

Chapter VI: Internal Control System in the Government

Internal Control System in Department of Training and Technical Education, Government of NCT of Delhi

6.1 Introduction

Internal controls are designed to provide reasonable assurance about the achievement of the objectives of an entity effectively, efficiently and economically.

An evaluation of the effectiveness and efficiency of the internal control system in the Directorate of Training and Technical Education (DTTE) of Government of NCT of Delhi was carried out this year. DTTE is entrusted with the responsibility to produce globally competent technical manpower by imparting best quality technical and vocational education. The stakeholders in the Government's initiative are the students seeking admission for formal training in technical educational institutions, school dropouts and wards of socially and economically weaker sections including women, industries/organizations seeking trained technical manpower etc.

6.2 Organisational set-up

The Secretary to the Government of NCT of Delhi, Department of Training and Technical Education oversees the functioning of the Directorate. The Secretary is assisted by an Additional Secretary, one Joint Secretary, one Joint Director, four Deputy Directors, one Assistant Director and one Vigilance Officer. Deputy Controller of Accounts (DCA), one Accounts Officer and one Junior Accounts Officer of the Finance Department have also been posted to assist the Secretary, in accounting matters.

The Board of Technical Education (BTE), Eight Polytechnic Institutions (PIs) and 17 Industrial Training Institutes (ITIs) function under DTTE. In addition, DTTE also exercises administrative control over five Government degree level institutes.

6.3 Audit coverage and methodology

Internal control system in the DTTE for the period 2002-07 was reviewed during July to September 2007 by test check of records maintained in the

DTTE, Board of Technical Education (BTE) three polytechnics¹ and five ITIs². Audit methodology included examination of documents and discussions with the management.

6.4 Audit objectives

The objective of the review was to assess the adequacy and effectiveness of

- Budgetary controls;
- Cash management;
- Manpower management;
- Inventory Controls;
- Operational controls; and
- Effectiveness of internal audit.

6.5 Audit criteria

Audit criteria adopted for assessing the effectiveness of internal controls were

- General Financial Rules
- Receipt and Payment Rules
- Fundamental Rules and Supplementary Rules
- Training Manual for Industrial Institutes and Centers released by Ministry of Labour, Government of India, and
- Orders issued by the Government from time to time.

Audit Findings

6.6 Budgetary Controls

6.6.1 Unrealistic budget estimates

The budget allocation under DTTE is divided into two major heads viz. Directorate of Technical Education and Directorate of Industrial Training. The budget for Directorate of Technical Education is further divided into four minor heads namely Directorate of Technical Education, Polytechnics, Commercial Institute and Business Management Institute, while the budget

¹ Govind Ballabh Pant Polytechnic (GBPP), Guru Nanak Dev Polytechnic (GNDP), and Pusa Polytechnic (PP)

² ITI Pusa (ITIP), ITI Narela (ITIN), ITI Dheerpur (ITID), ITI Malviya Nagar (ITIMN), Basic Training Centre Pusa (BTC)

under Directorate of Industrial Training is divided under two minor heads namely Directorate of Industrial Training and Craftsman Training Scheme.

The budget and expenditure of the DTTE for the years 2002-07 were as under:

Table 6.1: Budget vis-à-vis expenditure during 2002-07

Year	Modified Revised Estimates			Total Expenditure			Saving			Percentage Savings		
	Plan	Non-plan	Total	Plan	Non-plan	Total	Plan	Non-plan	Total	Plan	Non-plan	Total
2002-03	850.00	3583.15	4433.15	763.61	3465.18	4228.79	86.39	117.97	204.36	10.16	3.29	4.61
2003-04	710.00	3630.58	4340.58	652.56	3540.24	4192.80	57.44	90.34	147.78	8.09	2.49	3.40
2004-05	670.00	4015.44	4685.44	499.34	3884.44	4383.78	170.66	131.00	301.66	25.47	3.26	6.44
2005-06	800.00	4173.71	4973.71	717.76	4026.95	4744.71	82.24	146.76	229.00	10.28	3.52	4.60
2006-07	1224.00	4424.99	5648.99	1177.76	4379.63	5557.39	46.24	45.36	91.60	3.78	1.03	1.62
Total	4254.00	19827.87	24081.87	3811.03	19296.44	23107.47	442.97	531.43	974.40			

It may be seen that savings in the Plan Schemes had always been higher than the non plan schemes. The management needs to avoid savings under plan schemes since they constitute developmental expenditure.

6.6.2 Rush of Expenditure in March

General Financial Rules³ stipulate that rush of expenditure, particularly in the closing months of the financial year, shall be regarded as a breach of financial propriety and shall be avoided by keeping a close watch on the progressive expenditure of the DDOs on month to month basis.

The revenue expenditure (Plan) incurred by DTTE in March during 2002-07 was as under:

Table 6.2: Plan Expenditure: Rush of expenditure in March

Year	Training Wing		Technical Wing	
	Total Expenditure	Expenditure during March	Total Expenditure	Expenditure during March
2002-03	293.84	115.05 (39.15)	469.77	133.18 (28.35)
2003-04	236.72	119.29 (50.39)	415.84	223.06 (53.64)
2004-05	140.79	113.12 (80.35)	358.55	195.92 (54.64)
2005-06	254.38	172.64 (67.87)	463.38	206.55 (44.57)
2006-07	483.80	348.77 (72.09)	693.96	374.54 (53.97)

Figures in bracket indicate percentage of expenditure incurred in March

³ Rule 56(3) of General Financial Rules 2005

The technical wing of the DTTE had incurred 28 to 55 *per cent* of the revenue expenditure (Plan) in March alone during 2002-07. Similarly, the training wing also incurred 39 to 80 *per cent* of the revenue expenditure (Plan) in March alone during 2002-07.

Heavy rush of expenditure in March indicated that close watch over the trend of expenditure had not been exercised by the designated budget officers.

6.6.3 Delay in submission of budget estimates

DTTE was required to furnish statements of Revised Estimates (for the current financial year) and Budget Estimates (for the next financial year) in the prescribed proforma to the Finance (Budget) Department by August/September every year. It was, however, observed that rendition of these returns to the Finance Department during 2002-07 was delayed to the extent of 7 to 36 days and 7 to 25 days under the plan and non-plan heads respectively.

It was further observed in Audit that since calendar of returns was not being maintained, the Directorate was not able to ensure submission of schedules of new expenditure on due dates. Belated submission of budgetary returns restricts meaningful and timely scrutiny of estimates at higher level.

6.7 Cash Management

The Receipt and Payment Rules and General Financial Rules provide internal control measures in cash management. Out of ten offices test-checked, it was observed that:

- (i) monthly surprise verification of cash was not conducted in eight⁴ offices,
- (ii) un-disbursed balances of more than three months old were not credited into Government account in two⁵ offices,
- (iii) the cashiers in six⁶ offices did not furnish the requisite indemnity bonds
- (iv) stock registers of receipt books were not maintained in three⁷ offices, and

⁴ GNDP, GBPP, BTE, DTTE, ITID, ITIN, ITIP, BTC

⁵ PP, DTTE

⁶ GNDP, GBPP, DTTE, ITIM, PP, BTC

⁷ BTE, DTTE, ITIP

- (v) the case of embezzlement of caution money amounting to Rs.47,000/- during 2005-06 in one⁸ unit was yet to be finalized (August 2007).

The above instances are pointers to very weak internal controls in the area of cash management.

6.8 Manpower Management

The overall sanctioned strength *vis-à-vis* men-in-position of the DTTE and its institutes as on 31 March 2007 was as under:

Table 6.3: Sanctioned Strength *vis-à-vis* MIP as on 31 March 2007

Posts-wing	Sanctioned	Filled	Vacant	Vacancies in <i>per cent</i>
Ministerial	748	577	171	22.86
Polytechnics- Technical Posts	763	498	265	34.73
ITIs- Technical Posts	1035	674	361	34.88
Total	2546	1749	797	31.30

It could be seen that against 2,546 sanctioned posts in the whole Department, only 1,749 posts were filled leaving 797 posts (31 *per cent*) vacant. Apart from these vacancies, it was also observed that 17 technical employees (including 12 teachers) were working in diverted capacities; 15 were in the Directorate from its various institutes and two were working in other Departments of the Government of NCT of Delhi. This affected the posted strength of the Polytechnics and the ITIs.

Further, the position of technical staff (teaching and non-teaching) as on 31 March 2007 in eight institutes test checked was as under:

⁸ BTC

Table 6.4: Sanctioned Strength vis-à-vis Men-in-Position in Technical Posts

Name of the Polytechnic/ITI	Sanctioned Strength		Men-in-Position		Vacancies			
	Teaching	Non-Teaching	Teaching	Non-Teaching	Teaching	Per cent	Non-Teaching	Per cent
GBPant Polytechnic, Okhla	124	38	72	19	52	41.94	19	50.00
GND Polytechnic, Rohini	44	20	25	12	19	43.18	8	40.00
Pusa Polytechnic	118	19	59	14	59	50.00	5	26.32
Total Polytechnic	286	77	156	45	130	45.45	32	41.56
ITI Dheerpur	51	19	35	12	16	31.37	7	36.84
ITI Narela	36	7	24	6	12	33.33	1	14.29
BTC Pusa	50	11	28	9	22	44.00	2	18.18
ITI Malviya Nagar	36	9	26	7	10	27.78	2	22.22
ITI Pusa	131	14	82	8	49	37.40	6	42.86
Total ITI	304	60	195	42	109	35.86	18	30.00

The vacancies in teaching and non-teaching posts in polytechnic institutes ranged from 42 to 50 *per cent* and 26 to 50 *per cent* respectively, whereas, in ITIs it ranged from 28 to 44 *per cent* and 14 to 43 *per cent* respectively.

Large number of vacancies in teaching posts affected the results of polytechnics and ITIs during 2002-07. While the pass percentage in polytechnics during 2002-07 ranged from 24 to 54 *per cent* only, the situation was better in ITIs where it ranged from 53 to 72 *per cent*. The details are indicated in the table below:

Table 6.5: Students appeared and passed during 2002-07

Year	2002-03		2003-04		2004-05		2005-06		2006-07	
	Students appeared	Passed (per cent)	Students appeared	Passed (per cent)	Students appeared	Passed (per cent)	Students appeared	Passed (per cent)	Students appeared	Passed (per cent)
GBPant Polytechnic	381	112 (29.40)	380	126 (33.16)	376	70 (18.62)	378	121 (32.01)	302	155 (51.32)
GND Polytechnic	120	61 (50.83)	105	58 (55.24)	86	36 (41.86)	101	50 (49.50)	166	89 (53.61)
Pusa Polytechnic	380	141 (37.11)	365	182 (49.86)	356	87 (24.44)	381	173 (45.41)	407	231 (56.76)
Total Polytechnic	881	314 (35.64)	850	366 (43.06)	818	193 (23.59)	860	344 (40.00)	875	475 (54.29)
ITI Dheerpur	409	309 (75.55)	378	256 (67.72)	347	265 (76.37)	349	279 (79.94)	--RA--	--RA--
ITI Narela	200	168 (84.00)	217	167 (76.96)	291	181 (62.20)	261	171 (65.52)	279	182 (65.23)
BTC Pusa	--NA--	--NA--	--NA--	--NA--	96	93 (96.88)	90	88 (97.78)	--RA--	--RA--
ITI Malviya Nagar	254	185 (72.83)	177	111 (62.71)	253	144 (56.92)	209	156 (74.64)	--RA--	--RA--
ITI Pusa	739	492 (66.58)	785	333 (42.42)	741	527 (71.12)	744	502 (67.47)	842	407 (48.34)
Total ITI	1602	1154 (72.03)	1557	867 (55.68)	1728	1210 (70.02)	1653	1196 (72.35)	1121	589 (52.54)
Grand Total	2483	1468 (59.12)	2407	1233 (51.23)	2546	1403 (55.11)	2513	1540 (61.28)	1996	1064 (53.31)

--NA-- Not available, --RA--Results awaited

6.9 Inventory Controls

The General Financial Rules prescribe the procedure for procurement, storage and disposal of stores. A test-check of store records of 10 offices revealed that:

- (i) no annual physical verification was conducted in four⁹ offices (Rule 192 of GFR, 2005),
- (ii) none of the store keepers in 10 offices had furnished the requisite security/indemnity bonds,
- (iii) in one¹⁰ office scrap weighing 6,609 kg and in three¹¹ offices unserviceable stores amounting to Rs 12.05 lakh were awaiting disposal, and
- (iv) two UPS¹² (Rs. 2.57 lakh) purchased by an institute¹³ in the year 1994 and computer hardware purchased by another office¹⁴ in October 2006 at a cost of Rs. 4.55 lakh were lying in stores unused due to non-availability of lab.

6.10 Operational Controls

6.10.1 Inadequate and ineffective administrative control

(i.) The “Training Manual for Industrial Training Institutes and Centers” prepared by the Ministry of Labour, Government of India stipulate that the inspecting officers of the State Directorate of Training should visit the training institutes/centers as frequently as possible and inspect and advise on the training and the work of the trainees. It was, however, observed that out of 192 inspections due during 2002-07, only 44 (23 *per cent*) inspections were carried out. Shortfall in inspections clearly indicated inadequate supervision and control over the institutes. DTTE attributed (August 2007) the shortfall in inspections to shortage of staff.

(ii.) A case of misappropriation of Government money amounting to Rs.1.35 lakh in respect of ITI Malviya Nagar was pointed out in the Report of the Comptroller and Auditor General of India for the year ended March 2006.

⁹ GBPP, BTE, DTTE and ITIN

¹⁰ ITIM

¹¹ ITIM, ITIN, ITIP

¹² Un-interrupted Power Supply

¹³ GBPP

¹⁴ ITIN

As follow up, DTTE constituted inspection teams to check the status of Revenue Receipt in the ITIs. Of the 14 ITIs inspected between April and May 2007, the Revenue Receipts were found to be in order in only two ITIs. While eight ITIs did not show any records to the inspection teams, embezzlement and misappropriation of funds were detected in the rest of the four ITIs.

DTTE need to perform its internal oversight functions more intensely in order to eliminate the risks of fraud and corruption in the management of receipts and its accounting in the ITIs.

6.10.2 Placement of students in industry

The details of students who passed out of the eight selected Polytechnics/ ITIs and placed in various companies/departments during 2002-07 were as under:-

Table 6.6: Students passed *vis-à-vis* placed during 2002-07

Name of Institute	Total Students Passed	Total Students Placed	percentage of placement
GBPant Polytechnic, Okhla	584	667*	114.21
GND Polytechnic, Rohini	294	271	92.18
Pusa Polytechnic	814	866*	106.39
Total Polytechnic	1692	1804	106.62
ITI Dheerpur	265	128	48.30
ITI Narela	869	582	66.97
BTC Pusa	181	127	70.17
ITI Malviya Nagar	300	85	28.33
ITI Pusa	2261	2000	88.46
Total ITI	5016	2922	58.25

*Students who cleared with back paper also got placement.

Evidently, while the placement record in Polytechnics was exceptionally good, the success rate in ITIs was low, especially in ITI, Malviya Nagar where only 28 per cent of the students got placement during 2002-07.

ITI, Malviya Nagar stated in December 2007 that it was continuously sponsoring the trainees for placement throughout the year. However, after sponsoring the students for interviews in various companies, it did not get proper feedback about their selection/ placement either from companies or students.

6.10.3 Pending vigilance cases

The vigilance branch of DTTE deals with vigilance/disciplinary cases against the officials of the department in accordance with the extant rules. The details of vigilance cases registered, settled and pending during 2002-07 were as under:

Table 6.7: Pendency of vigilance cases

Year	Total cases registered	Cases finalised	Inquiry pending
2002-03	37	19	18
2003-04	21	17	4
2004-05	12	7	5
2005-06	8	5	3
2006-07	12	5	7
Total	90	53	37

While percentage of cases settled was only 59 percent, 41 per cent cases were still pending as of September 2007. It was further seen that disciplinary proceedings in five more cases pertaining to period prior to 2002 were also pending, out of which, one case pertained to 1988, whereas, in two other cases the officials have since retired from Government service.

6.10.4 Inadequate monitoring of the capital works

DTTE issues administrative approval and expenditure sanction in respect of capital works to be executed by the PWD for the technical and training institutes. The year-wise details of the number of sanctions issued by DTTE alongwith amount were as under:

Table 6.8: Expenditure sanctions issued under Capital Heads

Year	Training Wing			Technical Wing		
	Budget allocation	No. of Sanctions issued	Amount of the sanctions	Budget allocation	No. of Sanctioned issued	Amount of the sanctions
2002-03	100.00	28	99.85	150.00	28	139.69
2003-04	75.00	14	72.76	50.00	9	49.92
2004-05	70.00	9	67.91	50.00	10	50.18
2005-06	150.00	20	149.13	241.00	49	229.58
2006-07	150.00	19	155.04	150.00	16	149.79
Total	545.00	90	544.69	641.00	112	619.16

DTTE could not furnish any details to audit regarding the physical and financial progress of the capital works sanctioned by it at a total cost of Rs.11.64 crore during 2002-07, as the progress reports were either not received or appeared to have been obtained from the PWD. This clearly indicated inadequacies in monitoring and control over the progress of capital works.

6.10.5 Improper maintenance of service book

A Service Book in prescribed form is maintained by Head of Office for every Government employee (S.R. 196). Test check of 136 service books in 10 offices revealed that:

- (i) service verification was not recorded in 31 cases in six offices,
- (ii) the nominations for DCRG, GPF and CGEIS etc. were not found recorded in 39 cases in eight offices, and
- (iii) neither the service books were re-attested nor signed by the employees in all the 136 cases test checked.

6.10.6 Non-adjustment of advances

As per Rule 292 of the General Financial Rules, the officer drawing money for making advance payment to supplier of stores etc. is responsible for its adjustment within 15 days of its drawl. It was, however, noticed that advances aggregating Rs. 236.32 lakh pertaining to purchase of computers, LCD based projectors, printers, SIT RF based band equipment etc. were outstanding in seven¹⁵ offices since February, 2003 due to non-receipt of final bills.

6.10.7 Missing/unreturned library books.

Test check revealed that in three¹⁶ offices, library books valuing Rs. 1.02 lakh were either found missing during physical verification or were unreturned since 1996 but final action was yet to be taken by the respective offices.

6.11 Directorate of Internal Audit

The Directorate of Internal Audit (DIA) is headed by the Principal Secretary (Finance) who is the ex-officio Director of Audit. He is assisted by one Deputy Director and 21 Senior Accounts Officers/Accounts officers. The sanctioned strength of the Directorate was 166 out of which 139 posts were filled up. Out of these, 15 were working in the Finance Accounts and Budget Section of the Finance Department and 23 were working in diverted capacity in other Departments. The DIA operated 16 internal audit parties as on 31 March 2007.

The DIA is responsible for the internal audit of the Principal Accounts Office, Pay and Accounts Offices, Drawing and Disbursing Officers as well as all the departments of the Government of Delhi. The Directorate also carries out special audits as may be directed from time to time by the Principal Secretary (Finance).

¹⁵ GNDP, BTE, ITIP, ITID, ITIM, ITIN, DTTE

¹⁶ PP, GNDP, ITID

6.11.1 Audit coverage, periodicity and planning

There were 1,985 units under the audit jurisdiction of the DIA as on 31 March 2007. As per para 3.1.2 of the Manual of Internal Audit of the DIA, an annual plan is to be drawn up in such a manner as to ensure that each auditee unit is inspected at least once in a period of 18 months. The units actually covered during the period 2002-07 were as below:

Table 6.9: Audit coverage by Directorate of Internal Audit

Year	Units audited			
	Target	Actual	Deficit	
			Number	Per cent
2002-03	320	259	61	19.1
2003-04	337	347	-	-
2004-05	350	310	40	11.4
2005-06	335	295	40	11.9
2006-07	387	352	35	9.04
Total	1729	1563	176	

There was a continuing shortfall in units covered with reference to targets set every year during the period 2002-07 (except in 2003-04) which ranged from 9.04 *per cent* to 19.1 *per cent*. The DIA stated (August 2007) that the backlog of coverage was due to shortage of staff.

6.11.2 Non-compliance of internal audit paras

The year-wise break-up of outstanding paras as on 31 March 2007 was as under:

Table 6.10: Outstanding audit objections

Year	Paras					
	Opening balance	Additions		Settled		Closing balance
		Number	Per cent	Number	Per cent	
2002-03	40440	1704	4.21	1291	3.19	40853
2003-04	40853	2249	5.51	1711	4.19	41391
2004-05	41391	1410	3.41	1557	3.76	41244
2005-06	41244	1529	3.71	1521	3.69	41252
2006-07	41252	1521	3.69	2081	5.04	40692

The number of outstanding paras increased from 40,440 in April 2002 to 40,692 in March 2007. The percentage of additions during these five years ranged from three to six *per cent* as against the settlement that ranged from three to five *per cent*. Some of the paras were outstanding since 1976-77. The DIA stated that efforts were being made through Internal Audit Committee

Meetings to reduce the pendency. The departments with the maximum number of internal audit objections pending as on 31 March 2007 were:

Table 6.11: Departments with pending internal audit objections

Sl. No.	Department	No. of Paras outstanding
1.	Directorate of Education	22,731
2.	Directorate of Social Welfare	4,054
3.	Directorate of Trg. & Tech. Education	978
4.	Directorate of Higher Education	784
5.	Divisional Commission Office	690
6.	Irrigation & Flood Control	597
7.	Directorate of Health Services	512
8.	Hospitals	433

The outstanding paras in respect of DTTE increased from 978 (March 2007) to 1011 (August 2007), out of which, 571 paras pertained to various ITIs, 342 to various Polytechnics, 98 to DTTE and Board of Technical Education. Some of these paras pertained to year 1976-77 *i.e.* 30 years old.

The outstanding recoveries in respect of all units covered by the DIA also increased from Rs.4.73 crore as on 31 March 2003 to Rs.8.52 crore as on 31 March 2007 as under:

Table 6.12: Outstanding recoveries

(Rupees in lakh)				
Year	Outstanding recoveries pertaining to period prior to 2002-03	Total Amount of recoveries detected by Internal Audit Wing	Amount realized	Total recoveries outstanding
2002-03	348.41	160.27	35.61	473.07
2003-04	473.07	130.75	54.03	549.79
2004-05	549.79	214.01	97.81	665.99
2005-06	665.99	196.72	*80.08	*782.63
2006-07	782.63	150.33	80.59	852.37

* The figures pertaining to 2005-06 have been corrected by the DIA

The institutions/departments where substantive amount of recoveries were pending were as follows:

Table 6.13: Departments with pending recoveries

(Rupees in lakh)		
Sl. No.	Name of the Department	Amount outstanding for recovery as on 31 March 2007
1.	Dte. Of Education	467.29
2.	Dte. of Higher Education	104.97
3.	Dte. of Social Welfare	32.73
4.	Public Works Department	30.30
5.	Irrigation & Flood Control	30.05
6.	Divisional Commissions	17.25
7.	Delhi Police	16.96

The DIA could not furnish the year-wise break-up of the pending recoveries. It, however, stated that District level audit camps were held during 2006-07 in which over 1000 paras with huge recoveries were settled in respect of Education Department.

Large number of pending internal audit paras and huge financial recoveries indicated lack of seriousness on the part of the audited entities and the administrative departments in dealing with the findings of internal audit.

6.11.3 Special audits undertaken by the Directorate of Internal Audit

The year-wise outcome of special audits conducted by the DIA during the period 2002-03 to 2006-07 on the directions of Principal Secretary (Finance) and money value involved therein was as under:

Table 6.14: Special audits

Year	Number of special audits conducted	Money value detected (Rs. in lakh)	Amount recovered (Rs. in lakh)	Balance (outstanding as on 31 March) (Rs. in lakh)
Prior to 2002-03	--	*110.27	--	*110.27
2002-03	21	0.40	-	0.40
2003-04	08	-	-	-
2004-05	14	3.44	-	3.44
2005-06	15	2.62	0.28	2.34
2006-07	11	-	-	-
Total	69	116.73	0.28	116.45

* This is as per C&AG's Report for the year ended March 2006 in respect of NCT of Delhi.

The outstanding recoveries as on 31 March 2002 amounted to Rs.110.27 lakh, which increased to Rs.116.73 lakh by 31 March 2007. But, the progress of

recovery was dismal, as over a period of five years, only in one year (2005-06) a recovery of Rs.0.28 lakh (0.24 per cent) could be effected.

In 2006-07, the DIA conducted the special audit of receipts at Kasturba Polytechnic for Women, Pitampura. During audit it was observed that no regular checks as prescribed in the Receipt and Payment Rules had been exercised by the Head of office and entries were also not authenticated as soon as the transactions occurred. Absence of effective internal controls in the institute led to short-deposit of money amounting to Rs.2.07 lakh.

6.11.4 Manual of Internal Audit

The Manual of Internal Audit had not been updated since 1989.

The DIA informed (August 2007) that updation of Manual of Internal Audit was under progress.

6.11.5 Compliance to statutory audit

6.11.5.1 Response of the department to inspection reports

One of the essential functions of an Internal Audit Wing is to monitor compliance to observations of external audit. Each department, office and undertaking of the Government of Delhi is audited by the Accountant General (Audit), Delhi who functions under the auspices of the Comptroller and Auditor General of India. Audit observations raised during local audit and not settled during the course of audit are communicated to heads of offices through Inspection Reports. The heads of offices are required to furnish replies to the Inspection Reports within four weeks. The position of outstanding audit observations as on 31 March 2007 was as under:

Table 6.15: Outstanding Audit Observations

Sl. No.		Civil	Revenue	Commercial	Total
1.	Number of Inspection Reports pending settlement.	967	447	16	1430
2.	Number of outstanding audit observations	3,378	4,145	35	7,558
3.	Money value of objections/Revenue involved (Rupees in crore)	324.70	1175.06	--	1499.76

Table 6.16: Details showing age wise break-up of outstanding Audit Observations

Period	Civil		Revenue		Commercial		Total	
	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras
One year old	217	963	80	878	9	25	306	1866
2-5 years old	563	1980	300	2867	7	10	870	4857
6-10 years old	96	259	67	400	0	0	163	659
More than 10 years old	91	176	0	0	0	0	91	176
Total	967	3378	447	4145	16	35	1430	7558

Out of 7,558 paras that were outstanding for want of compliance, 176 paras were more than 10 years old. Efforts need to be intensified by both the Finance department as well as the respective administrative departments to submit compliance to audit observations expeditiously in a time bound manner.

6.11.5.2 Response of the departments to draft paragraphs

Draft paragraphs and performance audits proposed for inclusion in the Audit Reports are specifically forwarded to the Principal Secretary/Secretary of the administrative departments concerned through demi-official letters seeking confirmation of facts and their comments within a period of six weeks. The position of receipt of replies to draft paras/performance audit reports forwarded to various departments between April 2007 and November 2007 was as follows:

Table 6.17: Response to draft paragraphs and Performance Audits

Departments	Number of paragraphs/ Performance audits sent		Replies received from Management/ Government	
	Paras	Performance Audits	Paras	Performance Audits
Civil Department	10	3	Nil	1
Revenue Department	15	1	13	1
Government Companies/ Corporations	3	1	3	1

6.12 Conclusion

The budgetary and expenditure controls were not adhered to, as there were persistent savings against budgeted provisions. Close watch over the trend of expenditure had not been exercised. Due to poor manpower management, key posts in the DTTE and its institutes remained vacant for years together, while services of other staff were not gainfully utilized. Shortfall in inspections indicated inadequate supervision and control over the institutes. Monitoring of capital works was not effective. Backlog in pendency of outstanding objections indicated non-seriousness of the management. Internal Audit Manual had not been updated regularly.

6.13 Recommendations

The Government may consider the following to strengthen its Internal Control System:

- *Adherence to the provisions of the financial rules and procedures may be ensured.*
- *Effective control may be exercised to curb rush of expenditure in the month of March.*
- *Vacancies in the teaching posts may be filled up early in order to improve the result of the students.*
- *Physical and financial progress of capital works may be monitored at regular intervals.*
- *There should be an effective system of stringent monitoring of pending audit observations of both internal and statutory audits.*
- *Internal Audit Manual should be updated.*

New Delhi

Dated:

(P. K. MISHRA)

Accountant General (Audit), Delhi

Countersigned

New Delhi

Dated:

(VINOD RAI)

Comptroller and Auditor General of India