5.2 Department of Information Technology (Ministry of Communication & Information Technology)

5.2.1 Organisational Structure

DIT is headed by a Secretary who is assisted by one Additional Secretary and three Joint Secretaries one of whom is a Financial Advisor. DIT has an Integrated Finance Division (IFD) headed by the Joint Secretary & Financial Advisor who is responsible for internal finance and expenditure control of DIT.

5.2.2 Financial Management and Budgetary Control

5.2.2.1 Lack of effective monitoring over flow of expenditure

The Public Accounts Committee (PAC), in its sixteenth report on the rush of expenditure in the month of March, had drawn attention to provisions contained in Rule 69 of the General Financial Rules, 1963 which provided that rush of expenditure, particularly in the closing months of financial year should be regarded as a breach of financial regularity and should be avoided. The Secretary (Expenditure) advised (February 2000) all the Ministries/ Departments to put in place a mechanism in consultation with the concerned Financial Advisors to exercise a monthly check on the flow of expenditure. The Ministry of Finance (MOF) also reiterated in May 2003 and October 2004 that not more than 33 percent of the plan outlay should be released in the last quarter.

DIT, however, incurred plan expenditure upto 55 *per cent* of total expenditure during the last quarter of 2002-03 to 2004-05. Of this, Rs. 93.83 crore to Rs. 283.04 crore representing *19 per cent* to 44 *per cent* respectively of the total plan budget was incurred by DIT during March of each year. This was contrary to the recommendations of PAC as well as violative of the instructions of MOF. DIT stated (July 2004) that for effective monitoring over expenditure, monthly and quarterly review was being made. Judging by the trend of expenditure, the reviews were clearly not effective.

5.2.2.2 Fiscal prudence and austerity norms flouted

Government of India had instructed all the Ministries / Departments in August 1998 to impose a 10 percent cut on the budget allocation on non-salary secretariat expenditure such as Travelling Allowance (TA), Office Expenses (OE), Overtime Allowance (OTA), etc. The Ministries/ Departments were advised to ensure strict compliance with these instructions. The orders were reiterated by MOF from time to time.

Audit examination revealed that DIT did not adhere to the prescribed austerity norms during the period 2002-2005 as shown below:

Table No.1: Position of Over time allowance, Travel and Office expenses

(Rupees in lakh)

Year	OTA			Travel (Domestic)			OE		
	Budget after 10% cut	Actuals	Excess	Budget after 10% cut	Actuals	Excess	Budget after 10% cut	Actuals	Excess
2002-03	9.00	10.00	1.00	66.60	74.00	7.40	288.00	320.00	32.00
2003-04	9.00	9.76	0.76	66.60	69.54	2.94	333.00	355.57	22.57
2004-05	7.92	8.80	0.88	66.60	74.00	7.40	333.00	365.81	32.81
Total			**2.64**			**17.74**			**87.38**

Thus over the three year period, DIT incurred expenditure of Rs. 107.76 lakh in excess of the limits worked out according to the prescribed austerity norms.

5.2.3 Internal Audit

The Civil Accounts Manual provided for setting up of an efficient internal audit wing to ensure accuracy in accounts and efficiency in the operation of the accounts establishment. The scope and function of the internal audit wing would depend on the nature of work, number of subordinate offices, strength of establishment, nature and quantum of expenditure. Each Ministry/Department was, therefore, required to draw up a Manual of Internal Audit, specifying the duties and functions of the wing with particular reference to the conditions prevailing in the Ministry/Department. It further provided that the Internal Audit unit would work directly under the Principal Chief Controller of Accounts/Chief Controller of Accounts/Controller of Accounts with the overall responsibility for internal audit remaining with the Financial Advisor of the Ministry/ Department. The Civil Accounts Manual also provided for internal audit of a unit to be conducted at least once a year.

Audit examination revealed that DIT neither prepared any Internal Audit Manual nor established an Internal Audit wing. The internal Audit plans were being prepared in an ad-hoc manner on case-to-case basis. The Principal Accounts Officer (DIT) was responsible for conducting the internal audit of DIT, comprising 37 units/Centers under it. Out of these, the internal audit of six, seven and 29 units was carried out during 2002-03, 2003-04 and 2004-05 respectively. A total of 259 paras issued by internal audit were outstanding as of March 2005. Besides, internal audit of three units, namely NIC Jammu, Raipur and Headquarters in Delhi had not been taken up even once during this period.

DIT stated (October 2005) that the internal audit wing could not be established due to shortage of staff and ban on recruitment and that the functions of internal audit were being managed by the existing staff. DIT also stated that preparation of the Internal Audit Manual was underway.

5.2.4 Administrative controls

5.2.4.1 Procurement of consumable stores without the approval of the Internal Financial Advisor- Rs.1.65 crore

With a view to having a proper control over sanctions issued by the administrative Ministry, the Internal Financial Advisors (IFAs) were vested with powers to advise the administrative Ministry on all matters falling within the field of delegated powers.

Test-check of 20 stationery and technical stores procured during 2001-02 to 2003-04 costing Rs 1.65 crore revealed that DIT did not send the proposal of procurement of stores either for pre-audit or for obtaining the financial concurrence of IFA. It was noticed that the JS & FA had delegated the authority of IFD to deal with all cases of purchase of furniture, automation, stationery etc. to General Administration Section (GA) provided such purchases were within the norms/rules/ guidelines of Government of India. Consequently, the GA Section did not send proposals for procurement of gifts, stationery and bags etc. involving expenditure of Rs 10.52 lakh to IFD required for the "2nd Asia IT Ministers summit at Hyderabad". DIT stated (August 2004) that it had delegated powers to GA to incur expenditure in respect of furniture, automation and stationery etc. The delegation of powers by JS&FA to GA Section to incur expenditure on above items compromised the intended controls.

DIT stated (October 2004) that revised instructions for delegation of financial powers had been issued stipulating that every proposal would have to be concurred by IFD**.**

5.2.4.2 Stock entry not done

A certificate in support of receipt of items in good condition and entry in the relevant stock registers should be recorded on the bill by the officer-in-charge of the section dealing with purchases. DIT did not make stock entry in 16 cases checked in audit. DIT stated (October 2004) that necessary stock entries had been made but inadvertently, stamps to that effect were not affixed on the reverse of the cash memos. However, these stock registers were not produced to Audit for verification in October 2005.

5.2.4.3 Shortfall in O&M activities

The Central Secretariat Manual of Office Procedures stipulated recording of files, review of files and annual inspection of sections as well as attached and subordinate offices. It was, however, observed that only 1.6, 8.6 and 0.6 *per cent* of the total files due for recording during 2002-03 to 2004-05 were recorded in the respective years. Similarly, only 59, 61 and 52 *per cent* of the total files due for review were reviewed during the years 2002-03 to 2004-05 respectively. The O&M section of DIT annually inspected 91, 85 and 50 *per cent* of sections respectively during 2002-03 to 2004-05. During this period, out of 14 attached/subordinate offices, only three offices were reviewed during 2002 to 2005. Besides, National Informatics Centre was not included in the list of attached offices to be inspected.

DIT stated (October 2005) that it was the duty of concerned divisions/sections to carry out recording/reviewing/weeding out of their files/records. As regards annual inspection, it stated that the section had limited staff.

5.2.5 Manpower analysis

Review of records relating to manpower policies of DIT revealed that DIT did not follow instructions of MOF on upgradation of posts, abolition of posts, constitution Staff Inspection Unit and filling up of posts on deputation basis.

5.2.5.1 Irregular upgradation of posts

Instructions of MOF stipulated that the upgradation of posts tantamounted to creation of posts. Powers to create posts were vested with MOF. It was observed that DIT upgraded and filled 18 Group A and one post of Publication Assistant to Publication Officer on personal/ ad-hoc basis without the approval of MOF. In case of Deputy Directors and Section Officers, the posts were upgraded in August 1999 on the analogy of orders issued by the Department of Personnel and Training (DoPT) (September 1998) for upgradation of posts for Central Secretariat Service (CSS) cadre. Though DOPT issued orders for CSS cadre after taking approval of Department of Expenditure (DOE), DIT did not take approval of DOE in this case. Similarly, in case of Private Secretaries, though the posts were upgraded on the analogy of orders issued by DOPT for Central Secretariat Stenographer Service cadre in August 1999, DIT did not take approval of DOE as was done by DOPT in similar case. The post of Executive Engineer was filled up though the incumbent did not fulfill the requisite criteria of minimum eight years of regular service in the post of Assistant Engineer.

DIT stated (May 2005) that it was empowered to take decisions in respect of all its personnel and policy related matters. The reply is not tenable as powers relating to creation/upgradation of posts were vested with the Ministry of Finance rather than the executive Ministry.

5.2.5.2 Non-abolition of vacant posts

The instructions of the Government required that all posts lying vacant for a period of one year or more should be abolished. DIT, however, did not abolish 49 posts lying vacant for a period of one year or more as of March 2005.

DIT stated (October 2005) that for one post, the matter had been taken up with Department of Economic Affairs and the other posts could not be abolished due to various administrative reasons. The reply of DIT was not acceptable as the posts lying vacant for more than one year were required to be abolished.

5.2.5.3 Irregular appointments by deputation in the office of the Controller of Certifying Authority

The office of the Controller of Certifying Authority (CCA) was established in October 2000 under an Act of the Parliament to implement the provisions of the Information Technology Act 2000. The Office of the CCA had a sanctioned strength of 33 including 16 administrative posts.

DIT filled up 16 administrative posts by deputation from the staff of DIT only. DIT did not follow the established procedure for circulation of vacancies in 'The Employment News'. The DIT's action to fill up the above posts from within DIT resulted in extending undue favour to members of its staff. DIT stated (May 2005) that vacancies were circulated only in DIT because there was urgent need of support staff and circulation to all Ministries would have been a long time consuming process. It added that in future, proper circulation of vacancies would be done.

Rules governing deputation provided clearly that the maximum period of deputation should not be more than three years except in cases where the recruitment rules provided longer period. DIT had circulated a request for deputation to the post of Director (Admn. & Finance) for period of three years. DIT, however, appointed the Director (Admn. & Finance) initially for a period of five years. DIT stated (May 2005) that the post was filled up on the recommendation of the selection committee with the approval of the Minister (C&IT). The reply was not acceptable as the maximum period of deputation should not have exceeded three years.

5.2.5.4 Non-constitution of Staff Inspection Unit

All scientific departments declared as such by the Department of Science and Technology were excluded from the purview of the Staff Inspection Unit (SIU) of MOF according to instructions of August 1988. The functions of SIU in respect of such Departments were to be entrusted to a team appointed by the Head of the respective Department consisting of the core members of the SIU (Ministry of Finance) and Scientific/Technical personnel from the concerned Departments.

DIT did not constitute any SIU since 1988. It, however, constituted two Quick Work-assessment Study Committees in June 2003, one each for scientific and non-scientific staff. While the report on the scientific staff had not been submitted as of October 2005, the final action on report on non-scientific staff was yet to be taken by DIT. Thus, DIT failed to undertake any study as required under the functions of SIU such as laying down norms for particular type of work and examining the proposals relating to reorganisation or creation of posts for fifteen years.

DIT stated (October 2004) that SIU of the MOF had carried out a study during 1986-88 but study reports were not submitted by it. This, however, did not explain the omission on the part of DIT to constitute an SIU for over fifteen years.

5.2.5.5 Non-framing of Recruitment Rules

DIT had framed Recruitment Rules for its administrative staff but it failed to frame any Recruitment Rules for its S&T staff even after more than 30 years of its setting up. DIT also failed to evolve work norms for its S&T posts.

DIT stated (October 2004) that action had been initiated to frame recruitment rules for S&T staff but did not state anything regarding work norms.

5.2.6 Outstanding advances

An amount of Rs 9.28 crore advanced by DIT was outstanding as of March 2004 against various agencies since 1989-90 in 160 cases. In 42 cases, an amount of Rs 1.59 crore were given as advance to the Electronic Trade and Technology Development Corporation Limited, a Public Sector Undertaking under DIT. DIT stated (June 2004) that most of advances were not adjusted due to non-submission of bills by the concerned divisions. The position as of March 2005 was not intimated by DIT.

5.2.6.1 Inadequate monitoring resulting in non-recovery of Rs 76.31 crore

An amount of Rs. 28.94 crore released by DIT as loan from 1975-76 onwards and Rs 2.12 crore as refundable interest free grant-in-aid from 1997-98 onwards to 22 and 5 parties respectively were outstanding, as of March 2005. The amount of interest on the outstanding loan of Rs 28.94 crore was Rs 45.25 crore. Of the defaulters, the Electronic Trade and Technology Development Corporation Limited and the Semiconductor Complex Limited, Mohali (PSUs of DIT) accounted for Rs. 22.38 crore. Audit examination revealed that while in six cases, DIT had no information about the loans given, eight cases were pending before courts/arbitrators. In two cases, the firms were not traceable. The parties in another two cases had sought conversion of loan into grants in 2004-05. This indicated inadequate monitoring by the divisions sanctioning loans as also the Pay and Accounts Office resulting in non-recovery of loan and refundable grants-in-aid, which was outstanding since 1975-76.

5.2.6.2 Inadmissible payment of Transport Allowance

As per the orders of MOF, transport allowance was admissible to the Central Government employees who were not provided government accommodation within a distance of one kilometer from the office complex.

Despite being pointed out in Audit, DIT paid the transport allowance to its employees residing in the Pragati Vihar Hostel Complex at a distance of less than one kilometer from the Electronic Niketan Complex ignoring the instructions of MOF. This resulted in inadmissible payment of Rs. 12.38 lakh to its employees during 1997-2005. DIT stated (July 2004) that the distance between Pragati Vihar and the Electronics Niketan averaged more than one kilometer. The reply of DIT was not tenable in the light of the clarification issued by the MOF (DOE) in June 2001 stating that for the purpose of calculating distance of one kilometer, the boundary of residential complex and working place complex should be taken into account. The distance from Electronic Niketan to the Eastern side of the complex was 0.8 km. DIT further stated (August 2005) that it had constituted a committee for ascertaining the factual position with regard to the distance from the Electronics Niketan to Pragati Vihar Hostel (PVH) and the shortest distance from front gate of PVH to Electronics Niketan gate was 1.1 Km. The reply of DIT is not acceptable as the committee itself observed that there was a gate less than one kilometer (0.8 Km) from the Electronics Niketan and as per the MOF clarification of June 2001, the minimum distance between boundaries of residential complex and the office complex should be taken into account.

5.2.6.3 Unauthorised expenditure of Rs. 88.02 lakh

DIT provides budgetary support to the societies (presently seven) set up by it and registered under the Societies Registration Act, 1860. These societies also earn revenue to augment their fund requirement through educational training programmes, consultancy and execution of projects. Five of these societies namely, the Electronic Research and Development Center of India (ERDCI), the Centre for Development of Advanced Computing (C-DAC), the National Centre for Software Technology (NCST), the Software Technology Parks of India (STPI) and the Department of Electronics Accreditation Certificate Course (DOEACC) commenced incentive schemes from 1992-93 onwards for their employees. The incentive schemes adopted by these societies were not uniform. Over the period 1995-96 to 2003-04, the societies paid incentive of Rs. 6.09 crore to its employees as detailed in the table below:

Table No. 2: Payment of incentive to the societies

(Rupees in lakh)

Name of Societies	1995-96	1996-97	1997-98	1998-99	1999-2000	2000-01	2003-04
ERDCI	-	3.67	4.19	5.33	-	3.96	-
STPI	28.07	46.93	77.81	23.01	57.59	25.66	88.02
C-DAC	-	-	11.53	29.22	33.60	71.8	-
NCST	-	25.98	27.00	29.38	-	-	-
DOEACC	0.47	1.45	1.96	3.16	1.81	7.28	-
Total	28.54	78.03	122.49	90.10	93.00	108.70	88.02

DIT constituted a committee consisting of four members in January 2000 to suggest guidelines for uniform implementation of the incentive scheme. The committee approved the Performance Incentive Scheme (PIS) in October 2000 which provided that only those societies (i) which did not receive any budgetary support from Government (ii) which received budgetary support only for their capital requirement but generated surplus income over their revenue expenditure and (iii) which received budgetary support for the entire capital requirement and partial revenue expenditure could provide incentive to their employees.

Following an audit query on the status of MOF approval to the payment, DIT discontinued the scheme in February 2002 and sought MOF approval in April 2002. MOF intimated in July 2002 that the societies which were functioning in a highly competitive environment and were sustaining their operations exclusively from their own surplus funds without any government grant (capital or revenue) could be considered for payment of incentive. As all the societies had been getting grants (except DOEACC till 2002-03) from DIT, none of them qualified for the incentive. However, despite clarification of MOF, STPI again distributed Rs. 88.02 lakh as incentive for 2003-04 in November 2004 which was irregular.

DIT stated (August 2005) that the performance incentive scheme was initiated based on the recommendations of the committee and was also approved by the Governing Councils of these societies under the chairmanship of the Secretary DIT. The reply of DIT was not acceptable in view of the clarifications given by the MOF.

5.2.6.4 Irregular payment of Conveyance Charges and Local Travelling Allowance

As per the Delegation of Financial Powers Rules (DFPR), the conveyance hire charges actually paid by a Government servant would be reimbursed to him if he performed a journey in the public interest. The total reimbursement to a Government servant in any one month on this account should not exceed Rs. 150.

Test-check of 109 cases pertaining to 2003-04 revealed that DIT reimbursed both LTA and conveyance charges to 87 employees whereas only LTA was paid to 22 employees. During this period while Rs. 1.26 lakh was reimbursed on account of conveyance charges to these officials, Rs 4.64 lakh was paid towards local TA. Of this, Rs 4.12 lakh was in excess of the prescribed limit of Rs 150 per month.

The payment of local TA and conveyance charges for the same month as also local TA in excess of Rs. 150 indicated the failure of administrative controls in DIT. This was all the more so in view of the fact that DIT reimbursed auto/taxi hire charges in all cases whereas the Government orders provided for reimbursement of only bus/train fare or a combination thereof, barring exceptions.

DIT stated (October 2004) that all payments were within the delegated powers. The reply of DIT was not acceptable as the payment of both conveyance and LTA charges in excess of Rs. 150 was irregular.

5.2.6.5 Irregular expenditure on ELITEX – Rs 2.15 crore

With a view to disseminating the information about indigenous R&D and promoting interaction among users, industry and R&D institutions, DIT had been organising the Electronics & IT Exposition (ELITEX), an exposition-cum-seminar since 1999.

DIT released Rs. 2.15 crore during October 2000 to March 2005 to STPI for organising ELITEX – 2001, 2002, 2003, 2004 and 2005.

MOF had issued instructions from time to time that the Departments should send the proposals of holding domestic conferences, seminars, workshops involving expenditure of more than Rs. 5 lakh through the financial advisors for approval of the Secretary (Expenditure) and the Cabinet Secretary. DIT, however, did not send these proposals to the Secretary (Expenditure) and the Cabinet Secretary though the release of funds for each event exceeded Rs. 5 lakh. Thus, the release of Rs. 2.15 crore for organising the exposition-cum-seminars was in violation of the instructions issued by MOF and the expenditure incurred was irregular.

5.2.6.6 Non-maintenance of prescribed registers

DIT was required to maintain registers for exercise of check over expenditure/ other administrative checks. It was, however, observed that the register of stock of receipt books, register of transactions of non-government money/accounts, overtime allowance register and register of sanctions were not being maintained by DIT. DIT had assured in October 2004 that these registers would be maintained in future. However, during test check in audit in October 2005, these registers were not produced.

5.2.7 Accounting Controls

5.2.7.1 Improper maintenance of vouchers

The vouchers in support of acquittance were not kept serially and locating a particular voucher was not easy. As a result, a number of vouchers could not be traced for test-check for the months selected in audit.

DIT stated (October 2004) that all vouchers would be maintained properly and serially as suggested by Audit. However, the vouchers for March 2005 test checked in audit were neither complete nor kept serially as stated by DIT.

5.2.7.2 Non-fixation of revenue stamp in respect of payments made through cheque

All payments exceeding Rs. 5000 were to be made after a revenue stamp was affixed. Test-check of cheque registers for the year 2002-03 revealed that payments upto Rs. 3.00 lakh were made by cheque without affixing revenue stamps in the register maintained for the purpose.

DIT stated (October 2004) that this would be followed strictly and revenue stamps would be fixed in all previous cases. However, the register was not produced to Audit in October 2005.

5.2.7.3 Handing over cheques to persons other than claimant without authority

It was observed that cheques in the names of individual officials of DIT were handed over to persons other than the claimant without any express authority of the claimant, which was improper and the system was liable to be misused.

DIT stated (October 2004) that in future, the cheques would be handed over to the concerned officials only.

5.2.7.4 Surprise check of cash

A surprise check of cash was required to be conducted by an authority not responsible for maintenance of the cash book. Also a certificate to the effect that the cash balance found during physical verification had agreed with the balances recorded in the cash book was to be recorded. It was, however, observed that surprise check of cash was not done in DIT during 2002-03 to 2004-05.

DIT stated (October 2004) that the Deputy Director (Budget) or the Deputy Financial Adviser would conduct surprise check of the cash on a regular basis. A scrutiny of the cash book upto March 2005, however, revealed that this practice was not actually started by DIT.

Recommendations

- ❖ **DIT should evolve proper internal controls to ensure that instructions issued by Government of India were followed.**
- ❖ **The internal audit wing should be established and comprehensive internal audit manual be prepared at the earliest.**
- ❖ **The registers prescribed to be maintained under various instructions and rules should be maintained and updated.**