

CHAPTER – IV

AUDIT OF TRANSACTIONS

LOCAL ADMINISTRATION DEPARTMENT

4.1 Avoidable expenditure due to delay in repayment of loan

Failure in timely repayment of loan led to avoidable expenditure of Rs.66.40 lakh towards compound interest.

The Local Administration Department (LAD) obtained housing loans of Rs.107.94 crore during 1998-99 to 2000-01 from Life Insurance Corporation (LIC) of India, Bombay for providing housing loan to Government employees and private individuals under Rural Housing and General Housing Schemes. According to the agreements entered into between the LIC and the Government of Mizoram, the loans were to be repaid in 20 to 25 years in equal annual/half yearly instalments on 15 May and 15 November of each year as prescribed in the respective agreements. The borrower (Government of Mizoram) would pay interest at the prescribed rate ranging from 10.25 *per cent* to 11 *per cent* payable in instalment alongwith the instalment of principal. The agreement further stipulated that if any instalment of principal or interest was not paid on the due date, compound interest at the rate at which the loan was released by LIC would be levied on the entire amount of unpaid instalment of principal and/or interest, as the case may be.

Scrutiny (September 2003) of records of the LAD, Mizoram, Aizawl revealed that the department failed to make payment of instalments due in May 2000, November 2000 and May 2001 and made payment of Rs.17.50 crore^Ψ between March 2001 and June 2001 towards principal and interest which included additional compound interest of Rs.66.40 lakh, besides normal interest accrued on due date. The reason for not making payment of the instalment of principal and interest to LIC on due dates was not on record.

Thus, failure in timely repayment of loan led to avoidable expenditure of Rs.66.40 lakh towards compound interest. In order to control the increasing fiscal deficit problem prevailing in the State for last several years, the

^Ψ Date of payment	Principal	Normal interest	Further interest for delay	Total
10.3.2001	Rs.179.47 lakh	Rs.680.24 lakh	Rs. 3.76 lakh	= Rs.863.47 lakh
21.6.2001	Rs.364.39 lakh	Rs.459.83 lakh	Rs.62.64 lakh	= Rs.886.86 lakh
Total	Rs.543.86 lakh	Rs.1140.07 lakh	Rs.66.40 lakh	Rs.1750.33 lakh i.e Rs17.50 crore

department should take appropriate steps to avoid undertaking of such extra financial burden on the State exchequer.

The Government while accepting the fact stated (August 2004) that the repayment of loan could not be made in time due to financial constraints prevailing in the State.

RURAL DEVELOPMENT DEPARTMENT

4.2 Unauthorised expenditure from DRDA Administration fund

Expenditure of Rs.32.48 lakh incurred for purchase of vehicles and construction of buildings was unauthorised as it violated the provision of DRDA Administration guidelines.

According to guidelines on District Rural Development Agency (DRDA) Administration, the funds placed under the scheme shall not be utilised for any programme funding or for non-admissible items of expenditure such as construction of buildings and purchase of vehicles. The Government of India (GOI), Ministry of Rural Development while releasing DRDA Administration fund for 1999-2000 also stated (February 2000) that the utilisation of funds should be in accordance with DRDA Administration guidelines and the expenditure should be shared between the Centre and State on 75:25 basis.

Scrutiny of records of the Project Director (PD), DRDA, Kolasib revealed (January 2004) that the office at Kolasib which started functioning in January 2000 received an amount of Rs.15.70 lakh being Central share of DRDA Administration fund in 1999-2000. Since the amount was received by the end of the year it could not be utilised in 1999-2000. The State share of Rs.5.23 lakh for 1999-2000 was released during 2000-01. In addition, an amount of Rs.24.15 lakh (Central Share: Rs.18.11 lakh and State Share: Rs.6.04 lakh) was also received (August and December 2000) by the PD towards DRDA Administration fund for the year 2000-01. Out of the total amount of Rs.45.08 lakh received during 1999-2000 and 2000-01, Rs.15.87 lakh was spent for purchase of two vehicles (Rs.7.87 lakh) and for construction of DRDA conference hall and IT Centre (Rs.8 lakh) without obtaining any approval of the Government of India/State Government. This violated the provision of the DRDA Administration guidelines.

On this being pointed out (January 2004), the PD stated (January 2004) that the vehicles were procured for four gazetted officers, (who would be appointed in near future) for smooth functioning of the office, and for efficient implementation of the schemes. He further added that the construction of building was done out of DRDA Administration fund as there was no building

available for hire in Kolasib. The reply is not tenable as the scheme prohibits incurring of such expenditure out of DRDA Administration fund. The Government also accepted the fact in December 2004.

Similarly, scrutiny of records (September 2003) of the Project Director (PD), DRDA, Champhai revealed that the office at Champhai which was created in January 2000 and started functioning in April 2000 received an amount of Rs.15.70 lakh and Rs.18.11 lakh being Central share of DRDA Administration fund for the years 1999-2000 and 2000-01 respectively. The State share of Rs.11.27 lakh for 1999-2000 (Rs.5.23 lakh) and 2000-01 (Rs.6.04 lakh) was released during 2000-01. Out of the total amount of Rs.45.08 lakh received during 1999-2000 and 2000-01, Rs.16.61 lakh was spent (between August 2000 and February 2001) for purchase of two vehicles (Rs.9.61 lakh) and for construction of DRDA conference hall (Rs.7 lakh) without obtaining any approval of the Government of India/State Government. This was accepted by the Government (October 2004). As this violated the provision of the DRDA Administration guidelines, the expenditure of Rs.16.61 lakh was unauthorised.

AGRICULTURE DEPARTMENT

4.3 Avoidable expenditure

Purchase of 50 kgs of chilly seeds and 200 kgs of onion seeds at abnormally higher rates led to extra expenditure of Rs.19.86 lakh.

The Departmental Purchase Advisory Board (DPAB) of Agriculture Department, Government of Mizoram in its meeting held on 6 March 2002 selected/approved 10 firms for procurement of different seeds as per their printed price list.

Scrutiny (July 2003) of records of the Director of Agriculture, Mizoram, Aizawl revealed that the Directorate during June 2002 purchased 50 kilograms (kgs) of Chilly (Hybrid) seeds and 200 kgs of onion (Pusa red) seeds at the rate of Rs.28,000 per kg and Rs.3,200 per kg respectively from M/s Seminis Vegetable Seed (India) Ltd. (SVSL), Aurangabad and paid Rs.20.40 lakh to the firm between October 2002 and February 2003. The basis of selection of supplier (SVSL) was not on record. Moreover, the price list of the supplier (SVSL) also could not be made available to audit.

According to the price list of the approved firm National Seed Corporation (NSC) (a Government of India Undertaking), Guwahati, the maximum retail prices of different varieties of chilly seeds ranged between Rs.300 and Rs.360 per kg while that of onion seeds was Rs.180 per kg, which were far below the prices at which these seeds were procured. Had the Department resorted to

purchase of seeds from the NSC (which was approved by the DPAB), it could have avoided an extra expenditure of Rs.19.86 lakh*.

The matter was reported to the Department/Government (August 2003); their reply had not been received (October 2004).

HORTICULTURE DEPARTMENT

4.4 Injudicious expenditure

Injudicious expenditure of Rs.18.64 lakh due to delayed supply of 1097 quintals of potato seed tubers and poor germination of seeds.

To implement Potato Development Scheme under State Plan 2002, the Director of Horticulture, Mizoram placed (January 2002) a supply order with M/s North Eastern Regional Agricultural Marketing Corporation, Agartala for supply of 1100 quintals of potato seed tubers (Kufri-jyoti variety) at the rate of Rs.1700 per quintal fixing the last date for delivery as 15 February 2002 for distribution amongst the beneficiaries at subsidised rate of Rs.6 per kg. The Corporation had intimated (January 2002) that the dormancy of the seed would be over by third week of February 2002 and as such seeds should be sown between fourth week of February and first week of March 2002. This information was conveyed by the Director to the concerned field officers in January 2002.

Scrutiny of records (February 2004) revealed that the Corporation supplied 1097 quintals of potato seed tubers valued at Rs.18.64 lakh between March 2002 and April 2002 *i.e.*, after the dormancy and sowing period of the seeds were over and the payment was made to the Corporation in December 2002. It was noticed in audit that the entire quantity of seeds received was distributed to the beneficiaries/Divisional Horticulture Officers/Sub-Divisional Horticulture Officers under three divisions of Khawzawl (777 quintals), Lunglei (135 quintals) and Saiha (185 quintals) between March 2002 and April 2002 immediately on its receipt. No payment was collected from the beneficiaries.

The implementation and harvesting report (October 2002) envisages that the area cultivated in Khawzawl and Lunglei divisions were 39 ha. and 6.75 ha.

* Price of Chilly seeds (at maximum rate) Rs.360 per kg X 50 kg	=	Rs.18,000
Price of Onion seeds @ Rs.180 per kg X 200 kg	=	Rs.36,000
	Total	<u>Rs.54,000</u>

Extra expenditure incurred : Rs.20,40,000 – Rs.54,000 = Rs.19,86,000
Say Rs.19.86 lakh

respectively against which the yield were 1570.98 quintals and 356.9 quintals. As regards the yield of potato covering 9.25 ha. in Saiha Division, the Director stated (February 2004) that the quantity produced in the division could not be obtained due to severe infestation of late blight of potato.

According to the State Government norms the production of potato in Mizoram for all varieties (Early/Medium/Late) ranges from 100 to 500 quintals per hectare. Thus, taking the average yield of 300 quintals per hectare, the potato produced in 45.75 hectare covered by Khawzawl and Lunglei divisions should have been 13,725 quintals against which only 1927.88 quintals was produced which was far below (14 *per cent*) the norm. The low production was attributed (October 2002) by the Divisional Horticulture Officers to late receipt and poor germination of seeds. The huge shortfall in production (86 *per cent*) culminated in partial fulfilment of the objective of the scheme.

Thus, the expenditure of Rs.18.64 lakh was not only injudicious but also proved unfruitful due to late receipt and poor germination of seeds. Moreover, subsidy to the tune of Rs.6.58 lakh¹ recoverable from the beneficiaries, had also not been recovered thereby causing loss to Government to that extent.

The matter was reported to the Government in February and June 2004; reply had not been received (October 2004).

DEPARTMENT OF SPORTS AND YOUTH AFFAIRS

4.5 Fictitious expenditure

Fictitious expenditure of Rs.8.28 lakh was incurred by the Mizoram State Sports Council for construction of an outdoor stadium at Ramhlun.

The Government of India, Ministry of Youth Affairs and Sports sanctioned (August 2000) Rs.27 lakh for construction of an outdoor stadium at Ramhlun, Aizawl on the basis of an estimate of Rs.42.60 lakh prepared by the Mizoram State Sports Council (MSSC) in November 1999. The balance amount of Rs.15.60 lakh was to be provided by the State Government. The entire amount of Rs.42.60 lakh was released to the MSSC between December 2000 and March 2003 and the MSSC took up the work departmentally in December 2000 and completed it in November 2003 by incurring an expenditure of Rs.42.60 lakh.

Scrutiny of records of the Secretary, MSSC, Aizawl revealed (June 2004) that out of eight items of work, two items *viz.*, (i) Construction of Pavilion cum

¹ $1097 \text{ quintals} \times \text{Rs.6 per kg} \times 100 = \text{Rs.6,58,200}$ Say Rs.6.58 lakh

Changing Room (Rs.4.96 lakh) and (ii) Construction of Spectator's Gallery (Rs.3.32 lakh) were executed during March-September 2003 as recorded in the final bill of the work. Though the work was done departmentally, no Muster Roll bill showing the number of labourers engaged was prepared. Further, there was no record of purchase and issue of material. The Council also furnished (January 2004) utilisation certificate along with a copy of the audited statement of accounts to Government of India in respect of outdoor stadium showing therein the completion of execution of the whole work as per the estimate. Subsequently, in reply to an audit query, the MSSC stated (June 2004) that these items of work were not executed from the released fund of Rs.42.60 lakh due to meagre Central fund allotment in respect of land development of the playground and was taken up for execution through a contractor under NEC scheme. But the contention of the Council is not tenable as land development work was also shown to have been completed based on the estimated quantum of work.

Thus, it is evident that the payment of Rs.8.28 lakh was made without actual execution of work and the measurement recorded in the Measurement Book was fictitious. Consequently, the utilisation certificate furnished to the Government of India in January 2004 was also fictitious.

The matter was reported to the Department/Government in July 2004; reply had not been received (October 2004).

PUBLIC WORKS DEPARTMENT

4.6 Irregular payment to a contractor

Payment of Rs.16.31 lakh being price escalation right from the date of commencement of the work was in violation of the provision of the agreement.

The work 'Construction of Saikuti Hall, Lunglei' at an estimated cost of Rs.2.50 crore was awarded (March 1995) to a local contractor at his tendered value of Rs.3.07 crore. An agreement was entered (April 1995) with the contractor to complete the work within 30 months (*i.e.*, by 23 September 1997) without any provision for making payment towards price escalation. The estimate was subsequently revised to Rs.8.85 crore on the ground of increase in the cost of materials and labour, to which expenditure sanction was also accorded (August 2003) by the Government. The work commenced on 3 April 1995. The civil works of building was completed in August 2003 and the electrical and other ancillary works were in progress. A total expenditure of Rs.6.04 crore was incurred upto 31 July 2004.

Scrutiny of records (September–October 2002) of the Executive Engineer (EE), Lunglei Building Division followed by collection of further information in August 2003 and June 2004 revealed that based on an application submitted (May 2000) by the contractor praying for payment of price escalation, Rs.16.31 lakh was paid (June 2000) to him towards cost of materials and labour relating to the portion of the work already executed by him during May 1995 to May 1999 and payment was also made to him as per terms and conditions of the agreement. The estimate was revised (July 1999) to Rs.8.85 crore by incorporating some additional items of work which was sanctioned by the Government in August 2003 and the work was in progress till date of audit (July 2004). As the price escalation was neither demanded by the contractor at the time of execution of portion of work/receiving payment (May 1995 to May 1999) thereagainst nor it was allowable as per provision of the agreement made with him, the payment of Rs.16.31 lakh towards price escalation right from the date of commencement of the work was not only irregular but also violative of the spirit of the agreement made with the contractor.

The matter was reported to the Government in December 2002 and March 2004; reply had not been received (October 2004).

4.7 Extra avoidable expenditure on procurement of bitumen at higher rate

Irregular procurement of bitumen from an unregistered dealer at higher rate led to extra expenditure of Rs.14.54 lakh.

Quality Control Division, Aizawl is the Central Store Division of the Public Works Department catering to the needs of all Divisions of the State. The Division procures bitumen by placing indents directly with the manufacturers of the product *viz.*, Indian Oil Corporation Limited (IOC)/Hindustan Petroleum Corporation Limited (HPC).

Test check (August and October 2003) of records of Public Works Road Division, Lunglei and Project Division No.1, Aizawl revealed that between December 2002 and March 2003, the Chief Engineer (CE), PWD, Zone-I, Mizoram, Aizawl, despite availability of bitumen with the Quality Control Division (QCD), Aizawl and also with the IOC, placed five supply orders with an Aizawl based dealer for supply of 266.46 MT of Haldia 60/70 grade bitumen (176.46 MT to Project Division No.1, Aizawl and 90 MT to PWD Road Division, Lunglei) at the rate of Rs.13,699.60 per MT ex-Haldia inclusive of all taxes. The dealer supplied (between March and December 2003) 266.46 MT of bitumen and an amount of Rs.60.05 lakh (including transportation charges) was paid to him. It was ascertained by audit that the required grade of bitumen was available with the IOC throughout the period.

Moreover, the QCD had a stock balance of 248.87 MT and 131.82 MT of bitumen during February and March 2003 respectively and the issue rate of bitumen during the period was Rs.16,730 per MT for Aizawl and Rs.17,787.50 per MT for Lunglei after adding the transportation charges from Aizawl to Lunglei. As compared to this, the rates paid by the Division to the private dealer were Rs.22,185.72 and Rs.23,243.22 per MT for Aizawl and Lunglei respectively. Thus, due to the arbitrary decision of the CE to purchase 266.46 MT of bitumen from a private dealer, the Department had to incur an extra avoidable expenditure of Rs.14.54 lakh*. Moreover, even if the bitumen had been procured at the prevailing manufacturers price of Rs.14,012.79 per MT + CST + transportation charges, the Department would have saved Rs.14.38 lakh**. The case needs to be investigated for appropriate action.

The matter was reported to the Government in December 2003 and January 2004; reply had not been received (October 2004).

4.8 Extra expenditure incurred by the Executive Engineer, National Highway Division-II, Aizawl

Inflated recording of measurement showing the excess execution of 186.07 cum of bituminous macadam work led to extra expenditure of Rs.12.28 lakh.

The Government of India, Ministry of Road Transport and Highways accorded (July 2001) Administrative approval and Technical sanction to the work "Improvement of Riding quality from 38-43 km, 49-50 km and 54-60 km of NH-150 in stretch of 12.0 km in Mizoram" at an estimated cost of Rs.2.91 crore. The Executive Engineer, National Highway Division-II, Aizawl awarded (October 2001) the work to the lowest tenderer at his quoted price of Rs.2.44 crore. The work was completed in October 2002 at a total cost of Rs.2.51 crore. The estimate of the work provided *inter alia* execution of the items "Providing and applying tack coat on the prepared surface, etc." on a total surface area of 49,500 sqm and "Providing and laying of bituminous macadam on prepared surface etc." with 50 mm compacted thickness for a total quantity of 2722.50 cum {49,500 sqm x 0.05 m + 10 per cent profile corrective course (PCC)} @ Rs.6600 per cum.

*	$176.46 \text{ MT} \times (\text{Rs.}22,185.72 - \text{Rs.}16,730) \text{ per MT} = (\text{for Aizawl})$	Rs. 9,62,716
	$90 \text{ MT} \times (\text{Rs.}23,243.22 - \text{Rs.}17,787.50) \text{ per MT} = (\text{for Lunglei})$	<u>Rs. 4,91,015</u>
		Rs.14,53,731
**	$176.46 \text{ MT} \times (\text{Rs.}22,185.72 - \text{Rs.}14,012.79 - \text{Rs.}560.51 - \text{Rs.}1878)$	
	<i>per MT for Aizawl</i>	Rs.10,11,896
	$90 \text{ MT} \times (\text{Rs.}22,243.22 - \text{Rs.}14,012.79 - \text{Rs.}560.51 - \text{Rs.}2935.50)$	
	<i>per MT for Lunglei</i>	<u>Rs. 4,26,098</u>
		Rs.14,37,994

Test check (September 2003) of records of the Division revealed that the item "Providing and applying tack coat on the prepared surface, etc." was executed on a total surface area of 47,371.80 sqm. Consequently, the item "Providing and laying of bituminous macadam on prepared surface, etc." was to be executed for a total quantity of 2605.45 cum (47371.80 sqm x 0.05 m + 10 per cent PCC) at the approved compacted thickness of 50 mm. The firm, however, executed 2791.521 cum of bituminous macadam on the same prepared surface resulting in an inflated recording of measurement showing excess execution of 186.07 cum (2791.521 cum – 2605.450 cum) of bituminous macadam and hence the Division incurred an extra expenditure of Rs.12.28 lakh (186.07 cum x Rs.6600 per cum). As the work was completed with execution of surface area of 47371.80 sqm, the bituminous macadam work should have been executed on the same surface area. The reason for the variation was not on record.

The matter was reported to the Government in November 2003; reply had not been received (October 2004).

4.9 Irregular local purchase of materials at higher rate led to extra avoidable expenditure

Irregular and unauthorised local purchase of materials by the Executive Engineer resulted in extra avoidable expenditure of Rs.9.55 lakh.

According to Rule 103 of General Financial Rules, purchases shall be made in the most economical manner after verification of competitive rates in the market to safeguard the interest of Government. Item 31 of Appendix-I attached to the CPWD Manual Volume II, *inter-alia*, prescribes the power assigned to the Executive Engineer regarding local purchase of stores, not borne on DGS & D rate specifying the limit of Rs.30,000 per item subject to a ceiling of Rs.3,10,000 per annum.

Quotations were invited (4 October 2002) by the Executive Engineer, PWD, Aizawl Road South Division fixing the last date for receipt of quotations as 24 October 2002 for supply of size stones (25 x 25 x 25 cm). Since no quotation was received, the Executive Engineer, PWD, Aizawl South Division approved (14 November 2002) the rate of Rs.25 per cum which was, on the same day, subsequently changed to Rs.15 per piece for supply of size stones (25 x 25 x 25 cm) to the Division on the basis of prevailing market rate. The fact was also confirmed (May 2004) by the Superintending Engineer (SE), Building Circle, PWD, Aizawl.

Test check of records revealed (October-November 2003) that between December 2002 and May 2003, the Executive Engineer, PWD Road South Division, Aizawl incurred an expenditure of Rs.23.86 lakh for procurement of 95,456 sized stones (25 x 25 x 25 cm) from various local suppliers at the rate

of Rs.25 per piece by charging the expenditure to different works in and around Aizawl against the approved rate of Rs.15 per piece. This resulted in an extra avoidable expenditure of Rs.9.55 lakh for purchase of sized stones at higher rates. Moreover, the Executive Engineer is not empowered to make local purchase of stores exceeding Rs.3.10 lakh per item per year. As such, the entire transaction was unauthorised and irregular.

The matter was reported to the Government in January 2004; reply had not been received (October 2004).

4.10 Extra expenditure owing to excess utilisation of firewood/bitumen beyond the prescribed norms

Lack of proper supervision at the divisional level led to excess utilisation of firewood/bitumen valued Rs.7.21 lakh.

According to the norms prescribed (January 2000) by the Chief Engineer (CE), Public Works Department, Zone-II, Mizoram, Aizawl, 3.380 quintals of firewood and 0.376 tonnes of bitumen are required for execution of 100 sqm area of 2.5 cm thick premix carpet and seal coat.

Test check of records (February 2004) of Mamit Public Works Division revealed that between May 2001 and March 2003, the Division departmentally executed 62,700 sqm of the work 'Construction of Rawpuichhip to Buarpui Road (Premix carpeting and seal coat – Phase I (0-10 km) and Phase II (10-30 km)' by utilising 3976.25 quintals of firewood and 273.09 tonnes of bitumen against the actual requirement of 2119.26 quintals of firewood and 235.752 tonnes of bitumen respectively. Thus, there was an excess utilisation of 1856.99 quintals (3976.25–2119.26) of firewood and 37.338 tonnes (273.090–235.752) of bitumen over the prescribed norms. The excess consumption of materials due to lack of proper supervision at the divisional level during execution of the work thus resulted in an extra expenditure of Rs.7.21 lakh². The reasons for excess utilisation of materials were not on record.

The matter was reported to the Government in May 2004; reply had not been received (October 2004).

² 1856.99 quintals of firewood @ Rs.140 per quintal Rs.2,59,978.60
37.338 tonnes of bitumen @ Rs.12,339.38 per tonne Rs.4,60,727.77
Rs.7,20,706.37
i.e., Rs.7.21 lakh

4.11 General

Follow-up on Audit Reports

Non-submission of Explanatory (Action taken) Notes

With a view to ensuring accountability of the executive in respect of all the issues dealt with in various Audit Reports, the Finance Department (Government of Mizoram) instructed (August 1993), all Government departments to submit explanatory notes on paragraphs and reviews included in the Audit Reports indicating action taken or proposed to be taken, without waiting for any notice or call from Public Accounts Committee/Committee on Public Undertakings. The departments were also required to furnish necessary replies to concerned authorities within a definite time frame.

Review of department-wise submission of replies and ATNs (as of October 2004) on paragraphs and reviews included in the Audit Reports of the Comptroller and Auditor General of India, revealed the following:

Various departments of the State Government had not submitted replies on 36 paragraphs and seven reviews in respect of Civil and Work departments featured in the Audit Reports for the years 1996-97 to 2002-03. The details are given in *Appendix - XX*.

Various departments also failed to submit ATNs of 10 paragraphs/reviews pertaining to Civil and Work departments for the years 1994-95, 1995-96, 1996-97 and 2000-2001. The details are given in *Appendix - XXI*.

Thus, failure of the respective departments to comply with the instructions of the State Finance Department frustrated the objectives of ensuring accountability of the executive.

4.12 Lack of response to Audit

Accountant General (Audit) (AG)/Principal Accountant General (Audit) (PAG) arranges to conduct periodical audit inspections of the Government department to test-check the transactions and verify maintenance of important accounting and other records as per prescribed rules and procedures. These inspections are followed up with Inspection Reports (IRs). Handbook of Instructions for speedy settlement of audit observations/IRs *etc.*, issued by Government in Finance and Planning Department provides for prompt response by the executive to the IRs issued by the AG/PAG to ensure rectificatory action in compliance of the prescribed rules and procedures and accountability for the deficiencies, lapses, *etc.*, noticed during his inspection. A half yearly report of pending IRs is sent to the Secretary of the Department

concerned to facilitate monitoring of the audit observations and its disposal. The Heads of offices and next higher authorities are required to comply with the observations contained in the IRs and rectify the defects promptly and report their compliance to the AG/PAG.

At the end of June 2004, 430 IRs issued up to March 2004 were not settled as shown below:

	As at the end of		
	June 2002	June 2003	June 2004
Number of IRs	651	417	430
Number of Paragraphs	2284	1424	1804

Of the 430 IRs (1804 paragraphs) which were pending as on 30 June 2004, even first replies had not been received in the case of seven IRs (71 paragraphs). The year-wise and Department-wise breakup of these IRs and paragraphs is indicated in **Appendices-XXII** and **XXIII** respectively. The Principal Secretaries/Secretaries who were also informed of the position through half yearly reports, failed to ensure prompt and timely action by the concerned officers. Lack of response to Audit indicated inaction against the defaulting officers, facilitating continuation of serious financial irregularities and loss to Government even after these were pointed out in audit.

It is recommended that Government should look into this matter and ensure that procedure exists for (a) revamping the system to ensure proper response to the audit observations in the departments and (b) recovery of loss/outstanding advances/overpayments in a time bound manner.

4.13 Write-off of losses, revenue etc.

Eighteen cases of misappropriation of funds, losses, etc., involving an amount of Rs.12.26 lakh were awaiting orders for recovery or write-off as on 30 June 2004. Department-wise break-up is given below:

Sl. No.	Department	Cases awaiting orders for recovery or write-off	
		Number of cases	Amount (Rs. in lakh)
1.	Education	1	0.03
2.	General Administration	3	2.97
3.	Home	1	1.06
4.	Public Works	1	0.26
5.	Food & Civil Supplies	5	2.65
6.	Transport	4	1.08
7.	Power & Electricity	2	3.80
8.	Forest	1	0.41
	Total	18	12.26