

# Compliance Audit Observations

## Chapter-III

### Compliance Audit Observations

Important audit findings emerging from test check during the audit of the State Government companies/Statutory corporations are included in this Chapter.

#### Government companies

##### DNP Limited

#### 3.1 *Undue benefit to Consultants*

*Adhoc adjustment in the contract value against exclusion of certain works resulted in undue benefit of ₹ 0.37 crore to the consultant.*

DNP Limited (Company) awarded (March 2006) the work of consultancy services to Tractebel Engineers and Constructors Private Limited (TECPL) for Engineering, Procurement and Construction (EPC) Management of Duliajan to Numaligarh Refinery Limited (NRL) Pipeline Project. Subsequently, DNP entered into (June 2006) an agreement with TECPL. The work was scheduled to be completed by March 2007 at an estimated cost of ₹ 5.00 crore.

The scope of work under the contract (June 2006) included radiography work in respect of 10 *per cent* of mainline joints as well as 100 *per cent* of other joints (*viz.* crossings and tie-in joints, metering station and compressor station piping network joints). The total estimated number of joints as stipulated in the contract were 19,600 (including 19000 mainline joints and 600 other joints). Accordingly, TECPL was required to conduct the radiography on 1,900 joints in the mainline (10 *per cent*) and 600 other joints in the crossings and compressors (100 *per cent*). The work order, however, did not stipulate any separate items of cost for radiography work.

The Company decided (June 2006) to downsize the design of the proposed pipeline in terms of diameter (from 20 inches to 16 inches) in absence of a firm commitment from the gas supplier (Oil India Limited) for supply of the required quantity of gas so as to match the same with gas transportation capacity of 1 million standard cubic metre per day (MMSCMD) from existing 2 MMSCMD.

Accordingly, TECPL re-assessed (November 2006) the number of joints as 7,100 (6,080 mainline joints and 1,020 other joints).

While the radiography work was yet to start, TECPL informed (June 2008) the Company that as the project was being extended beyond the scheduled period of completion on account of re-assessment of entire design and drawings, they were entitled for compensation of ₹ 1.47 crore for extra mandays required against the extended period.

While the negotiation for the compensation claim of TECPL was in progress, the Company engaged (December 2008) a separate contractor- Industrial X-Ray & Allied Radiographers (I) Private Limited (IXAR) for conducting the radiography as well as the ultrasonic tests of all the 7,100 joints (100 *per cent*) at a price of ₹ 1.63 crore. During negotiations with TECPL, the Company agreed (March 2009) to exclude the entire radiography work from the revised work scope of TECPL by deducting a lump sum amount of ₹ 16.29 lakh only (*i.e.* 10 *per cent* of the value of the work order issued in favour of IXAR) from the original contract value of TECPL. The said deduction against reduction in the work scope of TECPL was made on the plea that the amount so deducted adequately covers the cost of radiography work excluded from the work scope of TECPL under revised contract. Accordingly, an amended work order was issued (August 2009) in favour of TECPL at revised contract value of ₹ 5.96 crore as against the original contract value of ₹ 5.00 crore.

IXAR finally carried out radiography testing of 5,600 mainline joints and 1,856 tie up joints at the rate of ₹ 2,200 per joint. It was observed that as per the original work scope of the contract, TECPL was to execute radiography of the 10 *per cent* of the mainline joints and 100 *per cent* of the other joints. Considering the actual cost involved against radiography work done by IXAR and the radiography work included in the original work order, TECPL was liable to contribute the costs for conducting radiography tests of 560 mainline joints (10 *per cent* of mainline joints) and 1,856 other joints (100 *per cent* of crossing and tie up joints) involving aggregate cost of ₹ 0.53 crore at the rate of ₹ 2,200 per joint.

Hence, *ad hoc* adjustment of ₹ 0.16 crore in the contract value of original work order resulted in extension of undue benefit of ₹ 0.37 crore to TECPL.

In reply, Management stated (August 2013) that as the cost deducted from TECPL for reduction in their scope of work was a part of total negotiation and clubbed with other issues/claims of TECPL, the value cannot be assessed in

isolation. The Government also endorsed (September 2013) the replies of the Management.

The reply is not tenable as while re-negotiating with TECPL, the item-wise cost variations involved in respect of each change in the scope of the original work order should have been analysed rationally before arriving at a final decision. Apparently, the benefits availed against the reduction in the work scope of the contract were much less than the actual costs incurred in execution of the said works.

### **Assam Power Generation Corporation Limited**

#### **3.2 Unfruitful investment on measuring equipment**

Investment of ₹ 37.44 lakh on ‘on-line pressure and gas flow monitoring system’ proved unfruitful due to faulty technical specifications provided by the Company.

Assam Power Generation Corporation Limited (Company) entered (November 2007) into an agreement with Oil India Limited (Supplier) for supply of gas to the Company’s Thermal Power Station at Namrup (NTPS). The gas procured was to be transported from the ‘off-take point’ of the Supplier at Duliajan to the ‘in-take point’ of the Company at NTPS through the pipeline of Assam Gas Company Limited (Transporter) based on separate agreement already in existence with the Transporter.

As per the *inter se* agreements, the quantum of gas supplied by the Supplier is measured through a meter installed at Supplier’s ‘off-take point’. From this ‘off-take point’, the Transporter receives the gas and transports to the Company through its pipeline. The measurement of the gas supplied by the Supplier could be cross-checked by a meter fixed by the Transporter on its side at ‘off-take point’ of the Supplier. In addition, the gas transported and released by the Transporter is also measured by a meter provided on its side at the ‘in-take point’ of the Company. The bills for gas and transportation are raised according to these readings. The measurements of gas as recorded by the meters installed by the Supplier and the Transporter were supposed to be further cross-checked by a meter to be placed by the Company on its side at NTPS ‘in-take point’. The discrepancies in meter readings were to be resolved mutually in monthly meetings.

With a view to operate measuring equipment on its side of ‘in-take point’ as well as to analyse the performance indicators of its individual turbines, the Company invited (October 2005) tenders for supply and installation of ‘on-line pressure and gas flow monitoring systems’ (measuring system). The tender comprised of two parts – technical and financial bids.

As per the design provided by the Company, the common gas flow line at ‘in-take point’ on NTPS side was bifurcated into two lines – one with 8 inch header for serving four Gas Turbines (GTs) connected by individual lines and another with 6 inch header for serving three lines including one line serving Steam Turbine (ST). Separate meters were to be provided for all these lines in addition to the meters installed at 8 inch and 6 inch headers.

The summation of gas flow meter readings of four GTs shall be equal to the reading shown by meter at 8 inch header (Set – 1). Similarly, the summation of gas flow meter readings of three lines at ST side shall also be equal to the reading of the meter at 6 inch header (Set – 2). Further, the total of meter readings at 8 inch and 6 inch headers shall be equal to the meter reading of the Transporter at the ‘in-take point’ of the Company (Set – 3).

The contract was awarded (February 2007) to N.K. Engineering Works (Contractor) and the work was completed (September 2007) at a total cost of ₹ 37.44 lakh. The Company issued (December 2007) a successful work completion certificate to the Contractor after observing the system installed for seven days.

On the day of issue of work completion certificate, it was noticed by the Company that the meter readings obtained from individual lines under Set 1 and Set 2 were inconsistent with the progressive readings recorded at the corresponding header as well as with the readings of the nearby meter placed by the Transporter. This was reported (December 2007) to the Contractor. On re-verification, the Contractor informed (March 2008) that the measuring equipment was manufactured as per the technical specifications provided by the Company and concluded that Set – 1 readings are accurate and the readings of remaining two sets were going wrong when the gas flow through the 6 inch header exceeded 11,000 sm<sup>3</sup> per hour, which was the maximum limit as per the technical specifications given by the Company. As a temporary solution, the Contractor suggested for reducing the gas flow in the by-pass valve.

Though the Company acted upon the suggestion, the problem (as detailed in *Annexure 9*) persisted and remained unresolved till date (September 2013). As the data shown by the meters seem to be erroneous, the Company had no other

option but to rely on the measurement reading as per the meter of the Transporter for making payments against the gas supplied without any cross verification. It was also observed that the newly installed meters were even not showing the correct data of the performance indicators of the turbines.

Thus, the investment of ₹ 37.44 lakh on installation of the measuring system remained unfruitful due to faulty technical specifications provided by the Company to the Contractor.

The matter was reported (July 2013) to Government/Management; their replies had not been received (September 2013).

### **Assam Power Distribution Company Limited**

#### **3.3 Loss of revenue**

The Company suffered a loss of ₹ 45.52 lakh due to irregular allowance of rebate and not preferring the claim for recovery of said rebate for more than two years.

Regulation 2.2 of the Assam Electricity Regulatory Commission (Electricity Supply Code and Related Matters) Regulations, 2004 (Regulations) provides parameters of different 'Voltage of Supply of power' to consumers in accordance with their Contracted Demand. In case the consumer intends to avail supply of power at higher voltage than applicable, the consumer needs to install and maintain additional infrastructure at his own cost. With a view to mitigate the hardship caused to consumers on account of this additional cost, the Schedule of Tariff\* provides for a rebate at the rate of 3 *per cent* in monthly energy charges against availing of power at higher voltage.

As per the Regulations, however, all the consumers with a minimum Contracted Demand of 5000 KVA and above may be supplied the power at highest voltage of supply *i.e.*, 132 KV / 220 KV. Since, this is the highest level of 'Voltage' for supply of power, the consumers availing power at this KVA are not entitled for any 'rebate in monthly energy charges' as specified in the Schedule of Tariff.

A test check of consumers' records at Industrial Revenue Collection Area (IRCA) of Assam Power Distribution Company Limited (Company) at Nagaon revealed that M/s Hindustan Paper Corporation Limited (HPCL) was billed

\* Applicable from June 2005 and subsequent tariff orders issued from time to time.

under the Category of “HT Category V (C): HT-II Industries”. HPCL was drawing power at 132 KV voltage level with Connected Load and Contracted Demand of 8500 KVA and 8824 KVA respectively. Since the supply of power was at highest voltage of 132 KV, HPCL was not entitled for any ‘rebate’ specified in the Schedule of Tariff.

The Company, however, allowed the rebate in monthly consumption charges of HPCL at the rate of 3 *per cent* for a period of 53 months from August 2006 to December 2010 amounting to ₹ 45.52 lakh, which was irregular. On noticing the mistake, the Company discontinued the rebate with effect from January 2011 without preferring a claim on HPCL for recovery of the said rebate amount already allowed upto December 2010.

It was observed that as per the provisions of Regulation 4.3.3 of the Regulations, the Licensee is not entitled to recover any sum due from the consumer after a period of two years from the date when such sum became first due unless the same is continuously shown as recoverable as arrears of charges for electricity supplied.

It was noticed that since the Company had failed to raise any claim on HPCL for recovery of the inadmissible rebate amount after its discontinuance in January 2011, it has already lost the legal right to claim the same in future as per the provision of the said Regulations.

Thus, the Company suffered a loss of ₹ 45.52 lakh due to irregular allowance of rebate and not preferring the claim for recovery of said rebate for more than two years.

Internal control system of the Company should be strengthened so as to avoid recurrence of similar lapses in future.

The matter was reported (April 2013) to the Government/Management; their replies had not been received (September 2013).

### 3.4 Loss of revenue

The Company suffered loss of ₹ 48.01 lakh due to wrong categorisation of consumers

As per the approved<sup>1</sup> Schedule of Tariff applicable from 3 June 2005 and subsequent tariff orders issued from time to time, the consumers availing supply of power for residential premises with connected load of 25 KVA and above are to be categorised under “HT Category I: HT Domestic”. This shall also include supply of power to occupants of flats in multi storied buildings/residential colonies receiving bulk power at single point with single metering for domestic purposes. The tariff applicable to this category of domestic consumers is different from the tariff applicable to other categories of domestic consumers.

A test check of consumer billing records at two billing centers of Assam Power Distribution Company Limited (Company) relating to the period from May 2007 to May 2012 revealed that eight consumers falling under the category of ‘HT Category I : HT Domestic’ were wrongly categorised as LT Category-I Jeevan Dhara and LT Category-II Domestic consumers. The wrong categorisation of consumers led to short billing for periods ranging from 13 to 61 months resulting in consequent loss of revenue of ₹ 48.01 lakh. (as detailed in *Annexure 10*).

Thus, the Company suffered loss of revenue of ₹ 48.01 lakh due to wrong categorisation of consumers pertaining to HT Category I: HT Domestic.

The Company should ensure that an effective system of internal checks is in place so as to avoid instances of similar losses due to wrong categorisation of consumers.

The matter was reported (April 2013) to the Government/Management; their replies had not been received (September 2013).

<sup>1</sup> Approved by Assam Electricity Regularity Commission (AERC)



### 3.5 Loss of revenue

Due to non-collection of LT charges for compensating the 'Transformation loss' the Company sustained a loss of ₹ 18.00 lakh

As per the approved<sup>2</sup> Schedule of Tariff effective from 3 June 2005 and subsequent tariff orders issued from time to time, consumers availing power supply at the voltage level of 11 KV and above are to be treated as High Tension (HT) group of consumers. Further, as per clause 2.2 of the Electricity Supply Code and Related Matters Regulation, 2004 (first amendment 2007), (Regulations), consumers with a connected load of more than 1200 KVA are required to draw power at 33 KV voltage. Drawal of power by such consumers at voltage level below 33 KV voltage results the incidence of higher transmission losses to Assam Power Distribution Company Limited (Company). As per the provisions of the Regulations, the Company was entitled to recover the compensation from such consumers for drawal of power at voltage level below 33 KV by way of levying LT charges at 3 *per cent* of total energy consumption till the services of the said consumers are converted from LT supply to HT supply.

Test check of consumer billing records at two billing centers<sup>3</sup> of the Company revealed that Company failed to recover the LT charges of ₹ 18 lakh against the 'transformation loss' for the period from March 2005 to March 2012 in respect of four consumers who were drawing power at 11 KV voltage though their connected load was above 1200 KVA.

Thus, due to non collection of LT charges for compensating the 'transmission loss' from HT consumers drawing power at 11 KV voltage, the Company sustained a loss of ₹ 18 lakh.

The matter was reported (April 2013) to the Government/Management; their replies had not been received (September 2013).

<sup>2</sup> Approved by Assam Electricity Regularity Commission (AERC)

<sup>3</sup> IRCA, Nagaon and IRCA, Kokrajhar

## Statutory Corporation

### Assam State Transport Corporation

#### 3.6 *Non-achievement of intended benefits*

Despite incurring an expenditure of ₹ 60 lakh on outsourcing the upkeep and maintenance work of ISBT premises, the Corporation could not get the intended benefit of a clean and hygienic environment.

To maintain and upkeep the Inter State Bus Terminus (ISBT), Guwahati, Assam State Transport Corporation (Corporation) engaged 12 employees per month for the works of regular cleaning and scavenging at aggregate wages of ₹ 3.07 lakh for the year 2008-09. To further enhance the cleaning standards, the Corporation decided (July 2009) to entrust the work to private contractors who were having experience and modern machinery for handling the works in similar field. Accordingly, sealed tenders were invited (August 2009) in two parts – Technical and Financial. It was, however, observed that the Technical part of the tender did not include any clause requiring the bidders to furnish details of their experience in similar works. In response to the tender, total three bids were received by the Corporation. It was, however, noticed that none of the three bidders had submitted the technical bids despite having clear instructions in this regard in tender document. Further, registration certificates furnished by the bidders showed that all three bidders were engaged mainly in the business of construction and general supplies. It was observed that the Corporation, without taking the cognizance of the above facts, opened the financial bids and awarded (August 2009) the work to the lowest bidder viz., Divine Construction & Suppliers (contractor) at the rate of ₹ 2.50 lakh per month for two years from September 2009 to August 2011.

The execution of work by the Contractor was unsatisfactory since beginning of the contract. It was observed that the controlling officer of ISBT (Divisional Superintendent) had brought the issue of unsatisfactory performance of the contractor to the notice of the higher management on several occasions during February 2010 to May 2011. Terms of the agreement with the Contractor also stipulated for termination of the services in case the performance of the Contractor as found to be unsatisfactory. It was, however, observed that despite repeated complaints received on the performance of the Contractor and also having enabling clause in the contract, no action was taken by the Corporation

for terminating the services of the Contractor except issuing warning notices on two occasions (February 2010 and March 2011). Finally, a termination notice was served (06 April 2011) on the Contractor for terminating the work contract with effect from 06 May 2011 viz. just three months before completion of the contract term. It was, however, noticed that despite issuing of the termination notice in April 2011, the Contractor was allowed to continue with its job till expiry of the contract (viz. August 2011). On expiry of the contract term, the work of cleaning and scavenging was executed by the Corporation departmentally through temporary workers for one year (September 2011 to August 2012) at a total cost of ₹ 12.28 lakh.

Thus, owing to several lapses in handling the works contract, the very purpose of engaging a private firm by the Corporation for better upkeep of the ISBT premises was defeated. The Corporation inspite of incurring an expenditure of ₹ 60 lakh could not get the intended benefit of a clean and hygienic environment in and around ISBT.

In reply, Management admitted (September 2013) the audit observation regarding unsatisfactory work performance of the contractor and stated that it has withheld the payment of the contractor amounting to ₹ 10 lakh (*i.e.* for the period May to August 2011) as it had already served the termination notice to the Contractor in May 2011.

The reply is not acceptable in view of the fact that the Corporation failed to immediately terminate the services of the Contractor despite receipt of adverse reports repeatedly on their performance since February 2010. Moreover, the Contractor was allowed to continue the work till the expiry of the contract (August 2011) even after issuing (May 2011) the termination notice. Further, the bills for the withheld payment of the Contractor have already been authenticated by the Corporation which was an indication of acceptance of the liability against bill amount by the Corporation.

The matter was reported (July 2013) to the Government; their replies had not been received (September 2013).

### 3.7 Undue benefit to the bus body fabricators

The Corporation extended undue benefit of ₹ 30 lakh to the contractors by allowing higher prices.

The Corporation invited (April 2010) quotations (under two bidding system) for construction of various types of bus bodies on the chassis supplied by it. The proposed works include building of bus body under the category of 'Hi-tech semi deluxe Bus body (Rural connectivity type) on 'TATA LP 1512/42 TC chassis.

In response, three bids were received, which were technically qualified. The financial bids were opened (May 2010) in the presence of the three bidders and the rates originally quoted by three bidders were as under:

Table 3.1

Name of bidder	Quoted price per chassis (₹ in lakh)
Unitech Motors Pvt. Limited	8.70
HMM Coaches Limited	9.25
Raju Motor Works	8.90

After negotiations, three bidders agreed for a negotiated price of ₹ 8.40 lakh per chassis. Accordingly, a Comparative Statement showing the original quotations as well as the negotiated price agreed upon by the three bidders was prepared (May 2010) in their presence and the same was authenticated by three bidders with their signature on the Comparative Statement.

The Corporation, however, again negotiated with the three bidders in June 2010. It was observed that in the Comparative Statement subsequently prepared by the Corporation based on the second negotiation (June 2010), the original quotation of L1 bidder (Unitech Motors Private Limited) was shown at increased value of ₹ 8.90 lakh instead of ₹ 8.70 lakh as indicated in the original offer of the L1 bidder. It was also noticed that the negotiated rate, which was agreed upon at ₹ 8.40 lakh per chassis by three bidders in first negotiation, was raised to ₹ 8.70 lakh per chassis in the subsequent Comparative Statement. Accordingly, the work orders for construction of total 100 chassis were placed (September 2010 to December 2010) on two firms based on the negotiated price arrived at during second negotiation as detailed in the following table:

Table 3.2

Name of bidder	Rate per chassis (₹ in lakh)	Quantity (No. of chassis)	Total value (₹ in lakh)
Unitech Motors Private Limited	8.70	76	661.20
Raju Motor Works	8.70	24	208.80

The two firms completed the works and full payment was released (November 2010 to February 2011) to them.

As such when the suppliers had already agreed for a lower price, there was no need for calling for the second negotiation with the bidders. Thus, the Corporation extended undue benefit to the extent of ₹ 30 lakh<sup>4</sup> to the contractors under second negotiation by allowing increase in their original quotations as well as in their negotiated price, which was finalised during the first negotiation.

In reply, Management stated (July 2013) that the quoted price of the lowest bidder was ₹ 8.90 lakh and not ₹ 8.70 lakh as pointed out by the Audit. Further, the Comparative Statement maintained by the Corporation indicated the negotiated price at ₹ 8.70 lakh.

The reply is not acceptable in view of the fact that the bid document of the L1 bidder available with Audit clearly mentions the bid price at ₹ 8.70 lakh. Further, the Comparative Statement duly authenticated by three bidders and also referred to in Corporations' records/noting indicated the negotiated price at ₹ 8.40 lakh.

The matter was reported (July 2013) to the Government, their replies had not been received (September 2013).

<sup>4</sup> {(₹ 8.70 lakh less ₹ 8.40 lakh) × 100 chassis}

## General

## Public Enterprises Department

### 3.8 Follow-up action on Audit Reports

#### 3.8.1 Outstanding Explanatory Notes

The Comptroller and Auditor General of India's Audit Reports represent culmination of the process of scrutiny starting with initial inspection of accounts and records maintained by various Public Sector Undertakings (PSUs). It is, therefore, necessary that they elicit appropriate and timely response from the Executive. Finance (Audit & Fund) Department, Government of Assam issued (May 1994) instructions to all administrative departments that immediately on receipt of Audit Reports, the concerned departments would prepare an explanatory note on the paragraphs and performance audits included in the Audit Reports indicating the corrective/remedial action taken or proposed to be taken and submit the explanatory notes to the Assam Legislative Assembly with a copy to the Principal Accountant General/Accountant General within 20 days from the date of receipt of the Reports. Besides this, the departments would ensure submission of written Memorandum as called for on the para(s) concerning the department within the time limit prescribed by the Assam Legislative Assembly from time to time.

Though the Audit Reports presented to the Legislature for the period from 2007-08 to 2011-12 contained 67 paragraphs/performance audits, explanatory notes on 35 of these paragraphs/performance audit were not received till September 2013 as indicated below:

Table 3.3

Year of Audit Report (Commercial/PSUs)	Date of presentation to the State Legislature	Total paragraphs/ performance audits appeared in Audit Report	No. of paragraphs/ performance audits for which explanatory notes were not received
2007-2008	March 2009	18	2
2008-2009	March 2010	16	9
2009-2010	February 2011	11	4
2010-2011	March 2012	9	7
2011-2012	April 2013	13	13
<b>Total</b>		<b>67</b>	<b>35</b>

Department wise analysis of paragraphs/performance audits for which explanatory notes are awaited is given in *Annexure 11*. Power, Industries and Transport Departments were largely responsible for non-submission of explanatory notes.

### **3.8.2 Action Taken Notes on the Reports of the Committee on Public Undertakings (COPU)**

Action Taken Notes (ATNs) on the recommendations of the COPU are required to be furnished within six weeks from the date of presentation of the Report by the COPU to the State Legislature. Replies to 134 recommendations pertaining to 18 Reports of the COPU, presented to the State Legislature between August 1997 and September 2013 had not been received as on September 2013 as detailed below:

**Table 3.4**

<b>Year of the COPU Recommendations</b>	<b>Total number of Reports involved</b>	<b>Number of recommendations where ATNs replies not received</b>
1997-98	1	1
2002-03	1	9
2003-04	2	18
2004-05	1	10
2007-08	3	6
2008-09	6	65
2009-10	2	10
2010-11	1	9
2011-12	1	6
<b>Total</b>	<b>18</b>	<b>134</b>


### **3.8.3 Response to inspection reports, draft paragraphs and performance audits**

Audit observations noticed during audit and not settled on the spot are communicated to the heads of PSUs and concerned departments of the State Government through inspection reports. The heads of PSUs are required to furnish replies to the inspection reports through respective heads of departments within a period of four weeks. A review of inspection reports issued up to March 2013 pertaining to 36 PSUs disclosed that 1105 paragraphs relating to 221 inspection reports remained outstanding at the end of September 2013; of these,

153 inspection reports containing 749 paragraphs had not been replied to for more than one year. Department-wise break-up of inspection reports and audit observations outstanding as on 30 September 2013 are given in *Annexure 12*.

Similarly, draft paragraphs and performance audits on the working of PSUs are forwarded to the Principal Secretary/Secretary of the Administrative Department concerned demi-officially, seeking confirmation of facts and figures and their comments thereon within a period of six weeks. It was, however, observed that against seven draft paragraphs and one performance audit forwarded (April to August 2013) to various departments, only one department (Industries and Commerce) submitted replies to one draft paragraph and replies to the remaining draft paragraphs and performance audit have not been furnished till date as detailed in *Annexure 13*. It is recommended that the Government should ensure that (a) procedure exists for appropriate action against the officials who failed to send replies to inspection reports and ATNs on the recommendations of COPU as per the prescribed time schedule; (b) action to recover loss/outstanding advances/overpayment is taken within the prescribed period and (c) the system of responding to audit observations is revamped.


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