
OVERVIEW

This Report includes two Chapters containing observations of Finance and Appropriation Accounts of the Government of West Bengal for the year 2002-2003 and three other chapters comprising seven reviews and 41 paragraphs dealing with the result of audit of selected programmes and schemes and of the financial transactions of Government including its commercial and trading activities. A synopsis of the findings contained in the audit reviews and the more important paragraphs are presented in this overview.

I An overview of the Finances of the State Government

The Government showed a lower revenue deficit compared to the previous year. This was achieved by a substantial reduction in plan expenditure. Overall revenue receipts of the State increased from Rs 9387 crore in 1998-1999 to Rs 14525 crore in 2002-2003. Compared to 1998-1999, the contribution of the State's own taxes in its total revenue receipts declined from 51 *per cent* to 49 *per cent*. Contribution of grants-in-aid decreased from 16 *per cent* in 1998-1999 to 15 *per cent* in 2002-2003. The Eleventh Finance Commission recommended, as a medium term objective to keep interest payment ratio i.e. interest payments as percentage of revenue receipts at 18 *per cent*. It was observed, however, that this ratio reached an all time high at 54 *per cent* during 2002-2003.

Overall revenue expenditure of the State increased from Rs 14243 crore in 1998-1999 to Rs 23161 crore in 2002-2003 at an average trend rate of 16 *per cent*. Rate of growth of revenue expenditure reached a level of 37 *per cent* in 1999-2000 and since then it has decelerated and the decline was one *per cent* in 2002-2003 compared to previous year. The share of capital expenditure in the total expenditure was merely 3 *per cent* during the year. As a percentage of revenue receipt, revenue expenditure increased from 152 *per cent* in 1998-1999 to 159 *per cent* in 2002-2003, indicating a widening gap. Plan expenditure, despite its initial low values in 1998-1999 at 17 *per cent* further steeply declined to a meagre 11 *per cent* over the years. In case of developmental expenditure, its ratio to total expenditure declined from 59 *per cent* in 1998-1999 to 46 *per cent* in 2002-2003.

Fiscal liabilities of the State increased from Rs 31954 crore in 1998-1999 to Rs 77515 crore in 2002-2003 at an average rate of 26 *per cent* during 1998-2003. Net funds available as a percentage of total gross debt receipts declined from 48 *per cent* in 1998-1999 to 40 *per cent* in 2002-2003. The ratio of fiscal liabilities to Gross State Domestic Product (GSDP) had been increasing continuously. Average interest spread had been negative in 2002-2003 with GSDP growth of 7 *per cent* in 2002-2003. Persistence of this phenomenon may endanger debt sustainability.

Against investment of Rs 4203.70 crore in statutory corporations, rural banks, joint stock companies and co-operatives, return on the investment was

negligible in each of the last five years. Since Government was investing the interest bearing borrowed funds, the difference between the rate of return on these investments and the average interest rate on its outstanding liabilities represented an implicit subsidy, which amounted to Rs 2094.58 crore during 1998-2003.

The amount blocked up in incomplete projects during 1998-2003, continued to rise from Rs 949 crore in 1998-99 to Rs 1159 crore in 2002-2003.

State's fiscal imbalances were also increasing and a larger part of the fiscal deficit was used for meeting current expenditure. Increasing ratios of fiscal liabilities to its GSDP, revenue receipts and own resources indicated that the debt stock was increasingly becoming unsustainable.

Balance from its current revenue (BCR) was not only consistently negative, its magnitude was on the increase. Further, with large revenue deficits (though marginally declined in the current year), a larger part of this liabilities were not having an asset back up. The ratio of its assets to its liabilities had declined to 0.35 indicating that more than half of the State's fiscal liabilities had ceased to have an asset back up. All these indicate continuing deterioration of the State's fiscal situation.

(Paragraphs 1.1 to 1.11)

2 Allocative Priorities and Appropriation

Against the total provision of Rs 39729.83 crore including the supplementary budget the expenditure was Rs 44491.99 crore. The overall excess of Rs 4762.16 crore was the result of excess of Rs 11159.99 crore in 4 grants and 5 appropriations offset by the savings of Rs 6397.83 crore in 90 grants and 17 appropriations. The excess expenditure was mainly on account of huge payment of Ways and Means Advances and Overdraft (Rs 15982.21 crore) offset by savings under other heads. The excess expenditure of Rs 11159.99 crore in four grants and five appropriations required regularisation under Article 205 of the Constitution of India. Major savings occurred under eight grants mainly due to less spending on plan schemes.

As of December 2003, the excess expenditure of Rs 34571.90 crore pertaining to the years 1999-2003 was not regularised due to non-receipt of explanatory notes on the excesses from the Finance Department.

Supplementary provision of Rs 4627.21 crore obtained during the year constituted 13 *per cent* of the original budget provision. Supplementary provision of Rs 2883.30 crore proved insufficient in 3 cases leaving an aggregate uncovered expenditure of Rs 11120.78 crore. On the other hand, provision of Rs 612.56 crore obtained in 22 cases during the year proved unnecessary. In 6 cases, supplementary grants aggregating Rs 1120.11 crore proved excessive, the additional requirements being Rs 607.87 crore.

Of the total amount of Rs 156.23 crore drawn by 106 DDOs in Abstract Contingent Bills between April 1986 and March 2002, Detailed Contingent Bills for Rs 60.60 crore (39 *per cent*) had not been submitted up to

March 2003. During 2002-2003, a further amount of Rs 19.63 crore was drawn in AC Bills by these DDOs of which Rs 8.39 crore remained unadjusted.

Despite Government orders directing closure of Personal Ledger Accounts (PLAs) at the end of financial year, 28 DDOs of five departments test-checked did not close their PLAs resulting in accumulation of balance of Rs 156.62 crore under PLAs as of March 2003. Fund of Rs 41.10 lakh drawn under Centrally funded schemes were kept in PLAs and subsequently diverted to other schemes/ programmes.

(Paragraphs 2.1 to 2.6)

Performance reviews

3 Integrated Audit of Agriculture Department

The Agriculture Department implemented different schemes with the aim of increasing agricultural products through expansion of cultivable area, training to farmers, use of improved seeds and fertilizers.

Rupees 82.44 crore were transferred during 1998-2003 to the deposit account of the West Bengal State Seed Corporation (WBSSC). Sanctions involving Rs 52.28 crore (63 *per cent*) were issued at the fag end of the financial year to avoid lapse of budget grant.

Procurement of seeds and inputs from WBSSC without administrative approval and financial sanction of the department led to a liability of Rs 20.12 crore to the Government.

WBSSC supplied 8144 tonnes of different seeds during 1998-2003 to the department and unjustifiably charged Rs 7.36 crore towards interest on working capital though margin money required for working capital was provided by the Government.

Department incurred additional expenditure of Rs 2.57 crore on procurement of agricultural inputs and power tillers during 1998-2003 from WBSSC instead of making direct purchase from manufacturers/distributors, etc.

In contravention of GOI guidelines, during 1998-2003, 4.28 lakh kg oilseeds of old and traditional varieties valuing Rs 1.66 crore were used for field demonstration while 63.02 lakh seed minikits of different crops of old and local variety valuing Rs 62.51 crore were distributed among farmers of selected blocks.

In test-checked districts during 1998-2003, 47 seed farms failed to utilise 81 *per cent* of cultivable land and incurred a cumulative loss of Rs 28.13 crore while 199 seed farms of the State could produce only 6 to 8 *per cent* of State's requirement of seeds during 1998-2002.

Only 2618 Krishi Projukti Sahayaks and farmers were trained during 1998-2003 at a huge expenditure of Rs 8.87 crore (Rs 0.34 lakh per trainee)

indicating underutilisation of training capacity. In 4 test-checked districts, Rs 6.26 crore were spent on wages of staff deployed for schemes, which were not in operation.

Implementation of the schemes was deficient in utilising seed producing land, introducing latest variety of seeds/minikits among farmers, use of certified quality seeds and imparting training to farmers and workers.

(Paragraph 3.1)

4 Implementation of Drugs and Cosmetics Act, 1940

The Drugs and Cosmetics Act, 1940 was enacted to combat production and marketing of spurious / not of standard quality drugs and cosmetics causing serious health hazards to consumers.

The shortfall in sampling of drugs in the test-checked districts ranged between 48 and 92 *per cent* during 1998-2003. During 1998-2003, against the required inspection of 0.92 lakh licensed establishments, only 4324 (5 *per cent*) were inspected by the district officers and only 27 raids were conducted during 2000-2002 while no raids were conducted at all during 1998-2000.

Of 378 complaints received during November 1999 to December 2002 action against 66 cases and enquiry reports for 82 cases were awaited as of March 2003. Against 21837 applications received with fees during 1998-2001 for renewal of license in Kolkata and 5 test-checked districts, only 347 renewal certificates were issued after conducting 3158 inspections.

In three test-checked districts 104 pharmacists were engaged in more than one shop in contravention of the requirement of one whole-time pharmacist per shop.

Director, Drugs Control had not taken any action against 99 firms producing Not of Standard Quality (NSQ) medicines facilitating unabated production of such drugs.

The Drugs (Price Control) Order 1995 was not implemented in the State prior to 2002. There was no mechanism to check overpricing of drugs in the district offices test-checked.

There was delay of more than a year in sending test reports in respect of Not of Standard Quality drugs. Forty test reports inclusive of 25 NSQ reports were issued after the date of expiry of the tested medicines. Not of Standard Quality drugs valuing Rs 78.85 lakh were consumed in the absence of prompt and effective monitoring system. Central Medical Store, Kolkata returned drugs worth Rs 28.70 lakh found NSQ after test to 41 suppliers during 1998-2003, but Director of Drugs Control neither seized those drugs nor initiated any penal measure against these suppliers.

Several incidents of toxicity and death occurred in three hospitals and at the School of Tropical Medicine, Kolkata, after administering Not of Standard Quality drugs. Director, Drugs Control did not initiate any action for wide

publicity of the 69 categories of drugs banned by GOI to ensure non-marketing/ consumption of the same.

In the State, implementation of the Act was very unsatisfactory due to inadequate sampling, inordinate delay in testing, failure to seize Not of Standard Quality drugs, inadequate inspection/raids, failure to impose penalties against spurious drug manufacturers and lack of monitoring and supervision leaving consumers prone to serious health hazards.

(Paragraph 3.2)

5 Accelerated Irrigation Benefit Programme

Investment of Rs 9.70 crore made in two irrigation projects, wrongly selected for Accelerated Irrigation Benefit Programme, was unfruitful. Thirty nine *per cent* of the Central Loan Assistance could not be availed of due to failure to spend the earlier instalments in time.

Establishment cost of Rs 4.10 crore was irregularly charged to Accelerated Irrigation Benefit Programme though not permissible and Rs 1.25 crore were diverted.

None of the projects was completed. No work was executed on two projects. Irrigation potential created was only 12 *per cent* of the target under the programme. State Government did not evolve any mechanism for monitoring the implementation of projects and evaluation of the impact of the programme.

(Paragraph 3.3)

6 Welfare of Handicapped

For welfare of the handicapped, three acts were enacted by Government of India during 1992-1999.

Under National Programme for Rehabilitation of Persons with Disabilities (NPRPD) only Rs 66.81 lakh were released out of GOI assistance of Rs 2.57 crore after a delay upto 19 months and the balance of Rs 1.90 crore was retained in bank accounts.

Performance of the District Rehabilitation Centre (DRC) in Medinipur district was below average due to inadequacy of space, shortage of physicians, staff and vehicles, abolition of posts of physicians, etc. The workshop of the centre remained closed since 1997. Besides, Multipurpose Rehabilitation Workers were not recruited/trained.

Prosthetic aids were provided without considering types of disabilities and recommendation of doctor.

Authorities of three test-checked districts did not initiate any action for preferential allotment of land for Persons with Disabilities (PWD) at concessional rate for residential, commercial or other purposes.

Identification of posts earmarked for the disabled was not made by the Government and no scheme was formulated by Government or Local Bodies for ensuring employment of handicapped people. In the State, out of 0.73 lakh registered unemployed, only 662 got employment against 0.16 lakh sponsored by the employment exchanges. Under self-employment scheme the performance of the State Channelising Agency was not encouraging and disbursement of loan was made to 342 applicants (52 per cent) during 2000-2003 against 652 applicants.

Activity on Research and Manpower Development to promote and sponsor research for prevention of disability, rehabilitation, development of assistive devices, etc. was not initiated.

In five test-checked districts, out of Rs 32.10 lakh disbursed during 1998-2003 towards payment of scholarship to handicapped students, utilisation certificates and acquittance rolls for Rs 18.63 lakh were awaited.

Functioning of the State Co-ordination Committee and State Executive Committee responsible for monitoring the scheme was inadequate. Persons with disabilities remained subject to neglect, poverty and isolation.

(Paragraph 3.4)

7 Working of Sundarban Development Board

Sundarban Development Board (SDB) set up in 1973 for speedy development of the region was implementing various programmes in the field of agriculture, fisheries, social forestry and civil works. Growth of agriculture was hindered mainly due to inadequate irrigation facilities, supply of sub-standard seed (worth Rs 27.26 lakh), poor coverage of cultivable land, etc.

SDB failed to ensure protection of 2542 hectare (58 per cent) of mangrove plantation through formation of Village Mangrove Conservation Committees. No mangrove plantation was undertaken during 2001-2003 against a target of 282 hectare despite having adequate funds, while 571.01 hectares of plantation created at a cost of Rs 1.11 crore were destroyed due to lack of monitoring.

Inhabitants of the region were deprived of Tenth Finance Commission grant of Rs 3.50 crore due to failure of SDB to prepare action plan for 3 schemes in consultation with State Environment Department. Engagement of outside agencies for preparation of project report instead of by its own Engineering Department resulted in avoidable burden of Rs 72.44 lakh. SDB had also to shoulder extra burden of Rs 49.09 lakh on account of arbitration awards.

(Paragraph 3.5)

8 Calcutta Leather Complex

Calcutta Leather Complex (CLC) was conceived to abate pollution by the tanneries in East Kolkata and to create huge potential for processing, manufacturing and trading activities to find a place in the export market besides generating 30000 new employments without any environment hazards.

For setting up the Calcutta Leather Complex with Common Effluent Treatment Plant (CETP) at an estimated project cost of Rs 285.18 crore to relocate the tanneries discharging untreated effluents, Government selected a BOT party without considering its techno-commercial viability resulting in financial burden of Rs 15.61 crore on construction of CETP besides extending financial benefit of Rs 14.04 crore to the party on land acquisition (Rs 5.43 crore), supply of earth (Rs 2.80 crore) and rehabilitation work (Rs 5.81 crore).

Though the project was to be completed within four years, creation of site facilities were completed by Government in six years with an investment of Rs 31.32 crore and the project remained incomplete even after eight years. As a result, 16331 tannery employees remained unemployed and the objective of creation of 30000 job opportunities could not be achieved.

(Paragraph 3.6)

9 Mechanised Brick Factory

The Mechanised Brick Factory (MBF), was commissioned in 1966 with an annual production capacity of three crore bricks using the silt available from the adjacent pre-settling tanks of the Palta Water Works of the Kolkata Municipal Corporation.

The *pro forma* accounts were not finalised since 1991-1992. During 1998-2003 MBF incurred cash losses aggregating Rs 20.79 crore. The average capacity utilisation during 1998-2003 was merely 17 *per cent*. Against the norm of production of 80 *per cent* first class bricks, the actual production was only 41 *per cent* during 1998-2003 resulting in loss of revenue of Rs 1.11 crore.

During 1998-2003 consumption of coal was almost four times the admissible maximum resulting in excess consumption of 13183 tonnes coal valuing Rs 2.35 crore.

Against assessed requirement of 178 employees, MBF had staff strength of 367 as of March 2003 resulting in payment of excess wages of Rs 8.22 crore during 1998-2003. The recommendations of the Building Materials and Technology promotion Council, Government of India (December 2002) for modernisation and upgradation of the factory were not implemented as of December 2003.

(Paragraph 3.7)

Audit of Transactions

10 Fraudulent drawal/Misappropriation/Embezzlement/Losses

Verification of Service Books of 3 General Duty Attendants posted on transfer (between April 1985 to May 1997) in various Government hospitals disclosed that their appointments were fake. Negligence on the part of authorities in accepting the transferred GDAs without proper verification of their service

records, resulted in fraudulent payment of Rs 10.47 lakh as salaries during April 1985 to January 2002.

(Paragraph 4.1.1)

Police Directorate and Kolkata Police incurred excess expenditure of Rs 2.37 crore on purchase of clothing material by not offering supply orders to the lowest bidders during 1998-2003. Besides, distribution of clothing worth Rs 51.71 lakh directly to police personnel instead of supplying stitched uniforms rendered the expenditure doubtful.

SP Darjeeling issued clothing material worth Rs 23.92 lakh and made payment of stitching charges of Rs 4.41 lakh to different tailoring centres though the stitched uniforms were not delivered back by the centres thus leading to loss of Rs 28.33 lakh to Government.

(Paragraph 4.1.2)

Award of compensation at higher rate than provided in National Highway Laws and injudicious acquisition of old plant and machinery resulted in loss of Rs 1.22 crore and extra payment of Rs 2.39 crore.

(Paragraph 4.1.3)

District Primary School Councils of Birbhum, Hooghly and Howrah did not encash investment worth Rs 1.65 crore in respect of 'Building Depreciation Fund' made in National Savings Certificates and Kishan Vikash Patras between October 1979 and August 1995 on maturity nor reinvested them as of March 2003. The lapse by the District Primary School Councils resulted in loss of Rs 1.10 crore in the shape of interest, which would have accrued from reinvestment of the principal amount.

(Paragraph 4.1.4)

The break-down of computerized ticketing system and electronic barricade at the toll plaza of Vidyasagar setu resulted in an estimated loss of revenue of Rs 41.52 crore during 1996-2003.

(Paragraph 4.1.5)

11 Infertuous/Wasteful expenditure/Overpayment

Under the State Health System Development Project-II, the Project Directorate supplied medical equipment/instruments valuing Rs 55.28 lakh to eight hospitals during 2000-2002 without assessing their requirements or having any requisition from the hospitals. The equipment remained idle in the absence of infrastructure, technicians, operation theatre, etc. rendering the expenditure infertuous.

(Paragraph 4.2.1)

Deputy CMOH-II, Malda received 91 tonnes of DDT as Central assistance for eradication of malaria and kala-azar in the district. Of 91 tonnes, only 18.85 tonnes could be utilised within their shelf-life and remaining 72.15 tonnes valuing Rs 45.61 lakh lost potency. Failure of Deputy CMOH to

transfer the stock elsewhere for utilisation led to a waste of Rs 45.61 lakh. Besides, 64.75 tonnes time-barred DDT was sprayed incurring wasteful expenditure of Rs 7.81 lakh and frustrating the objective of eradication of malaria and kala-azar.

(Paragraph 4.2.2)

Government without assessing the immediate requirement obtained loan of Rs 10.20 crore and released Rs 7.14 crore to Darjeeling Gorkha Autonomous Hill Council as grants for a road project. Against these, only Rs 4.51 crore were spent of which only Rs 2.31 crore were actually paid by the Council as of March 2003, resulting in idling of the balance fund for which Government had to incur interest liability of Rs 1.44 crore.

(Paragraph 4.2.3)

In violation of Government orders for economy measures six District Magistrates irregularly engaged casual labourers entailing extra expenditure of Rs 2.12 crore during 1996-2003.

(Paragraph 4.2.4)

Haldia Development Authority engaged M/s Metallurgical and Engineering Consultants (India) Limited as consultants for widening of a 6.5 KM Haldia-Panskura link road which was completed at a cost of Rs 6.70 crore. Due to defective planning, however, the road remained unworthy of traffic movement, rendering the entire expenditure wasteful.

(Paragraph 4.2.5)

Haldia Development Authority (HDA), commenced construction of a housing complex comprising 176 flats at an estimated cost of Rs 10.71 crore without conducting any market survey. Since there was not enough prospective buyers, HDA decided to complete only 34 flats and abandoned the entire incomplete works of the remaining 142 flats. Thus injudicious decision of HDA to construct a housing complex without any market survey led to infructuous expenditure of Rs 1.54 crore on incomplete works.

(Paragraph 4.2.6)

12 Violation of contractual obligations/Undue favour to contractors

Arbitrary recommendation made by the Chief Engineer, Public Works (Roads) Department awarding higher rate of Water Bound Macadam led to undue benefit of Rs 1.53 crore to a contractor.

(Paragraph 4.3.3)

13 Avoidable/Excess/Unfruitful expenditure

West Bengal Khadi and Village Industries Board obtained a loan of Rs 22.49 crore (against the sanctioned amount of Rs 111 crore) from Khadi and Village Industries Commission (KVIC) under the Consortium Bank Credit Scheme (CBC) for generation of employment opportunity in rural areas. The Board was unable to utilise Rs 7.97 crore and refunded the same to KVIC after

one to five years, entailing an avoidable interest burden of Rs 1.96 crore in the process.

(Paragraph 4.4.1)

Government decided in 1998 to contract out sanitary and scavenging services (non-clinical) in all district/sub-divisional/general hospitals with bed strength of more than 100 for ensuring cost efficiency and quality in services. Out of 10 test-checked hospitals, in 7 hospitals despite having excess departmental sweeping and cleaning staff, sanitary and scavenging services were contracted out incurring an avoidable expenditure of Rs 78 lakh between May 1999 and March 2003 in addition to expenditure of Rs 1.35 crore towards pay and allowances of the excess departmental staff, although no major improvement in cleanliness was noticed.

(Paragraph 4.4.2)

Unfruitful expenditure of Rs 9.06 crore was incurred on purchase of land for execution of housing project without the study of its saleability.

(Paragraph 4.4.4)

Inspector General, Correctional Services arbitrarily selected suppliers and fixed rates for procurement of medicines without inviting tenders resulting in excess expenditure of Rs 95.03 lakh on purchase of medicines during 2001-2003 in five Central Correctional Homes. Besides, failure to exercise necessary check resulted in excess payment of Rs 4.74 lakh. Moreover, 25 types of equipment worth Rs 53.98 lakh remained idle for two to four years in packed condition since procurement, rendering them susceptible to damage.

(Paragraph 4.4.6)

Three State Government undertakings printed text books at rates higher than those of private presses resulting in an extra expenditure of Rs 1.12 crore. Six private presses did not return the excess paper valuing Rs 11.45 lakh supplied by the department during the period 2000-2003 while one of the undertakings consumed more paper valuing Rs 19.13 lakh than other presses for printing the same books.

(Paragraph 4.4.11)

Transport Department failed to make its helicopter operational despite it being air-worthy and was deprived of the intended benefit inspite of spending Rs 1.33 crore on overhauling. Moreover, Rs 1.80 lakh were spent on idle wages of the pilot, besides incurring an avoidable expenditure of Rs 1.01 crore on hiring of private helicopter for departmental use.

(Paragraph 4.4.12)

Howrah Improvement Trust allotted 1371 flats to the evictees of the Second Hooghly Bridge during 1980-1986 on hire purchase basis. Contrary to the hire-purchase terms, maintenance cost of Rs 79.38 lakh and electricity charges of Rs 1.63 crore were borne by the Howrah Improvement Trust. Besides, the

investment of Rs 1.31 crore in construction of 171 flats remaining unallotted as of October 2003 was rendered unfruitful.

(Paragraph 4.4.13)

Howrah Improvement Trust constructed 64 residential flats (cost: Rs 0.86 crore) at Salkia (March, 1998) and 43 shops (cost: Rs 0.31 crore) at Howrah (July, 1996) for rehabilitation of families/traders evicted for Salkia Flyover. The residential flats remained unallotted as of October 2003 as the sale price of the flats was not fixed and the shops were vacant as the location of the shops was different from that agreed upon with the traders. Thus, the investment of Rs 1.17 crore in construction of shops/flats remained unfruitful for over 5 years.

(Paragraph 4.4.14)

To contain huge expenditure on alum, Kolkata Metropolitan Water and Sanitation Authority (KMWSA) introduced (1994) use of a coagulant aid named CATFLOC-T along with alum for removal of turbidity of river water. Without any valid reason, however, KMWSA reverted (August 1996) to use of only alum and incurred avoidable expenditure of Rs 1.31 crore during 1997-2003.

(Paragraph 4.4.15)

14 *Idle investment/Idle establishment/Blockade of fund*

Despite expenditure of Rs 10.34 crore out of GOI assistance and completion of construction of 11 out of 16 District Institutes of Education and Training building, not a single institute could be made functional even after 10 years depriving primary students of quality and specialised teaching.

(Paragraph 4.5.2)

Internal Control System in Government Departments

15 *Internal Audit System*

Health and Family Welfare Department engaged its internal audit staff in day-to-day works other than actual audit. As a result the audit coverage got restricted to 4 to 37 units against a target of 455 to 650 units per year during 1998-2003. In Commercial Taxes Department, the Internal Audit Wing did not prepare any audit plan and conducted audit of complex cases only. In Public Works Department too, the audit coverage was too meagre and delays in issuance of inspection reports frustrated the purpose of Internal Audit particularly in view of lack of compliance.

(Paragraphs 5.1.1, 5.1.2 and 5.1.3)