

## OVERVIEW

This Report contains significant audit findings which arose from the compliance audit of the financial transactions of Civil Ministries. It contains 12 chapters. Chapter I gives a brief introduction while Chapters II to XI present detailed audit observations. Chapter XII presents a summarised position of the Action Taken Notes furnished by the Ministries.

Some of the important findings included in this Report are given below :

### **Ministry of Communications and Information Technology**

#### **Department of Posts**

##### **Disbursement of National Rural Employment Guarantee Scheme (NREGS) Wages through Post Offices**

With 4.90 crore NREGS accounts in operation, the Department of Posts provides a large network for disbursement of wages under NREGS. A significant amount of ₹ 4284 crore was lying in workers' accounts as on March 2011. Weak monitoring mechanisms, both at the Headquarters and Circle levels, along with non-observance of procedures in post offices, resulted in a shortfall to the tune of ₹ 1920 lakh as on 31 March 2011 in One Time Deposits required to be made by State Governments with Head Post Offices. Irregularities in the operation of NREGS accounts such as delays in disbursement of wages, opening of accounts without verification, incomplete data entry in ledgers, errors in data compilation, interest not credited and wages being disbursed without attestation of left hand thumb impressions of illiterate wage earners were also noticed.

*Paragraph 2.2*

##### **Stocking of cash certificates, stamps and postal stationery**

The Department of Posts failed to follow the prescribed procedure for indenting and forecasting of cash certificates, stamps and postal stationery. This, coupled with a weak internal control mechanism, resulted in overstocking of cash certificates bearing face value of ₹ 3840.66 crore and overstocking of stamps and postal stationery carrying face value of ₹ 498.52 crore as on 31 March 2011, thereby exposing these valuables to the risk of misuse/pilferage and damage.

*Paragraph 2.3*

### **Irregular payment of interest**

Post offices in six circles failed to follow the provisions relating to the Public Provident Fund (PPF) Scheme, resulting in irregular payment of interest of ₹ 2.26 crore to the subscribers.

*Paragraph 2.4*

### **Short deduction of commission on purchase of revenue stamps**

Failure of the Chief Post Master General, Delhi to deduct commission in advance on purchase of revenue stamps from the State Government, led to short realization of revenue to the extent of ₹ 98.36 lakh.

*Paragraph 2.5*

### **Infructuous expenditure due to delay in construction of postal complex**

Department of Posts failed to construct a postal complex on a plot acquired in 1990. This resulted in infructuous expenditure of ₹ 64.62 lakh.

*Paragraph 2.6*

### **Department of Telecommunications**

#### **Recovery of excess subsidy paid at the instance of Audit**

Subsidy of ₹ 2.17 crore to service providers for Rural Community Phones (RCP) was incorrectly paid by West Bengal and Uttar Pradesh (East) circles. Of this, ₹ 1.62 crore was recovered at the instance of Audit.

*Paragraph 2.8*

### **Ministry of External Affairs**

#### **Performance of Consular wings**

A number of Missions and Posts were not levying fees for visas and other consular services as per the rates prescribed by the Ministry, resulting in short levy of ₹ 37.26 crore. Delays in the implementation of the Indian Community Welfare Fund scheme by the Missions and Posts resulted in non-levy of fees of ₹ 21.55 crore. There were considerable delays in remittances of consular receipts in the Government account. Missions abroad were outsourcing visa services in violation of the laid down provisions, resulting in financial impropriety and lack of transparency in selecting service providers.

*Paragraph 3.1*

**Failure to observe the prescribed rules and procedures leading to overpayments**

Failure of the Missions/Posts abroad to observe the prescribed rules and procedures led to overpayment of pay and allowances and other miscellaneous payments amounting to ₹ 91.96 lakh by 56 Missions in 263 cases. These were recovered at the instance of Audit during 2009-11.

*Paragraph 3.2.1*

**Non-application of due diligence in awarding of a contract**

Lack of due diligence in evaluation of bids for setting up an IT Laboratory in Indonesia led to awarding of a contract at an extra amount of ₹ 51.67 lakh on account of unwarranted Annual Maintenance Charges and exempted Value Added Tax. At the instance of Audit, the Mission recovered ₹ 30.56 lakh and payment of ₹ 21.11 lakh was averted.

*Paragraph 3.2.2*

**Ministry of Home Affairs**

**Indo-Tibetan Border Police Force**

**Splitting up of sanctions**

The Director General, Indo-Tibetan Border Police Force accorded 19 split sanctions between June 2010 and March 2011 for an aggregate value of ₹ 4.72 crore. Each sanction was limited within the financial powers of ₹ 25 lakh, purportedly to avoid the necessity of referring the matter to the Ministry.

*Paragraph 4.1*

**Intelligence Bureau**

**Improper procurement planning leading to delay in execution of a project and idling of equipment**

Failure of the Intelligence Bureau to synchronize various related activities for commissioning of the Intelnet Network before going in for procurement of encryptors led to idling of equipment worth ₹ 2.89 crore for a period of two years.

*Paragraph 4.2*

**Inordinate delay in construction of staff quarters**

Inordinate delay in the construction of staff quarters by the Subsidiary Intelligence Bureau, Lucknow led to cost escalation of ₹ 2.17 crore. This also resulted in avoidable expenditure of ₹ 86.59 lakh towards payment of House Rent Allowance to its staff members.

*Paragraph 4.3*

**Ministry of Human Resource Development**

**Department of Higher Education**

**Corrective action at the instance of Audit**

The Ministry failed to follow the extant rules and extended a loan of ₹ 100 crore to the IIT Madras Research Park at an interest rate of three *per cent* instead of the applicable 11.5 *per cent*. At the instance of Audit, the Ministry took corrective action to change the rate of interest, thereby averting a loss of ₹ 46.75 crore.

*Paragraph 5.1*

**Ministry of Information and Broadcasting**

**Non-recovery of rental dues**

Films Division, Mumbai failed to recover rental charges amounting to ₹ 60.73 lakh from discontinued and closed down exhibitors.

*Paragraph 6.1*

**Union Territories**

**Andaman and Nicobar Administration**

**Directorate of Shipping Services**

**Loss due to delay in disposal of a decommissioned vessel**

Delay in initiating timely action and consequential delay in fixing the appropriate reserve price of an outlived vessel resulted in avoidable expenditure of ₹ 6.29 crore.

*Paragraph 8.1*

**Avoidable expenditure on an outlived vessel**

Ineffective co-ordination and follow-up by the Andaman and Nicobar Administration led to delay in surrendering an outlived vessel and consequential avoidable expenditure of ₹ 3.69 crore.

*Paragraph 8.2*

**Lakshadweep Administration**

**Procurement of X-ray Baggage Inspection Systems**

Failure of the Union Territory of Lakshadweep Administration to synchronize the supply, installation and commissioning of two X-ray baggage inspection systems with creation of the necessary infrastructure, resulted in non-achievement of the objective of strengthening the safety and security of passengers, despite incurring ₹ 61 lakh on the purchase of the systems.

*Paragraph 8.3*

**Ministry of Women and Child Development**

**Recovery of an amount of excess release of grants, at the instance of Audit**

Failure of the Ministry to exercise due diligence while releasing grants to the State Governments resulted in excess release of ₹ 3.45 crore. This was subsequently recovered at the instance of Audit.

*Paragraph 9.1*

**Irregular release of Central share under the Integrated Child Protection Scheme**

The Ministry of Women and Child Development released grants twice, totalling ₹ 1.08 crore under two Central schemes viz the Programme for Juvenile Justice in February 2008 and the Integrated Child Protection Scheme in December 2010, for construction of two observation homes at Ambala and Hisar.

*Paragraph 9.2*

**Department of Atomic Energy**

**Avoidable expenditure of ₹ 3.32 crore**

Failure of the Directorate of Purchase and Stores under the Department of Atomic Energy in adhering to the purchase procedure and consequent delay in finalising a purchase proposal within the validity period resulted in avoidable expenditure of ₹ 3.32 crore.

*Paragraph 10.1*

**Department of Space**

**Avoidable payment of demand charges**

Failure of the ISRO Satellite Centre and ISRO Telemetry, Tracking and Command Network to assess their power consumption needs accurately, coupled with delays in taking action to reduce contracted demand resulted in avoidable payment of ₹ 3.72 crore on consumption of electricity.

*Paragraph 11.1*