

## CHAPTER 6: AUDIT EFFECTIVENESS

### 6.1 Audit objections issued, settled and outstanding

During the year 2006-07, based on the results of test audit, a total of 13422 Audit objections were issued through Special letters, Part-I Audit Notes and Inspection Reports. Besides these, there was a carry forward of 28755 audit objections pertaining to the previous years. A total of 12194 Audit objections were settled during the year after the Railway Administration recovered/ agreed to recover the amounts involved or had initiated corrective/ remedial action. The balance 29983 audit objections outstanding as on 31 March 2007 involve financial irregularities amounting to Rs. 12532.78crore.

### 6.2 Recoveries at the instance of Audit

As a result of cases of undercharges in realisation of freight and other earnings, overpayments to staff and other agencies, non-recovery of dues of the Railway etc. brought to the notice of the Railway Administration during the year 2006-07, an amount of Rs.48.34 crore has been accepted for recovery (Rs.41.48 crore was recovered and Rs.6.86 crore was agreed to be recovered). Out of this Rs.16.48 crore pertained to transactions which were checked by Accounts but the errors could not be detected by them. An amount of Rs.1.50 crore pertained to recoveries made by Railway Administration, as a result of further review done by them, on the basis of audit objections. The Railways where more than Rs. one crore was recovered or agreed to be recovered at the instance of Audit are Northern (Rs.8.09 crore), North Central (Rs.7.66 crore), North Western (Rs.6.49 crore), Northeast Frontier (Rs.4.07 crore), East Central (Rs. 3.53 crore), South Eastern (Rs.2.54 crore), Western (Rs.2.43 crore) North Eastern (Rs. 2.41 crore), Southern (Rs.2.27 crore), South East Central (Rs 2.22 crore), West Central (Rs.1.81 crore), South Central (Rs 1.73. crore) and Central (Rs.1.62 crore) Railways.

### 6.3 Response of the Ministry of Railways (Railways Board) to Provisional Paragraphs

In order to implement the recommendations of the Public Accounts committee (PAC), Ministry of Finance issued instructions (June 1960) to send replies to Draft audit Paragraphs (Provisional Paragraphs) proposed for inclusion in the Report of the Comptroller and Auditor General of India within six weeks from the date of issue.

For this Railway Audit Report, 157 Provisional Paragraphs were issued. Replies to 18 Provisional Paragraphs have been received (December 2007).

### 6.4 Follow up on Audit Reports

To ensure the accountability of the executive on all issues dealt with in the Report of the Comptroller and Auditor General of India, the PAC had decided (1982) that the concerned Ministries/ Departments of the Government of India should furnish corrective/ remedial Action Taken Note (ATNs) on all paragraphs contained therein.

Taking a serious view of the inordinate delays and persistent failures in furnishing ATNs within the prescribed time limit, PAC had desired in their

Ninth Report (Eleventh Lok Sabha) presented to Parliament on 22 April 1997 that henceforth corrective/ remedial ATNs, duly vetted by Audit, on all paragraphs included in the Reports be furnished within four months after the Report is laid on the table of the Parliament.

The position of ATNs furnished by the Railway Board (December 2007) on the paragraphs included in the Reports of the Comptroller and Auditor General of India – Union Government (Railways) upto the year ended 31 March 2007 is given below:

Year	Total para	No. of para on which ATN finalised	No. of Paragraphs on which ATNs are pending				
			Not received	ATN on which comments sent to Railway Board	ATNs finally vetted	ATN under verification by Audit	Total
1994-95	77	76	0	0	1	0	1
1995-96	85	84	0	1	0	0	1
1996-97	95	93	0	1	1	0	2
1997-98	96	94	1	0	0	1	2
1998-99	106	96	3	4	3	0	10
1999-00	101	90	5	3	2	1	11
2000-01	101	90	5	3	2	1	11
2001-02	101	73	10	12	5	1	28
2002-03	110	78	12	11	6	3	32
2003-04	114	58	21	16	16	3	56
2004-05	105	24	32	19	20	10	81
2005-06	138	00	61	35	21	21	138
<b>Total</b>	<b>1229</b>	<b>856</b>	<b>150</b>	<b>105</b>	<b>77</b>	<b>41</b>	<b>373</b>

ATNs in respect of 150 Paragraphs relating to the Report for the year 1997-98 to 2005-06 have not been furnished at all (December 2007). Besides, 105 ATNs received for vetting by Audit are outstanding because adequate remedial action has not been taken. In 41 cases the action stated to have been taken is under verification by Audit.

New Delhi  
Dated:

(N.R. RAYALU)  
Deputy Comptroller and Auditor General

Countersigned

New Delhi  
Dated:

(VINOD RAI)  
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