

CHAPTER II

AUDIT OF TRANSACTIONS

This chapter presents the results of the audit of transactions of various departments of the Government, their field formations as well as those of local and autonomous bodies. Instances of lapses in the management of resources and failures in the observance of the norms of regularity, propriety and economy have been presented in the succeeding paragraphs under broad headings.

2.1 Avoidable expenditure

TOWN AND COUNTRY PLANNING DEPARTMENT

PONDICHERRY HOUSING BOARD

2.1.1 Avoidable liability due to delay in finalisation of tender

Failure to finalise a tender within the validity period resulted in avoidable liability of Rs 83 lakh.

In response to tenders called for (December 2005) by the Executive Engineer (EE) of the Pondicherry Housing Board (PHB) for the work of construction of 36 Middle Income Group flats at Valatheru, Karaikal, four tenders, valid upto 1 March 2006, were received. The lowest tender of Rs 2.61 crore, recommended (9 February 2006) by the EE, was approved by the Technical Committee (TC) on 27 March 2006. Though the validity of the lowest tender was extended up to 31 May 2006, the work was not awarded due to enforcement of the election code of conduct for Assembly and Local Body Elections. As the successful tenderer refused to extend the validity of the tender beyond 31 May 2006, the work was awarded (January 2007) for Rs 3.44 crore on retender. The contractor had completed about 77 per cent of the work (March 2009) and payment of Rs 2.36 crore was made for the same. Audit scrutiny revealed that the delay in finalisation of the tender on the first call was avoidable due to the following reasons:

- (i) As the value of the tender was more than Rs 15 lakh, the EE was required to get the approval of the lowest tender by the TC and the same was to be confirmed by PHB. The Central Public Works Department Manual prescribes a time limit of five days for an EE for initial scrutiny, *i.e.* identification of valid tenders and preparation of comparative statement etc., of the tenders. But the EE took 29 days for the scrutiny. After opening the tenders on 2 January 2006, the comparative statement was prepared on 4 January 2006. Checking of the statement by the Assistant

Surveyor of works and the Divisional Accountant was completed on 13 January 2006 and 2 February 2006 respectively. The EE attributed (February 2009) the delay in submission of evaluated tenders to the TC due to entrustment of some other work to the officers responsible for the evaluation of tenders. This contention is not acceptable as top priority was required to be given for awarding the work within the validity period.

(ii) Though the validity of the tender was to expire on 1 March 2006, the EE took 47 days (9 February 2006 to 27 March 2006) for obtaining the approval of the members of TC by circulating a note without mentioning the validity period of the tender. The EE had not, thus, made proper effort to obtain the approval of the TC before expiry of the validity period.

Had the EE completed the initial scrutiny of tenders and got the approval of the TC by 1 March 2006, the work could have been awarded to the lowest tenderer for a value of Rs 2.61 crore. Thus, delay in finalisation of the tender on first call resulted in avoidable liability of Rs 83 lakh.

The matter was referred to Government in April 2009; reply had not been received (December 2009).

ANIMAL HUSBANDRY AND ANIMAL WELFARE DEPARTMENT

2.1.2 Extra expenditure on rejection of the valid lowest tender

<p>The department rejected the lowest tender for supply of calf and cattle feed by not accepting a valid certificate of sales turnover and purchased the feed at higher rates, resulting in extra expenditure of Rs 53.07 lakh.</p>
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Terms and conditions of tenders floated by the Director of Animal Husbandry in September 2004 for supply of calf feed and cattle feed under the scheme 'Special Livestock Breeding Programme', *inter alia*, stipulated production of sufficient proof with the tender regarding sales turnover of feed for Rupees one crore or more during 2003-04. The terms and conditions of the tender document, however, did not specify the nature of document/certificate to be enclosed with the tender.

Six out of the 11 tenders received were rejected for not remitting the earnest money deposit. From the remaining five tenders, the Joint Director (Cattle Rearing) rejected the lowest tender of M/s. Aishwarya Feeds, Namakkal on the ground that the certificate of sales turnover for the year 2003-04 was not furnished and recommended the second lowest tender of M/s. Appu Food Products, Vadalur. The Under Secretary of the Department, however, recorded that the tender of M/s. Aishwarya Feeds was rejected due to non-production of certificate of sales turnover from the Sales Tax Department. The tender of M/s. Appu Food Products, after negotiation, was accepted (December 2004). The department purchased

6,410.42 metric tonnes (MT) of calf feed and 1,849.75 MT of cattle feed for the Puducherry and Karaikal regions during December 2004 to July 2006.

Audit scrutiny of records relating to finalisation of the said tender revealed that M/s. Aishwarya Feeds, the first lowest tenderer had produced a certificate regarding sales turnover of cattle and calf feed for Rs 32.94 crore during 2003-04 from a Chartered Accountant. This certificate was based on the records of the company and was attested by a Notary Public. While this certificate was rejected, the department accepted the certificate of sales turnover for Rs 2.04 crore issued by the Commercial Tax Officer for M/s. Appu Food Products. As the exact nature of document to be submitted at the tender stage had not been mentioned in the tender condition, the certificate of sales turnover of the Chartered Accountant attached with the tender by M/s. Aishwarya Feeds was valid and their tender being the lowest should have been considered.

When this issue was pointed out by Audit, the Government contended (June 2009) that M/s. Aishwarya Feeds, Namakkal had submitted the proof of sales turnover of feed only on 18 November 2004 i.e. after opening the tender and that M/s. Appu Food Products, Vadalur was eligible for price preference of 15 per cent in Puducherry since it was registered with the National Small Industries Corporation Limited whereas M/s. Aishwarya Feeds, Namakkal was eligible for price preference only in Tamil Nadu since it was registered in Tamil Nadu. This contention is not correct as M/s. Aishwarya Feeds produced the sales turnover certificate on 21 October 2004 itself along with their tender and the price preference upto 15 per cent over the quotation of the large scale units was not applicable in this case as both the firms were small scale units.

Thus, rejection of the valid lowest tender resulted in extra expenditure of Rs 53.07 lakh as detailed in **Appendix 2.1**.

CIVIL SUPPLIES AND CONSUMER AFFAIRS DEPARTMENT

2.1.3 Avoidable expenditure

Incorrect inclusion of Yanam region in the proposal for procurement of rice from Food Corporation of India Limited by the Director of Civil Supplies and Consumer Affairs and his failure to release funds in time to the Yanam Co-operative Stores Limited resulted in avoidable expenditure of Rs 22.66 lakh on procurement of rice.

Government launched a scheme of distribution of 10 kg of rice per month free of cost to all Below Poverty Line (BPL) family ration card holders from July 2007. The Puducherry Agro Products, Food and Civil Supplies Corporation Limited (PAPSCO) and the Yanam Co-operative Stores Limited (YCSL) were the implementing agencies for the scheme for Puducherry, Karaikal and Mahe regions and Yanam region respectively. The agencies were to procure rice from millers by floating tenders and distribute the same to BPL families through fair price shops.

The Director, Civil Supplies and Consumer Affairs Department (Director), approved the rates of procurement of rice for 2007-08. PAPSCO, after supplying rice at their quoted rates¹ up to August 2007, informed (December 2007) the Director that the scheme could not be implemented from September 2007 as the millers had refused to supply rice at the agreed rates due to a sudden hike in the price of paddy. After obtaining orders of the Government, the Director ordered (January 2008) purchase of rice from the Food Corporation of India (FCI) against the allotment of rice for Above Poverty Line (APL) families to continue the scheme. PAPSCO procured rice from FCI and implemented the scheme for 2007-08. YCSL implemented the scheme upto September 2007 but could not procure rice for the subsequent months for want of funds. The Director released Rs 28.05 lakh to YCSL in December 2007 for supplies made upto September 2007. Though the millers of Yanam were willing to supply rice at the agreed rate till March 2008, the Director included Yanam region also in the alternative proposal of procuring rice from FCI. The Director released funds to YCSL for procuring rice from FCI in March 2008, which were received by YCSL in April 2008. As there was no allotment of APL rice by FCI for 2008-09, YCSL did not procure any rice. Based on the instructions (August 2008) of the Director for purchase of rice from the open market for 2008-09, YCSL purchased 362.50 metric tonnes of rice at Rs 19.15 per kg in August 2008 and distributed it to the beneficiaries against their eligibility from October 2007 to February 2008.

The decision of the Director to include Yanam region also in the alternative proposal of procuring rice from FCI coupled with the belated release of funds, resulted in avoidable expenditure of Rs 22.66 lakh².

On this being pointed out, Director stated (September 2009) that though the contractors of Yanam region agreed to supply rice at the rate of Rs 12.90 per kg for the period from July 2007 to March 2008, with a view to follow uniformity in the distribution of rice in the Union Territory of Puducherry, sanction to procure rice from FCI was issued including Yanam region also. Director also stated that in spite of repeated instructions, YCSL did not lift the APL allotment for the months of January to March 2008. The contention of the Director is not correct as YCSL had no money to make advance payment to FCI for lifting the allotted quantity of APL rice.

The matter was referred to Government in May 2009; reply had not been received (December 2009).

¹ Rs 12 per kg for Puducherry, Rs 12.35 per kg for Karaikal, Rs 12.95 per kg for Mahe and Rs 12.90 per kg for Yanam.

² (3,62,500 kg x Rs 6.25 (Rs 19.15 – Rs 12.90)).

LOCAL ADMINISTRATION DEPARTMENT

ARIYANKUPPAM COMMUNE PANCHAYAT

2.1.4 Additional liability due to delay in awarding a work within the validity period of the tender

Failure of the Commissioner of the Ariyankuppam Commune Panchayat to take prompt action to obtain expenditure sanction for awarding the work to the lowest tenderer within the validity period resulted in additional liability of Rs 20.61 lakh.

Government released (March 2006) grant-in-aid of Rs 56 lakh to the Ariyankuppam Commune Panchayat (ACP) for construction of a Community Hall-cum-Cyclone Shelter at Abishegapakkam Colony. The Notice Inviting Tender for the work stipulated that the tenders should remain open for a period of 60 days from its date of opening. The tenders were opened by the Commissioner, ACP on 5 March 2007 and the lowest tender of Rs 52.80 lakh was approved by the Superintending Engineer, Local Administration Department on 26 March 2007. Though the letter for obtaining expenditure sanction from the Government was put up to the Commissioner, ACP on 9 April 2007, approval of the Commune Panchayat Council was obtained in its meeting held on 18 May 2007, i.e. after the validity of the tender which expired on 4 May 2007. The tenderer refused (June 2007) to extend the validity of the tender.

The tenders received in response to the second call were cancelled due to administrative reasons and there was no response for the third call. The work was finally awarded (November 2008) for Rs 73.41 lakh in the fourth call. The work was in progress (March 2009).

Failure of the Commissioner, ACP to initiate expeditious action to seek expenditure sanction for awarding the work, as envisaged in the Puducherry Commune Panchayats (Powers and Procedure for Execution of Works and Purchase of Stores) Rules, 1997, before the expiry of validity of the tender in the first call, resulted in additional liability of Rs 20.61 lakh.

The department attributed the delay to administrative inconvenience and contended (October 2009) that responsibility could not be fixed on any official. The reply is not tenable as the Commissioner could have persuaded the Chairman of the Council to convene an urgent meeting to obtain the approval before the expiry of the validity period of the tender.

The matter was referred to Government in April 2009; reply had not been received (December 2009).

2.2 Idle investment/Blocking of funds

TOWN AND COUNTRY PLANNING DEPARTMENT

2.2.1 Release of grant without requirement

The Chief Town Planner released Rs 26.20 crore for implementing the Perunthalaivar Kamarajar Centenary Housing Scheme without considering the unutilised grants, resulting in accumulation of Rs 37.44 crore with the Pondicherry Slum Clearance Board.

Government implemented the Perunthalaivar Kamarajar Centenary Housing Scheme (PKCHS) and the Pondicherry Chief Minister's Sanitation Scheme (PCMSS) for providing housing and sanitation facilities to below poverty line families. The subsidies under the schemes were being released as grants to the Pondicherry Slum Clearance Board (PSCB) for onward distribution to the beneficiaries in instalments³. The PKCHS and PCMSS were being implemented by PSCB from 2003-04 and 2005-06 respectively. The rules framed for implementing the schemes stipulated that the Chief Executive Officer-cum-Executive Engineer (CEO) of PSCB should submit a list of beneficiaries duly approved by the Advisory Committee headed by the Chairman of PSCB to the Town and Country Planning (T&CP) Department for approval. Though no time limit for construction was prescribed in the rules, the CEO was required to submit a monthly progress report to Government on the basis of site inspection done by the officials nominated by PSCB.

Audit scrutiny of the records relating to the implementation of these schemes disclosed that the CEO had not submitted any approved list of beneficiaries to the T&CP Department for obtaining expenditure sanction. The Chief Town Planner of the department, however, released grants to PSCB for implementing the schemes based on requests received from CEO from time to time. The proposals from the CEO were mainly based on release of the entire subsidy to the targeted beneficiaries for the year as envisaged in the Annual Plan of the UT. As many of the beneficiaries had not completed construction up to the required stage, subsequent instalments could not be released to them and the unutilised subsidies accumulated with PSCB year after year. PSCB kept the funds received for both the schemes in a common bank account. The details of receipts and disbursement are given below:

³ The subsidy under PKCHS was payable in three instalments viz (i) on identification of beneficiaries, (ii) on construction reaching lintel level and (iii) roof level.
Phases I & II – Rs 40,000 (Rs 15,000 + Rs 15,000 + Rs 10,000).
Phase III – Rs 50,000 (Rs 20,000 + Rs 15,000 + Rs 15,000) and
Phase IV – Rs 1,00,000 (Rs 40,000 + Rs 30,000 + Rs 30,000).
Financial assistance under PCMSS (Rs 10,000) for those who will be constructing latrine with septic tank was paid in two equal instalments by the Board.

(Rupees in crore)

Year	Perunthalaivar Kamarajar Centenary Housing Scheme			Pondicherry Chief Minister's Sanitation Scheme			Interest earned (cumulative)	Total unutilised grants with interest
	Grants received	Expenditure	Cumulative unutilised grant	Grants received	Expenditure	Cumulative unutilised grant		
2003-04	11.25	2.38	8.87	---	---	---	0.01	8.88
2004-05	43.50	25.27	27.10	2.77	---	2.77	0.13	30.00
2005-06	31.50	36.92	21.68	9.06	2.76	9.07	0.69	31.44
2006-07	12.00	19.97	13.71	8.36	8.26	9.17	1.60	24.48
2007-08	43.92	18.25	39.38	1.95	2.54	8.58	2.43	50.39
2008-09	26.20	39.52	26.06	---	1.44	7.14	4.24	37.44
Total	168.37	142.31		22.14	15.00			

(Source : Pondicherry Slum Clearance Board)

Release of grants when there were unutilised grants available with PSCB resulted in accumulation of Rs 37.44 crore including interest of Rs 4.24 crore, with PSCB.

When the unspent grants remaining with PSCB was pointed out (May 2008), the Chief Town Planner of the T&CP Department requested (September 2008) the CEO of PSCB to remit the unutilised grants to Government account and stated that further release of grants would be based on the actual requirement of PSCB.

Non-remittance of unutilised grants under PCMSS and release of Rs 26.20 crore under PKCHS during 2008-09 resulted in accumulation of Rs 37.44 crore (including interest) with PSCB.

The matter was referred to Government in May 2009; reply had not been received (December 2009).

LABOUR DEPARTMENT

2.2.2 Non-establishment of Fishermen Training Centre

Poor co-ordination between a Government department and an implementing agency resulted in blocking of Rs 44.45 lakh released for establishing a Fishermen Training Centre for more than two and a half years.

Based on a request of Fishermen's Associations to start a fishermen's training programme in Puducherry to enable the educated youth of the fishermen community to get appropriate jobs, the Chief Minister ordered (June 2003) the Secretary, Labour Department to organise two training courses on 'Modern Fishing' and 'Junior Mechanic' at the Government Industrial Training Institute for Men (GITI), Puducherry from August 2003. The proposed training course included both theoretical and on-the-sea training and the syllabi for the courses were finalised in consultation with the Fishermen Training Centre in Tamil Nadu. The State Council for Vocational Training, Puducherry granted provisional permission to start

the courses from September 2003. The services of qualified and experienced officials of both the Labour and Fisheries Departments were proposed to be utilised for the training.

The Principal, GITI called for (September 2003) applications from eligible persons for admission to the courses and 144 applications were received. The Committee constituted (November 2003) for selection of trainees was of the view that the premises of GITI being 10 kilometres away from the sea-shore, was not the right place to establish the training centre since the training was to be imparted mostly on the seashore or in the sea. Therefore, it advised the department to identify a suitable location for the centre.

The scheme was then proposed (March 2007) to be implemented by the Franco-Indian Vocational Training Institute (FIVTI), a society under the control of the Labour Department. However, efforts made by the Principal, GITI and FIVTI to identify a suitable site or building for training did not materialise.

The Principal, GITI, submitted (March 2007) proposals for Rs 51.43 lakh to Government towards building cost, purchase of equipment and stipend to trainees for starting fishermen training courses in the GITI premises. Government released (March 2007) grant-in-aid of Rs 44.45 lakh to FIVTI for carrying out the works and to start a Fishermen Training Centre at Puducherry. As the grant was released based on the proposal of the Principal, GITI, FIVTI called for (June 2007) detailed proposals for each component. Details of the proposal had not been submitted by the Principal (April 2009).

Responding to the audit observation, the Director of Employment and Training, Labour Department replied (June 2009) that in view of a proposal to impart training in a similar course by Fisheries Department, the Fishermen Training Centre as proposed would be dropped and the funds released would be utilised by FIVTI for the purpose of imparting other training courses. Thus, the premature release of grant to FIVTI for setting up the institute without ascertaining the feasibility of establishing the centre in the GITI campus, resulted in blocking of funds of Rs 44.45 lakh for more than two and a half years.

The matter was referred to Government in May 2009; reply had not been received (December 2009).

EDUCATION DEPARTMENT

PONDICHERRY ENGINEERING COLLEGE

2.2.3 Idle investment on setting up of Biomass Gasifier Plant

Expenditure of Rs 30 lakh incurred on setting up of a biomass gasifier plant by the Principal, Pondicherry Engineering College remained largely unproductive due to non-utilisation of the plant for the intended objectives.

The Principal, Pondicherry Engineering College, Puducherry proposed to set up a 100 kilowatt Biomass Gasifier Plant for generating power in the college campus by making use of the biomass available inside the campus and in and around Puducherry. The plant was proposed to be used as a stand-by during exigencies and for research works in the area of biomass energy. The Principal estimated (November 2002) the recurring and operational cost of the plant at Rs 9.42 lakh per annum and felt that the proposed plant would generate power worth⁴ 1.90 lakh kilowatt hours (units) per annum.

The plant was erected at a cost of Rs 30 lakh and commissioned in March 2004. After operating the plant for 90 days, it was kept idle for want of manpower and funds for maintenance. The Principal failed to seek any budget provision to meet the recurring expenditure for maintaining the plant. The plant was operated only for 45 hours till December 2006 for experimental investigations by students. On the directions (July 2007) of the Secretary, Environment Department, the Principal entrusted the operation of the plant to the Mechanical Engineering Department (MED) of the college. The MED, however, did not operate the plant for generating power on the ground of economy. As the plant was designed for operating on constant load, it could not be used as standby during power failures. Consequently, the plant was kept idle for five years. Only in March 2009, MED sought for Rs 14.73 lakh in the budget for 2009-10 to run the plant regularly.

When the failure to run the plant was pointed out, the Principal replied (October 2009) that due to paucity of funds, it was felt that incurring expenditure to produce power from the Biomass Gasifier plant was not necessary and the plant was being used to collect data for research purpose. The reply is not acceptable as the plant was neither used for generation of power nor used as standby and the contention that the plant was used for research purposes could not be justified as it was put to use only for 45 hours in 23 days after the trial run period was over in September 2004.

⁴ Production cost Rs 4.96 per unit on running the plant for eight hours on working days.

By keeping the plant idle, Rs 30 lakh spent on setting up of the plant by the Principal of Pondicherry Engineering College remained largely unproductive.

The matter was referred to Government in May 2009; reply had not been received (December 2009).

2.3 Regularity issues and other points

TOWN AND COUNTRY PLANNING DEPARTMENT

PONDICHERRY SLUM CLEARANCE BOARD

2.3.1 Irregular payment of subsidy to ineligible beneficiaries

Release of subsidy to 684 ineligible beneficiaries under the Perunthalaivar Kamarajar Centenary Housing Scheme and the Chief Minister's Sanitation Scheme resulted in irregular payment of Rs 2.44 crore.

With a view to convert all the existing huts in the Union Territory into Reinforced Cement Concrete roofed houses within a period of six years, the Government implemented the Perunthalaivar Kamarajar Centenary Housing Scheme (PKCHS)⁵ from 2003-04. The eligibility criteria of the scheme stipulated that the beneficiary (a) should possess ownership of a land or free *patta*⁶ issued by any department of the Government, (b) should be either houseless⁷ or live in a thatched house in his/her plot, and, (c) should be below the poverty line possessing a red ration card and an annual income below Rs 24,000. Government was also implementing the Pondicherry Chief Minister's Sanitation Scheme (PCMSS) for construction of sanitary latrines. The scheme guidelines, *inter alia*, stated that Rs 10,000 would be paid as subsidy for those who constructed latrines with septic tanks and Rs 5,000 for those who constructed latrines having the outlets linked to the underground sewerage system. Both the schemes were implemented by the Pondicherry Slum Clearance Board (PSCB).

Test check of implementation of these two schemes revealed the following:

(i) Subsidy amounting to Rs 2.23 crore⁸ was released under PKCHS to 419 beneficiaries who lived in tiled houses and asbestos roofed houses.

⁵ Implemented in four phases and subsidy released in three instalments under each phase.

⁶ Legal title for ownership of land.

⁷ Means a person or persons (both husband and wife) but none else who do not possess a pucca house on his/her/their own plot/land.

⁸ Ariyankuppam (Rs 0.18 crore), Pallore (Rs 0.51 crore), Yanam (Rs 0.27 crore), Mudaliarpeta (Rs 0.22 crore), Lawspet (Rs 0.18 crore), Kuruvinatham (Rs 0.20 crore), Thattanchavdi (Rs 0.42 crore) and Thirunallar (Rs 0.11 crore) and Karaikal (South) (Rs 0.14 crore).

As the scheme guidelines envisaged covering beneficiaries living in thatched huts, the subsidy released to these beneficiaries was irregular.

(ii) Scrutiny of applications under PKCHS revealed that Rs 9.40 lakh was paid as subsidy in the following ineligible cases:

Sl. No.	Reasons for ineligibility	No. of cases	Subsidy (Rupees in lakh)
1.	Rejected by Junior Engineer/Sub-inspector of Survey during physical verification	7	3.40
2.	Income exceeding prescribed limits	5	2.30
3.	Subsidy already availed under the same scheme by beneficiary/family member	2	0.85
4.	Title deed not in the name of applicant/applicant without ration card	8	2.85
Total		22	9.40

(iii) Muthialpet area in Puducherry was provided with an underground sewerage system. Scrutiny of applications for financial assistance under PCMSS from this area revealed that 243 beneficiaries were paid Rs 10,000 as subsidy though they had mentioned that the toilets were proposed to be linked to the existing underground sewerage system. This resulted in an excess payment of Rs 12.15 lakh.

The Department stated (September 2009) that PSCB had released subsidy under PKCHS to ineligible beneficiaries on humanitarian grounds based on the recommendations of the public representatives. This reply is not tenable as PSCB is only an implementing agency and the scheme guidelines did not empower PSCB to extend the scheme benefits to ineligible persons. The department, however, assured that action would be initiated to regularise the subsidy paid to the ineligible beneficiaries under PCMSS.

The matter was referred to Government in May 2009; reply had not been received (December 2009).

2.3.2 Diversion of sale proceeds of plots

Pondicherry Slum Clearance Board contravened the orders of Government and diverted the sale proceeds of plots amounting to Rs 65.20 lakh for administrative expenses instead of executing development works.

The Town and Country Planning Department developed plots and allotted them to slum dwellers on rental basis. Consequent on the formation of the Pondicherry Slum Clearance Board (PSCB), the plots were handed over to the Board. Based on the orders (May 1997) of Chief Minister to sell the developed plots at Savanapet to the slum dwellers who occupied the plots

on hire purchase basis, PSCB forwarded a proposal to the Government. While approving (October 1999) the said proposal, the Government directed PSCB to keep the sale proceeds in a separate account and utilise it for acquisition of land and executing other development works.

PSCB sold 526 plots during January 2003 to March 2009 to the allottees and realised Rs 65.20 lakh. Instead of keeping this amount in a separate account for the envisaged purpose, PSCB treated it as its revenue receipt and spent it on administrative expenses which was in violation of Government orders.

On this being pointed out, the Chief Executive Officer of PSCB accepted (August 2009) the audit observation and stated that the Government would be approached to adjust the sale proceeds of the plots against the expenditure.

The matter was referred to Government in May 2009; reply had not been received (December 2009).

2.4 General

2.4.1 Follow-up action on earlier Audit Reports

The Committee on Public Accounts (PAC) prescribed a time limit of three months for the departments for furnishing replies to audit observations included in the Audit Reports indicating the corrective/remedial action taken or proposed to be taken by them and submission of Action Taken Notes on the recommendations of the PAC by the Departments. The pendency position of paragraphs/recommendations for which replies/ Action Taken Notes had not been received was as follows:

(a) Out of 63 paragraphs/reviews included in the Audit Reports relating to 2004-05, 2005-06, 2006-07 and 2007-08, departmental replies were not received for 47 paragraphs/reviews as of September 2009.

(b) Government departments had not taken any action as of September 2009 on 251 recommendations made by the PAC in respect of Audit Reports of 1977-78 to 2001-02 as detailed in **Appendix 2.2**.