

## CHAPTER-V

### INTERNAL CONTROL SYSTEM

#### 5.1 Internal Control in Soil and Water Conservation Department

##### *Highlights*

Internal Control is an integral component of an organisation's management processes to provide reasonable assurance that:

- (1) the operations are carried out economically, efficiently and effectively;
- (2) financial reports and operational data are reliable and
- (3) applicable Laws, Rules and Regulations are complied with to achieve organizational objectives.

A review of internal control system in Soil and Water Conservation Department (earlier a part of Agriculture Department) Punjab (Department) has shown that budgetary, regulatory and operational controls require strengthening. Some of the important findings are as under:-

➤ *Departmental receipts were utilised towards expenditure of Rs 31 lakh.*

*(Paragraph 5.1.8)*

➤ *Contractor's profit and overhead charges were not deducted uniformly.*

*(Paragraph 5.1.15)*

➤ *Physical verification of stock was not done since 2003-04 by three Drawing and Disbursing Officers.*

*(Paragraph 5.1.18)*

➤ *Machinery was under utilised to the extent of Rs 1.24 crore.*

*(Paragraph 5.1.19)*

➤ *Recovery of Rs 14 lakh was pending on account of hiring charges of machinery.*

*(Paragraph 5.1.20)*

➤ *Internal audit of Department was not conducted. DDO powers were not delegated to the Accounts Personnel.*

*(Paragraph 5.1.23)*

➤ *No vigilance cell was in existence.*

*(Paragraph 5.1.26)*

##### **Introduction**

**5.1.1** Internal Control System is a process meant to ensure that the departmental operations are carried out according to the applicable laws, regulations and approved procedure in an economical, efficient and effective

**SOIL AND WATER  
CONSERVATION  
DEPARTMENT**

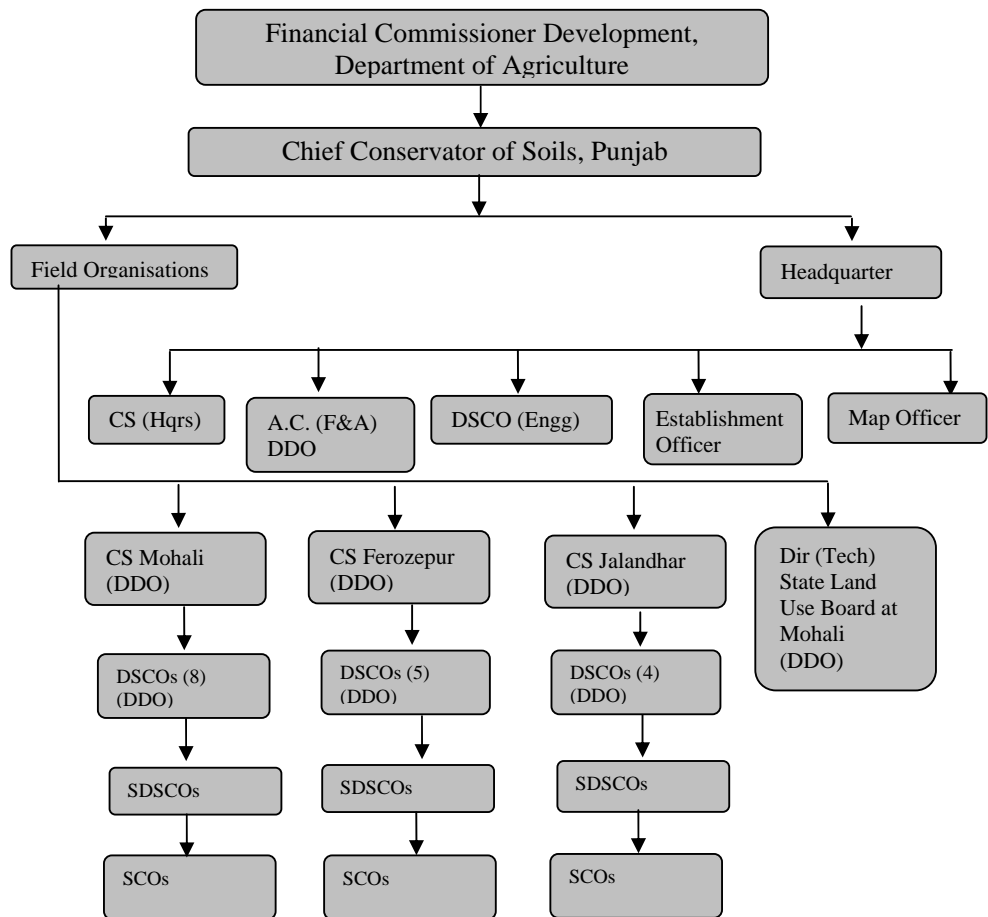
manner. The present review on Soil and Water Conservation Department comprehensively covers the controls mechanism in operation.

Soil and Water being most important and essential for life as well as for agriculture production, the Department which takes care of these natural resources in the State has an important role in conservation of these resources. The Department carries out the following functions:

- i) surveys and prepares soil inventory in the State and data bank on the soils to be utilised for formulating strategy and schemes for conservation and up-gradation of soils and water resources;
- ii) executes schemes/projects for conservation of soil and water resources in the State and
- iii) maintains the latest data of soil and water resources and keeps liaison with other Departments/organizations connected with the land use through the nucleus cell of the State Land Use Board.

**Organisational set up**

**5.1.2**



The Financial Commissioner (Development) and Principal Secretary to Government, Department of Agriculture, is the administrative head and Chief Conservator of Soil (CCS) is the Head of the Department. He is assisted by four<sup>1</sup> Conservators of Soil (CS), one at Headquarter and three in the circles, 18 Divisional Soil Conservation Officers (DSCOs), one at Headquarter and 17 in the field and a Director (Technical) State Land Use Board at Mohali, Sub-Divisional Soil Conservation Officers (SDSCO)-29, Soil Conservation Officers (SCO)-119.

Twenty two officers exercise DDO powers (one Assistant Controller (Finance and Accounts) at Headquarters office, three Conservators of Soil, one Director State Land Use Board (SLUB) and 17-DSCOs).

Sanctioned strength of the staff in 2003, 2008 was 2202 and 2198 respectively, against which 1750 and 1393 were existing during these years (Technical 1137 and Non-Technical 613 - Technical 724 and Non-Technical 669) as mentioned in *Appendix 5.1 and 5.2*.

### **Audit objectives**

**5.1.3** Audit objectives were to assess the adequacy and effectiveness of the following controls:

- Financial control;
- Procedural control by way of implementation of rules and regulations;
- Stores and stock inventory control;
- Manpower and operational control;
- Monitoring and evaluation of data base;
- Effectiveness of internal audit system and
- Achievement of targets.

### **Audit Coverage and methodology**

**5.1.4** The review on Internal Control System in Department covered the period from 2003-08 and was conducted between October 2007 to March 2008 by test check of records of the office of the Chief Conservator of Soil, two out of three circles, seven out of 17 divisions and Director, State Land Use Board. Further two<sup>2</sup> out of six<sup>3</sup> schemes presently in operation were checked in detail besides test check of the remaining schemes.

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<sup>1</sup> CS (HQ), Ferozepur, Jalandhar and Mohali.

<sup>2</sup> Centrally Sponsored Scheme for Micro Irrigation on Horticulture and Reclamation of Ravenous and Gullied Land.

<sup>3</sup> Soil and Water Conservation on watershed basis in Kandi Non-Project Area, Provision for Machinery Division at Headquarter, Centrally Sponsored Micro Management, Centrally Sponsored Scheme for Micro Irrigation on Horticulture, External aided project for Rain Water Harvesting/Ground Water Recharging and Reclamation of Ravenous and Gullied Land.

Audit objectives, methodology and time schedule for conducting the review was explained to the departmental officers at an entry conference in November 2007 and the audit findings as well as recommendations of audit were discussed at an exit meeting held in June 2008.

## Financial Management and Budgetary Control

### Financial Control

**5.1.5** Financial rules are prescribed for enforcing financial discipline. Failure of any organization to ensure adherence to the financial rules exposes it to the financial irregularities and the risk of non-availability of funds for discharging its mandated responsibilities. Financial control in an entity is a must for its smooth functioning.

The budget allocations, funds released and expenditure incurred there against during the financial year 2003-08 were as under:

**Table I: Summary of Budget Provisions, Funds released and expenditure etc.**

(Rupees in crore)

Year	Non-plan		Plan				
	Budget provisions	Expenditure	Budget provisions	Funds released	Expenditure	Savings Against funds released	Percentage With reference to Funds released
2003-04	27.73	27.58	8.98	6.45	1.28	5.17	80.16
2004-05	29.69	29.53	8.47	0.50	0.50	--	--
2005-06	32.92	31.72	17.59	13.09	13.01	0.08	0.61
2006-07	33.52	33.22	20.50	22.13	18.42	3.72	16.80
2007-08	34.69	34.53	26.39	18.39	16.22	2.17	11.80
<b>TOTAL</b>	<b>158.55</b>	<b>156.58</b>	<b>81.93</b>	<b>60.56</b>	<b>49.43</b>	<b>11.14</b>	

### Under utilisation of funds

**5.1.6** Plan funds released by State/Central Government were under utilized to the extent of Rs 11.14 crore ranging from one to 80 *per cent* which indicates deficiency in planning and control of expenditure.

When pointed out, the Department stated that the process of sanctioning plan schemes takes some time which further delays the release of funds. Reply is not acceptable as the Department could initiate the process of sanctioning plan schemes in the beginning of financial year to avoid under utilisation of funds.

### Excess Expenditure

**5.1.7** According to Rule 17.15 of Punjab Financial Rules (PFR), no government employee may incur expenditure in excess of the funds provided without prior approval (re-appropriation of funds) from the competent authority.

Test check of records (October 2007) disclosed that an expenditure of Rs 2.63 crore was incurred against the provision of funds of Rs 2.46 crore under State Plan Schemes by the 17 DSCOs during the financial year 2006-07 resulting in excess expenditure of Rs 17 lakh which has not been got regularised (June 2008) from the competent authority. This shows poor financial management of the Department.

Financial control was inadequate as funds remained unutilized Rs 11.14 crore

Expenditure was incurred in excess of the budget provisions Rs 17 lakh

When pointed out (October 2007), the Department stated (July 2008) that proposal for regularisation will be sent to the Finance Department.

***Irregular utilisation of Departmental receipts and late deposit in treasury***

**Departmental receipts were utilized towards expenditure in contravention of Financial Rules Rs 31 lakh**

**5.1.8** In accordance with Rule 2.4 of P.F.R., departmental receipts are required to be deposited into the treasury on the same day or by the next morning. Utilization of departmental receipts towards expenditure is strictly prohibited.

Test check of records (October 2007) disclosed that departmental receipts of Rs 1.59 crore on account of machinery hire charges were collected by the DSCO (Machinery), Mohali. Out of this an amount of Rs 31 lakh was utilised towards expenditure on POL and repair of Machinery during 2003-04 and 2004-05 in contravention of the rules. Further, instances of late deposit of departmental receipts of Rs 1.35 crore during 2003-08 ranging from twenty days to four months were noticed. Irregular utilisation of departmental receipts and late deposit in treasury shows lack of accountability/non-compliance of rules by the DSCO concerned.

The Department admitted (October 2007) the utilisation of receipts towards expenditure due to non-availability of funds and assured to avoid it in future. Reply was not acceptable as the receipts utilised during 2003-04 and 2004-05 have not been credited in Government account (July 2008).

**Compliance with State Treasury Rules/Receipt and Payment Rules**

***Cash book maintenance***

**Totals of cash book were not got checked from a responsible officials other than writer of the cash book**

**5.1.9** Test check of Cash Books of eight offices out of 22 for the period from 2003-08 disclosed the following deficiencies:

- Four DSCOs<sup>4</sup> and Director SLUB neither checked the totals of Cash Book themselves nor got those checked from a responsible official other than writer of cash book as required under Rule 2.2(iii) of the Punjab Financial Rules and also did not record the certificate of cash balance at the close of each month as required by Rule 2.2 (iv) *ibid*.
- Reconciliation of deposits was not carried out by four DSCOs<sup>5</sup> with the Treasury for a deposit of Rs 26 lakh during the year 2003-08 as required by Rule 2.2(V).
- Reconciliation of withdrawals amounting to Rs 4.69 crore was not carried out with the Treasury for the year 2003-04 onwards as required under rule 2.31(a) by DSCO, Nawanshahr.
- Seven DSCOs<sup>6</sup> did not obtain cash security/surety bonds from officials dealing with cash and stores as required by Rule 130 of Punjab Treasury Rules.

<sup>4</sup> Hoshiarpur, Mohali, Machinery (Mohali) and Muktsar.

<sup>5</sup> DSCO, Amritsar, Gurdaspur, (Machinery) Mohali and Mukatsar.

<sup>6</sup> DSCO, Amritsar, Gurdaspur, Hoshiarpur, (Machinery) Mohali, Mohali, Mukatsar and Nawanshahr.

Improper maintenance of Cash book, non-verification of cash balances and non-reconciliation of deposits/withdrawals into/from treasury shows weak internal financial control which can expose the organization to the risk of misappropriation/fraud.

When pointed out (October 2007 to December 2007) the Divisional Officers assured to take steps for compliance.

### ***Liability Register***

**Register of liabilities was not maintained**

**5.1.10** Para 12.11 of Punjab Budget Manual requires that every DDO should maintain a register of liabilities in the prescribed format.

Scrutiny of records revealed that no such register was maintained by the nine DSCOs and A.C. (F&A) at CCS office<sup>7</sup>. In the absence of relevant registers liabilities can neither be identified nor cleared.

When pointed out (October 2007 to March 2008) the concerned offices stated that register was not maintained as no liability was pending. Reply is not acceptable as the maintenance of liability register was mandatory and liability was created (Rs 31 lakh) by the Machinery Division, Mohali due to non-payment of pending bills of POL/repairs before the close of the financial year.

### ***Deficiencies in maintenance of Bill Register***

**5.1.11** According to Rule 7.12 of PFR, Bill Register was required to be maintained in the prescribed format. Whereas two DSCOs, Training and Mohali had not maintained bill register as per the rules which shows non-compliance of rules.

### ***Non-maintenance of Material-at-site Register***

**5.1.12** Rule 6.10 of Departmental Financial Rules read with Articles 126 and 127 of account code Vol-III provides that register of Material-at-site account is to be maintained by Agriculture Sub-Inspectors/Surveyors in each division showing the material issued from stock or purchased from the market/transferred from other works and issued to works/contractors but it was noticed that Material-at-site register was not maintained in the seven divisions out of 17 divisions test checked. In the absence of Material-at-site register proper accountal of material-at-site could not be ensured and supervisory control was not verifiable by the higher authority.

### **Internal Control Activities**

#### ***Non-preparation of Departmental Manual***

**Departmental manual was not prepared even after 38 years of Department's existence**

**5.1.13** Departmental Manuals contain rules, regulations, procedures and instructions relating to particular Department and periodicity of reports/returns to be submitted to the appropriate authorities etc. apart from guidelines for the

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<sup>7</sup> DSCO, Amritsar, Gurdaspur, Jalandhar, Mohali, (Machinery) Mohali, Soil Survey Mohali, Training Institute, Mohali, Mukatsar, Nawanshahar and CCS, Punjab, Chandigarh.

execution of schemes in the Department. It is essential for exercising proper internal control over activities of an organisation.

Although the Department was established and started independent functioning in 1969, no Manual had been prepared even after 38 years of its existence, in absence of which it was difficult to evaluate proper observance of instructions, prescribed rules and regulations and procedures by the Department and timely submission of prescribed reports/returns. Non-preparation of departmental manuals indicates lack of accountability at various levels.

When pointed out (October 2007), the Department stated that field staff has been doing their duties as per defined rules. However, due to introduction of some new programmes by Government of India there is some deviation of field duties for which rules were being prepared. Reply of the Department is not acceptable as the Department cannot escape from the preparation of Departmental Manual in conformity with the Soil Conservation Schemes, guidelines of Government of India under different Centrally Sponsored Schemes and various provisions of Financial Rules.

#### ***Irregular inclusion of contingency charges in the estimates***

**Provision of contingency was made in the estimates in contravention of FD instructions Rs 16 lakh**

**5.1.14** According to instructions issued by Finance Department (January 2000), three *per cent* contingency expenses were not to be included in the estimates of works, both minor and major works covered under plan and non-plan schemes.

Scrutiny of records of five divisions<sup>8</sup> revealed that provision of contingency of Rs 16 lakh was made by the concerned DSCOs in 40 estimates amounting Rs Six crore between 2005-08 contrary to the Government instructions resulting into inflated estimates. In eight cases the provision made for contingency had been utilized towards expenditure on works. Thus, irregular inclusion of contingency and utilization of the same towards expenditure on works shows non-compliance to the instructions.

When pointed out (January 2007 to March 2008), the Department stated (July 2008) that instructions have been issued to all concerned not to include contingency charges in estimates in future.

#### ***Short deduction of over-head charges from labour bills***

**Overhead charges were short deducted from labour bills Rs two lakh**

**5.1.15** As per instructions issued by the Punjab Government (August 2001) recovery from labour charges at the rate of 21.5 *per cent* was required to be made on account of contractor's profit (10 *per cent*) and overhead charges (11.5 *per cent*).

Scrutiny of records revealed that recovery was made at the rate of either 10 or 11.5 *per cent* instead of 21.5 *per cent* in eight cases by two DSCOs (Hoshiarpur and Nawanshahar) resulting into excess payment of Rs two lakh during 2005 to 2007 on labour bills which indicates non-compliance to instructions and lack of internal control as well.

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<sup>8</sup> DSCO, Amritsar, Gurdaspur, Jalandhar, Mohali and Nawanshahar.

When pointed out (December 2007 to January 2008), the Department, while admitting the facts, stated that recovery will be affected.

***Non-disposal of unserviceable articles***

**Unserviceable articles were not disposed of Rs 22 lakh**

**5.1.16** Rule 15.3 of PFR, lays down the procedure for disposal of unserviceable stores through public auction. It also requires that head of Department should forward to the Controller of Stores Punjab twice each year by the prescribed date a consolidated statement of unserviceable or surplus stores. Test check of records revealed that unserviceable articles including vehicles, machinery parts and furniture etc. valuing Rs 22 lakh were lying in store of the DSCO (Machinery), Mohali and State Land Use Board, Mohali since February 2001 but no statement of unserviceable or surplus stores was sent to Controller of stores and no action was initiated so far to dispose of the same which indicates poor inventory control.

When pointed out (October 2007), the Department stated (July 2008) that instructions have been given to the DSCO (Machinery)/State Land Use Board to sort out the unserviceable parts. As regards machinery/vehicles matter has been taken up with the District Administration for the condemnation of vehicles.

***Blockade of funds***

**There was blockade of funds due to purchases in excess of requirement Rs three lakh**

**5.1.17** According to Rule 15.2 (b) of PFR, purchases should be made in a most economical manner with definite requirement. Material should not be purchased in excess of immediate requirement leading to blockade of Government funds.

Scrutiny of the records revealed that machinery parts worth Rs three lakh were purchased in excess of requirement by DSCO (Machinery), Mohali during 1988 to 1991. The matter was also not reported to Controller of Stores, Punjab and parts were lying unutilised in the store for more than 16 years. This resulted not only in blockade of funds but there is also a possibility of a part of these stores becoming obsolete or unfit for use.

When pointed out (October 2007), the Department stated (July 2008) that most of the parts have been used and remaining will be used in near future. Reply is not acceptable as the material purchased was lying unutilized for more than 16 years and only instructions were issued (April 2008) for utilising the material on priority.

***Absence of Physical verification***

**Annual physical verification of store and stock was not being done**

**5.1.18** Rule 15.16 of PFR, lays down that verification of store and stock items is required to be conducted at least once in a year to ascertain losses, shortages and deterioration of stores and stock items.

Scrutiny of the records revealed that physical verification was not got conducted by two DSCOs and Director SLUB<sup>9</sup> since 2003-04. Inaction of the officers concerned indicates lack of supervision.

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<sup>9</sup> State Land Use Board, Mohali, DSCO, (Machinery) Mohali and Nawanshahar.



When pointed out (October 2007 to January 2008) the Department stated that most of the staff remained on election duty. Reply is not acceptable as the duty for election is for few days only whereas physical verification was in arrear for over 3 years since 2003-04.

#### *Under-utilisation of machinery*

**Under utilization of machinery resulted in loss of Rs 1.24 crore**

**5.1.19** Machinery Division, Mohali was having fleet of Bulldozers (5), tractors (3-5) and J.C.B Machine (1) etc. for which annual estimates of use were prepared. As per annual estimates each bulldozer was required to work for 1200 hours, Tractor and JCB Machine for 500 hours during a year. The norms of running bulldozers were revised to 1000 hours from 2006-07 onwards. The revenue estimated from the running of machinery was Rs 2.70 crore during 2003-08.

Scrutiny of records revealed that against the working of 40000 hours as per norms *ibid* the machinery worked for 24980 hours during 2003-08 resulting in its under utilisation to the extent of 38 *per cent*, thus resulting into short realization of revenue of Rs 1.24 crore as hire charges of machinery and services of the staff-members were not utilised as per estimates.

When pointed out (October 2007), the Department stated (July 2008) that the machinery could not be fully utilized due to non-provision of adequate funds by the Government to operate the same. Further the estimates of working hours were fixed as per Central Water Commission norms for new machinery. Now the machinery is old as such the hours in the estimate will be fixed according to the condition and capacity of the machinery. Reply is not acceptable as the hours in the estimates were fixed by the Department itself. The prevalent situation indicates lack of supervision.

#### *Non-recovery of hire charges*

**Hiring charges for Government machinery were not recovered Rs 14 lakh**

**5.1.20** Soil Conservation Division (Machinery), Mohali was entrusted with the work of providing machinery to all the divisions of the State as and when demanded by them for execution of soil and water conservation works for beneficiaries viz. farmers etc. Hire charges are levied as per prescribed rates for the use of Government machinery.

Test check of records revealed that hire charges of machinery Rs 14 lakh were recoverable from the six divisions<sup>10</sup> to which the machinery was provided during the period 2003-08. This shows lack of follow up.

When pointed out (October 2007), the Department stated (July 2008) that instructions have been issued to the concerned for recovery.

#### *Non-performance of allotted duties*

**Allotted duties were not performed by agriculture sub-inspectors/surveyors**

**5.1.21** Punjab Government (in Agriculture Department) prescribed (February 1964) the rules and procedures covering duties of staff in the Department. According to these instructions Agriculture Sub-Inspectors/Surveyors were

<sup>10</sup> Amritsar = Rs 0.65 lakh, Faridkot = Rs 0.62 lakh, Hoshiarpur = Rs 1.20 lakh, Mohali = Rs 9.57 lakh, Mukatsar = Rs 1.02 lakh, Nawanshar = Rs 0.76 lakh

required to conduct the survey of the schemes, supervise the work as site incharge, maintain Material-at-site Register, record measurements by giving complete details of work, location etc. and prepare first and final bills.

Scrutiny of records relating to six DSCOs<sup>11</sup> revealed that duties assigned to the Agriculture Sub-Inspectors/Surveyors were not performed by them rather the Measurement Books were being written by SCOs and Material-at-site Register was not maintained at all.

On enquiring (March 2008) the reasons of non-performance of allotted duties in violation of the Government instructions, the Department stated (June 2008) that a committee of three officers has been formed to fix the duties and responsibilities of the technical staff. The modalities for fixing the responsibilities, will be decided as per the notification of the Government and thereafter the Department would implement the same. Reply is not acceptable as no orders for reallocation of duties superceding the orders of Government (February 1964) were shown. Moreover, the duties assigned to the Agriculture Sub-Inspectors/Surveyors cannot be transferred to Soil Conservation Officers who are responsible for controlling and supervising the works.

#### ***Non-transfer of GIS amount to Insurance Fund***

**Appropriate amount was not transferred to insurance fund from saving fund**

**5.1.22** Under the provisions of Para 9 of G.I.S. scheme 1982, all officers were required to prepare a contingent bill in April every year for the withdrawal of an appropriate amount from the saving fund for credit to Insurance Fund in respect of the employees who have been members of the scheme.

Scrutiny of the records revealed that the appropriate amount, 30 *per cent* of the G.I.S. subscription was not transferred to Insurance Fund by three<sup>12</sup> DSCOs since 2004 which indicates non-observance to the provisions of the scheme.

On being pointed out (October 2007 to March 2008), the concerned DSCOs stated that necessary Book Transfer bill would be prepared.

#### ***Internal Audit***

**5.1.23** The State Government established (1982) Internal Audit Organization (IAO) under the control of Finance Department (FD) which was responsible for conducting Internal Audit. It was observed that system of Internal Audit was neither in operation at Head of Department level nor any Internal Audit was conducted of the divisions falling under the jurisdiction of Circle Offices Jalandhar and Mohali during the period 2003-07 in spite of the availability of four Assistant Controllers and four Section Officers posted by the FD. Further no DDO powers were delegated to the accounts personnel posted by the FD for effective and efficient account management.

When pointed out (November 2007 and March 2008), the Department stated that DDO powers to the Accounts Personnel were not delegated as they are to perform field duty and monitor funds. Moreover, the matter for providing more staff was being taken with the FD for delegating DDO powers. The reply was

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<sup>11</sup> DSCO, Amritsar, Gurdaspur, Hoshairpur, Jalandhar, Mohali and Muktsar.

<sup>12</sup> DSCO, Hoshiarpur, (Machinery) Mohali, Mohali.

not acceptable as there was no shortage of Assistant Controllers/Section Officers and the Department had violated the instructions of the Government.

### Monitoring

#### *Shortfall in achievement of physical targets*

**5.1.24** The objective of centrally sponsored scheme Macro Management Work Plan was to enhance the production of agriculture through integrated watershed development, re-claim the ravenous and gullied land and sub-surface drainage. The scheme was initiated during the year 2000-01 with 90:10 sharing basis between GOI and State. Accordingly, funds amounting to Rs 31.25 crore (Rs 28.12 crore GOI share and Rs 3.13 crore of State share) was released during the year 2003-08. Against this, expenditure of Rs 23.25 crore (Rs 20.92 crore GOI share and Rs 2.33 crore of State share was incurred). Targets fixed under this scheme was as follows:

**Table II Showing targets fixed/achieved and shortfall**

(In Hectares)					
Sr. No.	Name of the Sub-Scheme	Targets fixed	Targets achieved	Shortfall	Percentage of shortfall
1.	National Watershed Development Programme for Rainfed Areas (NWDPPRA)	36545	30772	5773	16
2.	Treatment of Catchment Area of flood prone river (FPR)	5650	3321	2329	41
3.	Reclamation of Ravenous Areas	445	184	261	59
4.	Agriculture field Drainage	1402	843	559	40
5.	Efficient use of Irrigation	1625	15	1610	99
<b>Total</b>		<b>45667</b>	<b>35135</b>		

In spite of availability of funds, there was shortfall in the achievement of physical targets to the extent of 16 to 99 *per cent*, thus depriving the farmers of benefits of the schemes which shows improper implementation and monitoring of the scheme. On being pointed out (July 2008), no reply was furnished.

#### *Micro Irrigation Scheme (Drip and Sprinkler Irrigation)*

**5.1.25** The term drip/micro irrigation includes emitting water through network of pipes by drippers etc. As per salient features of the scheme, it saves water from 30 to 40 *per cent* and increases yield. The main objective of the scheme was to save precious water and at the same time enhance the quality and quantity of the farm produce, especially the fruits and vegetables. Under the scheme Micro Irrigation Scheme (Drip and Sprinkler Irrigation) funds are provided both by GOI/State in the ratio of 80:20. 50 *per cent* subsidy is given to the farmers on the cost of Micro Irrigation system. Funds amounting to Rs 12.27 crore (GOI Rs 10.02 crore + Rs 2.25 crore State share) were released during 2006 to 2008 for achieving the target of 6045 hectares. Though the funds were available, an expenditure of Rs 6.53 crore was incurred (GOI Rs 4.16 crore + Rs 2.37 crore State Share) and achievement of target was 2916 hectares only. The details of achievements/shortfall was as under:-

No survey was conducted to evaluate Drip Irrigation Scheme

**Table III Showing targets fixed/achievements and shortfall**

*(In Hectares)*

Year	Physical targets	Achievements	Shortfall	Percentage of shortfall
2006-07	3045	1425	1620	53
2007-08	3000	1491	1509	50

In spite of availability of funds, shortfall was between 50 to 53 *per cent* resulting in denial of benefits to the farmers. Further, no survey to evaluate the increase in yield and saving of water even after incurring expenditure of Rs 6.53 crore upto March 2008 has been conducted indicating lack of follow up and monitoring.

On being pointed out (October 2007 and July 2008), no reply was furnished.

### ***Vigilance Mechanism***

**No vigilance cell was formed**

**5.1.26** As per instructions issued by the Punjab Government (September 2001) formation of vigilance cell was aimed at to strengthen the administrative vigilance set up in each organisation against corruption and irregular practices.

During review it was noticed that no vigilance cell was in existence in the Department. However, flying squad constituted during 1995 under the supervision of Conservator was non-functional due to the retirement of officers/officials from service during the years 1999 to 2006 but their substitutes had not been posted so far. Moreover no provision exists in the Department to check subordinate offices.

When pointed out (November 2007), the Department stated (July 2008) that due to non-recruitment/promotion of the field staff the functioning of the flying squad had come to stand still.

### **Conclusion**

**5.1.27** Internal Control Mechanism was weak in the Department as:-

- 1 Control on expenditure was weak as is evident from savings and excess expenditure against allotments;
- 2 Departmental receipts were deposited late and utilized towards expenditure in violation of financial rules. Cash Books were not maintained as per rules, there was under utilisation of machinery and non-recovery of its hiring charges;
- 3 Control on stores and stock was also missing as physical verification of stores and stock items was not conducted;
- 4 Physical targets were not achieved and evaluation of the schemes not monitored;
- 5 Vigilance cell has not been formed and flying squad created in 1995 was non-functional and
- 6 Internal audit/inspection was not conducted.

### **Recommendations**

The department should strengthen its internal control mechanism by:

- adhering to the financial rules by periodical review of expenditure with allocation of funds;
- effective budget control system so as to ensure realistic assessment of funds required and timely utilization thereof;
- proper maintenance of Cash Book and preparation of Liability Register, Bill Register and Material-at-site Register;
- preparation of Departmental Manual;
- improving the utilisation of machinery and quick realisation of hire charges;
- ensuring effective functioning of system of internal control and internal audit/inspection in order to effectively monitor the working of the Department, optimise the output and safeguard against errors, irregularities in operational and financial matters and to achieve greater efficiency and
- forming vigilance cell strictly in accordance with instructions issued by the State Government.

**CHANDIGARH**  
The

**(R.P. SINGH)**  
Pr. Accountant General (Audit), Punjab

**Countersigned**

**NEW DELHI**  
The

**(VINOD RAI)**  
Comptroller and Auditor General of India