned were required to examine the observations contained in the IRs in the light of the given rules and regulations and prescribed procedures. They were also required to rectify the defects and omissions promptly wherever called for and report their compliance to the AG. The AG sends half-yearly report of pending IRs to the Commissioners and Secretaries of the Departments concerned from time to time. This report is sent to facilitate monitoring of the audit observations contained in the pending IRs.

IRs issued up to December 2017 pertaining to Civil Departments/Public Health Engineering Department/Public Works Department/ Water Resource Department/ Irrigation and Inland Water Transport Department disclosed that 24,310 paragraphs pertaining to 4,475 IRs were outstanding for settlement at the end of June 2018. Of these, 543 IRs containing 1,437 paragraphs had not been replied to/settled for more than 10 years. Even the initial replies, which were required to be received from the Heads of Offices within four weeks from the date of issue, were not received from 55 Departments in respect of 1,194 IRs containing 8,854 paragraphs issued between 1994-95 and 2017-18. As a result, serious irregularities commented upon through 24,310 paragraphs involving ₹ 1,80,521.45 crore, had not been addressed as of June 2018 as shown in the *Chart-4.1*:

**Chart-4.1**  
(₹ in crore)



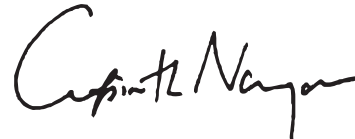
Non-receipt of replies to the IRs in respect of the 55 Departments were indicative of the failure on the part of the Heads of Departments (Directors/Executive Engineers) to initiate action with regard to defects, omissions and irregularities pointed out by Audit. The Commissioners and Secretaries of the Departments concerned, who were informed of the position through half-yearly reports, also failed to ensure prompt and timely action by the officers of the Departments concerned.

The above mentioned facts also indicated inaction against the defaulting officers thereby facilitating continuation of serious financial irregularities and potential loss to the Government though these were pointed out in Audit.

Audit Objection Committee (AOC) is constituted by the Government every year at State level for consideration and settlement of outstanding audit observations relating to Civil and Works Departments. Government had constituted (December 2017) one AOC for discussion of outstanding audit objections upto 2017-18. Altogether 4 meetings (Social Sector: 0; Economic Sector: 2; and General Sector: 2) of the

Committee were held on different dates upto March 2018. The AOC discussed total of 80 IRs and 519 Paragraphs, of which 10 IRs and 33 Paragraphs were settled.

It is recommended that Government should review the matter and ensure that effective system exists for (a) action against defaulting officials who fail to send replies to IRs/Paragraphs as per the prescribed time schedule; (b) action to recover loss/outstanding advances/overpayments in a time bound manner; and (c) revamp the system to ensure prompt and timely response to the audit observations.



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**The 05 September 2019**

*Countersigned*



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**The 06 September 2019**

