

## **Compliance of Audit Reports**

Audit Report received from the SIS of the various States are reviewed and in the minority. Deficiencies / discrepancies noticed and certain observations of concern made by the Auditor are brought to the notice of the State Project Director for providing the missing documents / information / rectification and furnishing comments on the Audit observation.

SIS is required to pursue the audit objections provided in para 110 of the Manual of Financial Management and Procurement.

- A register in the format at Annexure-XXIV is required to be maintained in which all the audit objections included in the Audit Report are required to be entered for follow up action.
- Progress of settlement of outstanding objections is required to be reviewed by the SPD on a monthly basis and appropriate further action taken to ensure speedy settlement.
- The reported compliance with the objection made by the SPOs/DPO is to be verified by the auditor at the time of next audit.
- The register is to be produced to the auditor for verification of settlement of the objections raised.
- A quarterly report on the position of settlement of audit objections is to be sent to MHRD in the format at Annexure-XXV of the Manual.

## **REVIEW OF AUDIT REPORTS FOR THE YEAR 2008-2009**

Review of Audit Reports received from the State Implementation Society of the various States/UTs show various areas of concern. These are:

- (i) Some of the prescribed documents not submitted
- (ii) Fund releases are treated as expenditure instead of advances.
- (iii) Utilization Certificates are not based on expenditure..
- (iv) Irregular reconciliation with Banks.
- (v) Weak internal controls.
- (vi) Huge and old unadjusted advances.
- (vii) Auditor has not provided any opinion.
- (viii) Auditor states that accounts do not reflect a correct picture of accounts.
- (ix) Audit opinion unclear.
- (x) Prescribed records are not maintained.
- (xi) Previous audit objections remaining unsettled.
- (xii) Audit coverage of VEC's is not indicated in many audit reports.

The observations which require special attention in each State/UT.

### **1. A & N ISLANDS**

- (a) System & Internal Control at Block levels needs to be strengthened.
- (b) Bank reconciliation at BRC/CRC level should be regularly done.
- (c) Progress of civil works is not as per schedule though full payment is made to APWD.
- (d) Internal auditing system to be introduced.

### **2. ARUNACHAL PRADESH**

#### **(a) UNDER SSA**

##### **Tawang-District Tawang:**

Since all the document relating to expenditure made by SPDO on behalf of district were kept at SPDO and since the same were not available for our verification at District level, we reserve our opinion on such expenditure.

1. An amount of Rs.57,00,000/- was received from SPDO on 18/11/2008. It was explained to us that the amount was released to 'Sintex Company' during FY 2007-2008 for civil work. Later on, the Company couldnot execute the work and returned the amount to SPDO. The said fund was transferred by SPDO during FY 2008-2009 to SSA Tawang for self execution of the Civil Work. Since the amount was already booked as expenditure during FY 2007-2008, the said amount was not booked as expenditure in FY 2008-2009.

At the district, the amount was withdrawn from the SSA Account and was deposited in General Bank Account of DDSC.

**Sarva Shiksha Abhiyan (SSA), Zilla Mission, Bomdila, District West Kameng :**

1. Since all the document relating to expenditure made by SPDO on behalf of district were kept at SPDO and since the same were not available for our verification of District Level, we reserve our opinion on such expenditure.
2. An amount of Rs.67,50,000/- was received from SPDO on 01/10/2008. It was explained to us that the amount was released to 'Sintex Company' during FY 2007-2008 for civil work. Later on, the Company could not execute the work and returned the amount to SPDO. The said fund was transferred by SPDO during FY 2008-09 to SSA Tawang for self execution of the Civil Work. Since the amount was already booked as expenditure during FY 2007-2008, the said amount was not booked as expenditure in FY 2008-2009.

At the district, the amount was withdrawn from the SSA Account and was deposited in **General Bank** Account of DDSC.

**1. Fund Flow :**

- a. Cheques for Civil Work 2007-2008 payable, received from SPO and paid during the year 2008-2009 to VEC Contractors.

**2. Accounting Policy :**

- a. The Books of Accounts are maintained based on the Cash Basis system of accounting.
- b. We suggest to follow the accrual basis of system of accounting.

**3. Books & Records Maintenance:**

- a. Fixed assets register are not maintained as per prescribed format
- b. Consumable and non-consumable Stores Register are not regularly updated and maintained by reconciling with the physical stocks available and consumed.
- c. The DPO did not produce the establishment register.
- d. Wherever it is possible, the payment should be made by account payee cheque.

**4. Internal Audit & Internal Control :**

- a. No internal audit report produced before us for verification.

- b. The audit objection register not maintained and it is advised to maintain the audit objection register with compliance thereon.

**5. Accounting of Assets:**

- a. Civil works are carried out by the Contractor of the VEC, However Assets register & Inspection register are to be maintained **and it is treated as expenditure as and when payments were made instead it should be after the inspection, verification, evaluation, completion and handing over the buildings only.**

**6. Procurement Policy:**

- a. Procurement is carried out as per the Deputy Commissioner approved rates only. We suggest to follow the procurement guidelines issued by the MHRD, Government of India to have effective control over the procurement of goods & services.

**7. Re-appropriation :**

- a. The district Mission Office do not have any record as to the central procurement and did not provide us the 'CAL' Program implementation and monitoring records.
- b. The State Project Office Procurement under District budget is accounted in the District Office and it is also included in the grant in aid receipt attached to Utilization Certificate.

**8. Auditing of VEC Accounts :**

- a. The funds disbursed to "VEC/SMC, Block Resource Centres & Cluster Resource Centers" are considered as utilized here. However, the Management should take Utilization Certificate from each VEC/SMC. BRC & CRC for their own accounting and compliance of SSA guidelines.
- b. On verification of VEC accounts it is found that the Civil work amount directly paid to the VEC contractors.
- c. **The grants disbursed during the last quarter of the financial year have been accounted in the VEC/SMC during the subsequent financial year, where as it should have been utilized and accounted in the some financial year as the of the district project office.**
- d. The VEC accounts books are not maintained properly.

**9. Program Implementation :**

- a. The funds received during the last part of the year have been accounted during the same year under the respective intervention as expenditure incurred and Cheques were issued, **but however some of the programs had been carried out during the subsequent financial year to the financial year 2008-2009. Therefore some of the vouchers are not pertaining to the audit period.**
- b. **The payment for the programme shall be made as and when funds are received instead of making payment at the last day of the year.**

**(b) KGBV**

**1. State Office**

1. Audit objection register not maintained and recommended to comply with the audit objections & observations.
2. An amount of Rs.54,000 is short credited in Pangchao NGO, Tirap District and it is not reflected in the NGO account for Grant in Aid Receipts.

**2. District Office:**

1. Some of the vouchers could not be produced for our verification.
2. The figure of expenditure incurred by the SPDO on behalf of KGBV is taken as per confirmation from SPDO. Since the vouchers and other relevant details relating to such expenditure were not available at the KGBV, we could not verify the same.

**3. Civil Works Expenditure**

The expenditure was booked on the basis of release of funds to ADEO. However for actual expenditures made by ADEO, the vouchers could not be verified.

4. In support of payment of Salary to KGBV staff we could not verify the A/Roll.
5. Fixed Asset Register is not maintained.
6. Payment to supplies and contractors is made either in cash or bearer cheque.
7. Irregular transfer of funds from One KGBV school to other KGBV school.
8. Improper maintenance of accounts books.

**3. ASSAM**

**(i) FUND IN TRANSIT : (Rs.3,20,000/-)**

This amount refers to fund released to District Mission Office, Hailakandi of Rs.3,20,000/- in the Month of January 2009 but not reflected in District audited accounts as at 31.03.2009. We have considered these as "Funds in Transit" through Capital adjustment in Compilation of Accounts. It should be looked into and necessary steps taken and properly accounted for.

**(ii) FIXED ASSETS: (Sch-G)**

Details such as bifurcation under the various heads as Furniture, Office Equipment, Building, etc. were not available in case of Fixed Assets in audited accounts of District Mission offices.

**(iii) PRIOR YEAR EXPENDITURE OF Dist. Mission Office: (Sch-T.1, T.2 & T.3 Rs.51,49,90,262.30)**

The details of Activity wise expenditure of Prior year are not available in case of most of the District accounts which is reflected as yearwise expenditure.

**(iv) FUND TRANSFERRED / ADVANCE BY SMO : (Sch-F)**

Balance as on 31.03.2009 stands at Rs.74,25,807/-: It should be looked into and necessary steps taken for adjustment recovery. Major outstanding balances are carried forward for a long time as follows:

<b>Name of the Organization</b>	<b>Amount (Rs.)</b>
1. SCERT A/C	15,41,153/-

2. UNICEF A/C	47,59,329/-
3. IED Fund	10,46,225/-

**(v) EXPENDITURE ON BEHALF OF DISTRICT**

We have observed that the following funds released by the State Mission Office to SCERT and others have been lying as advance pending utilization upto 31.03.09. However, the districts have treated these amounts as utilized. Details are given below:

Organization	Activity	Amount(Rs.)
SCERT	6.01.1 d	23,20,934/-
SEBA	6.01.1 d	1,50,000/-
SEBA	6.01.23	2,63,000/-
M/S Pratham	6.01.23	6,66,000/-

**(vi) ADVANCE : (Sch-H Rs.70,70,660.00)**

Advance outstanding balance as on 31.03.2009 is Rs.70,70,660/- which includes old balances carried forward for the last few years as below. It should be adjusted or recovered.

Year	Amount (Rs.)
Upto 2006-07	61,29,249/-
2007-2008	7,30,634/-

**(vii) EARNEST MONEY & SECURITY DEPOSITS : Rs.88,47,484/-**

Outstanding list of Earnest Money & Security Deposit were not available at time of audit, only current year list was verified with the Deposit Register.

**(viii) OBSERVATIONS ON VOUCHING:**

**SSA PLAN**

(A) Amount paid for assembling Tricycle supplied by ALIMCO at District level have been incurred by the concerned district. The assembling cost is reimbursable by ALIMCO. The details of assembling cost upto 31.03.09 is required district wise and bills are to be raised.

(B) Rs.3,59,370/- was paid to Damane Housing and Aid Centre (ALPS alliance), Guwahati vide order no. SSA/IED/Crores-ALIMCO/9/07/276 dated 20.01.09. Goods was to be delivered within 30<sup>th</sup> January 09 but delivered on 16.02.09 vide chalan no. 09109.

**(ix) COMPLIANCE ON PREVIOUS YEAR'S AUDIT REPORT**

We have considered the audit observations for the financial years 2006-07 and 2007-08. In this regard, we observed that some of the observations were attended to and rectified. However following observations are still continuing.

- (i) Outstanding list of Earnest Money & Security Deposit are not yet complete.
- (ii) Old Funds relating to other schemes are continuing without full adjustment.

Out of the observations on Compilation given for the financial year 2007-08, following observations are still continuing.

SL.No. 4(A) & (B), 5 (a) (d) & (e) and 7

#### **4. BIHAR**

- (1) Near disclaimer of opinion in context of non availability of opening trial balance and weaknesses in bank re-conciliation.
- (2) Outstanding advances as on 31.3.2009 were to the tune of Rs.3032.50 crore against audited expenditure of Rs.1145 crore. Normally advances should be 20-30% of expenditure. The fact that advances were nearly 3 times the expenditure needs investigation.
- (3) Some prescribed documents not submitted.
- (4) Improper Bank reconciliation Payments made to BRC/CRC/VSS are directly treated as expenditure.
- (5) Advance Register not properly maintained.
- (6) Rs.3285.33 lakhs parked for errors omissions of earlier years.
- (7) Fixed Asset Register is not properly maintained.

#### **5. CHHATTISGARH**

- (1) Auditors disclaimed opinion on 2007-2008 accounts, these were later re-certified by another auditor. The auditors were changed in 2008-2009 who state that Financial Statements of districts have been certified neither by the statutory auditors nor by the re-certification auditor.
- (2) Balances of advances have not been brought forward at the district levels.
- (3) Bank re-conciliation has not been carried out at many places.
- (4) Outstanding advances Rs.1454.20 crore against audited expenditure of Rs.201.86 crore. These need to be settled/adjusted.

#### **6. CHANDIGARH**

The auditor has not provided any audit opinion. Therefore, the Audit Report is not acceptable. A revised Audit Report is required.

**7. DAMAN & DIU**

**8. DADRA & NAGAR HAVELI**

- (1) The auditor states that accounts do not reflect a correct picture of finances. Therefore Audit Report is not acceptable. A revised Audit Report is required.
- (2) FMRs I & II & III required

**9. GOA**

- (1) Lack of control in the system of monitoring the expenditure
- (2) Some grants given to schools were utilized for purposes which are not in accordance with the terms of sanction and the same are shown as utilized.
- (3) Interest earned by BRC/CRC/VECs is not accounted by GSSA.

**10. GUJARAT**

Excess expenditure has been incurred by the SPO and some district project offices under different activities as compared to approved AWP&B.

**11. HARYANA**

- (1) In some cases Bank Reconciliation statements were not prepared properly.
- (2) Mis-appropriation of Rs.31.25 lakhs by forging signature on cheques by Mr. Sanjay Chandel, Accounts Clerk of HPSPP.
- (3) Expenditure against teacher salary has been incurred by way of depositing the amount in State Govt. Trasury. The amount of Salary has been calculated as per the provision in the AWP&B.

**12. HIMACHAL PRADESH**

- (1) Expenditure on account of civil works is treated as expenditure incurred as and when the fund is transferred from SPO /DPO levels.
- (2) **Old advances adjusted during 2008-2009 Rs.179.65 lakhs** have been adjusted by booking expenditure during 2008-2009 against advance outstanding on 1.4.2008.
- (3) Mis-classification of expenditures
- (4) Irregular/improper Bank Reconciliation
- (5) Expenditure incurred in excess of budget amount.

**13. JAMMU & KASHMIR**

- (i) Financial statements have not been prepared on “Double Entry method based on mercantile system” as prescribed in Rule 49 CHAPTER IV of SSA Manual notified by the Govt. of India.
- (ii) Expenditure incurred through Institute of Educations (Kashmir & Jammu Division) amount Rs.25,08,425/- & BOARD OF SCHOOL EDUCATION Amount Rs.10,00,000/- has not been verified by us in absence of any system in vogue to receive the accounts from these offices.
- (iii) Books of Account/Registers / Records have not maintained strictly according to the guidelines as per SSA Manual notified by the Government of India as well as the State Implementation Society for SARVA SHIKSHA ABHIYAN Financial Regulations 2005.
- (iv) Observed in Samba that interest earned on funds are expend in daily work at school level, but according to SSA guidelines such amount can not be used for daily expenditure or otherwise. The same may be a re-informed to the Staff for adherence in future.
- (v) Zones are using fund of other components for the components having insufficient funds, they are using it as loan taken from one component for another component which is not allowed as per guidelines of SSA.
- (vi) According to SSA guidelines Bank interest can not be used of expenditure of any component. During the course of our Audit we came to know that in Some Zones of Srinagar incurred expenditure from Bank interest. As Batamaloo incurred Rs.29,000/-. Hawal incurred Rs.22,196/- & Rainawari incurred Rs.2,300/- which is in the contravention of the guidelines of SSA.
- (vii) In District Budgam Zone CHARAR-I SHARIEF we came to know that Interest component upto Rs.91,765/- is used for different purposes as Rs.55,000/- for giving loan to staff, Rs.10,000/- for Community Mobilization & in Management cost. It is in contravention of the guidelines of SSA.
- (viii) In Pulwama district it came to our observation that in some zones as – Tahabm Loragam & Kakapura Interest component is used for different purpose which is in contradicting the SSA guidelines. Same case found in Shopian District in Zone Shopian interest is used for Management cost.

- (ix) In Budgam district Zone B. K. PURA we came to know that Rs.10,990/- is used from Interest Component for purchased of Digital camera & Expenditure of ZEO's mobile is charged from the head Management cost which is in contradicting the SSA norms.
- (x) The norms are described for civil works are not being followed up properly due to which SSA can face problem in future e.g. According to SSA guidelines JE's have to prepare MB Book for Civil Works which is rarely found at any District. MB books are those books which contain all details of raw material which are used in civil works.
- (xi) In Rajouri district we came to know that one of the zones if having Current A/c in spite of saving A/c which is contradicting the SSA norms and due to which SSA is also suffering interest loss.
- (xii) In Budgam district we came to know that one of the zone CHADOOR is having Current A/c in spite of saving A/c which is contradicting the SSA norms and due to which SSA is also suffering interest loss.
- (xiii) In Badharwa (Doda) we observed that no ledger book has been prepared till date due to which it is not possible to certify the cash expenditure made. Similar problem is being faced in many zones of diff. District.
- (xiv) In Rajouri District we are unable to certify the ZRP balances as none of the related documents could be provided to us. Some money was received in ZRP A/C for expenditure on teachers last year and before and an opening balance of the same was carried forward in this year. But details of utilization of the same were not provided to us and hence we cannot certify the amounts utilized.**
- (xv) Funds are blocked at school level without being used due to which SSA is losing interest.
- (xvi) A payment of Rs.2.89 lacs was disbursed by HO to Doda District for community mobilization on 11 Dec. 08 but till date neither any advice nor any payment has been received by Doda.
- (xvii) There is a difference b/w cash book and pass book of Rs.7,834/- which is still unidentified. According to the Zone Balance should be more than the above amount but Bank is not certifying such.
- (xviii) An amount in the Opening BRS still remains unadjusted. Bank had debited Rs.25,000/- on 17.08-06 without any advice by Ghat (Doda), but the same remains

pending for Adjustment at the banks end even at the end of the current year 2008-2009.

14. **JHARKHAND**

- (1) Monthly Bank Reconciliation statement not prepared in many districts.
- (2) Outstanding advances amount to Rs.88666.26 lakhs
- (3) Procurement norms not complied with in some districts.

15. **KARNATAKA**

- (1) Incomplete documents
- (2) Register of Assets, Fixed Asset Register, Ledger, Journal, Register of works not maintained.
- (3) Compliance Report in respect of earlier years audit observations not furnished.
- (4) Weak internal controls
- (5) Improper Bank Reconciliation
- (6) Vouchers not produced for Audit.

16. **KERALA**

- (1) Accounts, Account books not maintained properly
- (2) BRS not prepared regularly
- (3) Procurement procedures are not strictly followed

17. **LAKSHADWEEP**

- (i) The internal control over financial transactions and project activities are required to be strengthened.
- (ii) The advances shown at the year end are subject to reconiliation and confirmation.
- (iii) Proper accounting procedures have to be implemented in order to ensure accuracy of the expenditures on the project activities and financial reporting. The person in charge of the accounts should be imparted adequate training in maintenance of accounts and periodical reconciliation.
- (iv) There should a system of periodical checking and supervision of funds released and expenditure incurred.

- (v) Close monitoring of funds released towards civil works are to be carried out.
- (vi) End use of funds to be closely monitored.
- (vii) Importance should be given for maintenance of proper vouchers for funds released to implementing agencies and for their own expenditure.

**18. MADHYA PRADESH**

- (2) Weak record keeping.
- (3) Bank reconciliation not prepared.
- (4) Weak monitoring of advances to PTAs.
- (5) Many observations on non compliance with procurement norms.
- (6) Rs.35319.57 lakhs releases to PTAs being treated as expenditure instead of advances.
- (7) Advances stand at Rs.818.97 crore against audited expenditure of Rs.1338.50 crore. This is very high. Advances need to be settled / adjusted.

**19. MAHARAHSTRA**

- (1) Rs.28315.55 lakhs releases for civil works treated as expenditure instead of advances (283.16 crore)
- (2) BRC/CRC/ VECs not covered by Audit.
- (3) Old Audit objections not complied with
- (4) Grants to VEC / School are treated as expenditure instead of advances.
- (5) Bank reconciliation is not done properly & regularly.

**20. MIZORAM**

- (1) an amount of rs.8358552/- is appearing in the balance sheet as difference in cash & bank balance since 2003-2004
- (2) Negative cash balance of Rs.11529011 appears at Bank in the balance sheet
- (3) Books of accounts / Trial balance at SPO level not produced.
- (4) Expenses incurred on football club have been clubbed with various heads of account.
- (5) Funds lying at BRC, CRC & VEC level at the closing day of the year have been shown as utilized at the District level.

## 21. MEGHALAYA

Audit opinion unclear. A revised Audit Report is required.

## 22. MANIPUR

- (i) Accounts are maintained on cash basis instead of accrual basis of accounting as prescribed.
- (ii) The accounts of the District office and BRCs are not maintained on day to day basis in normal course of activities. The final accounts have been compiled by the SSA authority from the available records and supporting made available to us and partly on the basis of findings and report of the Internal Auditor.
- (iii) Internal control procedures are inadequate and unsatisfactory and, therefore, we are unable to comment on the accounting system as a whole as it leaves a lot for improvement as per examination of the records at the SPD office as well as District offices. Hence we have accepted the position as certified by the Internal Auditor in areas where all records are not available to us.**
- (iv) No corrective action could be taken by the authorities on the Internal Auditors observations.
- (v) Some of the guidelines issued by GOI under the Manual of Financial Management & Procurement are not being fulfilled.
  - (a) Books of Accounts particularly Register of Advances, Stock Register, Fixed Assets, Register, Ledger, Bill Register, UC Register are either not maintained or maintained not properly in most of the districts.
  - (b) Bank Reconciliation Statement is either not prepared at all or prepared at the end of the year deviating from the guidelines issued by Govt. of India.**
  - (c) **Most of the Districts are treating the fund released to the Blocks and VECs under different interventions, as expenditures instead of showing it as Advance.** These funds are actually utilized by the concern authority date and the vouchers and bills are sent to the Districts at much later date and some time in the next accounting year. No record for non receipt of UC or expenditure statement is maintained to monitor actual utilization of such fund for the specific purpose.
  - (d) While drawing the accounts some of such funds sent to the Blocks/VECs have been considered as Advance and Expenditure Statements received were considered as utilization. As the **Advance Register is not maintained/properly maintained yearwise break up of outstanding/unadjusted Advance could be made available.**
  - (e) **Entire fund for Civil Works except for construction of CRC Buildings have been considered as expenses irrespective of the status of utilization of the same.** School/VEC wise record of such fund sent, its actual utilization status etc. are not maintained at the District level as a result position of un utilized fund at any point of time could be ascertained.
  - (f) System of compilation of monthly Receipt & Payment and Income Expenditure A/C is totally absent. Even a trial balance is not drawn at the end of the year in most of the Districts.**

- (g) The procedures prescribed in the Manual for procurement of Assets and bulk purchase has not been followed by the Districts. Tendering process is absent for purchase of Assets as well as other materials. Sometimes two or three quotations have been obtained but purchase was not made from lowest (L1) bidder (Imphal East). In most cases fixed assets including Computer, Laptop, furniture or other materials were purchased from the shop without asking for any quotation. Similar procedure was followed for purchase of bulk stationery, printing items etc.
- (h) The Asset Register as prescribed in the Manual is not being maintained in most of the Districts and where it is maintained it is not as per the prescribed format. There is not evidence of physical verification of Fixed Assets by the Districts/ State Authority during the year under audit.
- (i) The advances paid to the Staff and others are not being properly recorded in the Advance Register where maintained. In majority Districts are not maintaining the Advance Ledger. As a result period of outstanding is not available. Follow up of advance of adjustment is not there in most of the Districts. In one **District (Bishnupur District) advance amounting to Rs.10.44 lacs allowed to a suspended employee remain outstanding for a considerable period of time and no effective action has been taken for recovery.**

All the closing balances are as per books and records as produced before us and subject to reconciliation if any. The closing cash balance and bank balances have been duly certified by the management.

## 23. NAGALAND

- (1) Fixed assets register has not been maintained properly & updated.
- (2) Advance register/stock register have not been maintained properly.
- (3) Bank reconciliation has not been prepared regularly (other then State & Distt. Mokokehing)
- (4) Auditor has certified an expenditure of Rs.2635.67 lakhs against Rs.3583.73 lakhs claimed by the Project. Revised FMR-III required.

## 24. ORISSA

- (1) Rs.40714.45 lakhs funds released to Headmaster and VECs for grants & civil works are treated as expenditure instead of advances.
- (2) Huge amount of un-reconciled balances remained un-reconciled in number of Bank Reconciliation statements.
- (3) Huge amount of advances are lying unadjusted at SPO.

## 25. PUNJAB

- (a) The following books of accounts, records have not been maintained in some case as required in the Manual on Financial Management & Procurement.

- (i) Register of Temporary advances
- (ii) Register of Money orders, Cheques and Bank drafts, Receipts & Dispatch
- (iii) File Register
- (iv) Register of Investment
- (b) Common observations noted during VEDC Audit
  - (i) No separate Cash Book is maintained for each financial year.
  - (ii) Entries in Stock Register are not updated
  - (iii) Cash Book is not balanced on monthly basis
  - (iv) DIETs accounts are not maintained properly
- (c) Procurement Procedure. In most of the schools, the system of inviting quotation is not being properly followed.
- (d) Internal Control
  - (i) Requirement of Internal Control & Internal Audit has not been complied with as per guidelines given in Chapter-VII of Manual on Financial Management & Procurement.

## 26. PUDUCHERRY

- (i) Utilization certificate is yet to be obtained in respect of grants given to 60 schools.
- (ii) Reconciliation is done but not on monthly basis.
- (iii) The reasons for the following debits and credits observed in the Bank Statements are not known. **Immediate action needs to be taken.**

Date	Amount (Rs.)	Debit/Credit in Bank
31.08.2008	68500	Debit
30.09.2008	90000	Debit
31.7.2008	3000	Credit

The net different of Rs.1.56 lakhs has been treated as suspense.

## 27. RAJASTHAN

- (i) No proper records showing the particulars of quantitative details etc. of the fixed assets have been maintained at the DPOs, BRCs & CRCs level.
- (ii) The council has not taken any action regarding un-utilized grants for the year 2008-2009 for which UCs are pending so far.
- (iii) The council has not taken any action regarding cheques issued but are now time barred as shown in Bank Reconciliation of most of DPC, BRC & CRC etc.
- (iv) No physical verification of stock items was completed for the year 2008-2009.
- (v) No record of surplus & un-serviceable store is maintained.

- (vi) Utilization certificates for Rs.36557.70 lakhs have not been obtained as per details given below:

S. No.	District Project Coordinator	SSA	NPEGEL	Total
1.	Ajmer	1485.12	54.54	<b>1539.66</b>
2.	Alwar	2507.95	22.68	<b>2530.63</b>
3.	Banswara	1446.01	39.14	<b>1485.15</b>
4.	Baran	469.53	0	<b>469.53</b>
5.	Barmer	2729.30	87.02	<b>2816.32</b>
6.	Bharatpur	1469.16	207.73	<b>1676.89</b>
7.	Bhilwara	1593.98	413.45	<b>2007.43</b>
8.	Bikaner	389.07	0	<b>389.07</b>
9.	Bundi	535.66	101.26	<b>636.92</b>
10.	Chittorgarh	313.31	40.62	<b>353.93</b>
11.	Churu	646.24	17.58	<b>663.82</b>
12.	Dausa	468.38	43.70	<b>512.08</b>
13.	Dholpur	465.78	22.59	<b>488.37</b>
14.	Dungarpur	588.26	78.06	<b>666.32</b>
15.	Hanumangarh	55.71	5.50	<b>61.21</b>
16.	Jaipur	2025.72	11.79	<b>2037.51</b>
17.	Jaisalmer	554.94	21.77	<b>576.71</b>
18.	Jalore	1016.67	23.28	<b>1039.95</b>
19.	Jhalawar	1245.53	44.69	<b>1290.22</b>
20.	Jhunjhunu	843.66	0	<b>843.66</b>
21.	Jodhpur	403.72	0	<b>403.72</b>
22.	Karoli	849.125	80.84	<b>929.965</b>
23.	Kota	435.25	5.10	<b>440.35</b>
24.	Nagour	2066.22	0	<b>2066.22</b>
25.	Pali	523.87	83.35	<b>607.22</b>
26.	Partapgarh	3140.93	48.12	<b>3189.05</b>
27.	Rajsamand	1255.46	168.43	<b>1423.89</b>
28.	Swaimadhapur	638.48	57.68	<b>696.16</b>
29.	Sikar	470.42	0	<b>470.42</b>
30.	Sirohi	214.24	107.39	<b>321.63</b>
31.	Sri Ganganagar	605.11	3.70	<b>608.81</b>
32.	Tonk	928.36	51.42	<b>979.78</b>
33.	Udaipur	2180.35	154.75	<b>2335.10</b>
	<b>Total</b>	<b>34561.52</b>	<b>1996.18</b>	<b>36557.70</b>

- (vii) Huge amounts remain un-utilized as under:

**Non-utilization of funds**

(Rs. in lakhs)

S. No.	District Project Coordinator	SSA	NPEGEL	Total
1.	Ajmer	5.20	8.54	<b>13.74</b>
2.	Alwar	7.08	1.57	<b>8.65</b>
3.	Banswara	75.26	52.75	<b>128.01</b>
4.	Baran	39.74	16.46	<b>56.20</b>
5.	Barmer	9.40	75.73	<b>85.13</b>

<b>S. No.</b>	<b>District Project Coordinator</b>	<b>SSA</b>	<b>NPEGEL</b>	<b>Total</b>
6.	Bharatpur	16.74	99.62	<b>116.36</b>
7.	Bhilwara	217.60	44.44	<b>262.04</b>
8.	Bikaner	238.22	80.80	<b>319.02</b>
9.	Bundi	16.07	1.48	<b>17.55</b>
10.	Chittorgarh	125.23	72.92	<b>198.15</b>
11.	Churu	14.48	14.32	<b>28.80</b>
12.	Dausa	2.68	87.06	<b>89.74</b>
13.	Dholpur	47.96	48.95	<b>96.91</b>
14.	Dungarpur	497.18	36.48	<b>533.66</b>
15.	Hanumangarh	16.27	8.51	<b>24.78</b>
16.	Jaipur	102.70	75.86	<b>178.56</b>
17.	Jaisalmer	326.74	106.08	<b>432.82</b>
18.	Jalore	82.91	1.21	<b>84.12</b>
19.	Jhalawar	42.70	51.48	<b>94.18</b>
20.	Jhunjhunu	155.38	0	<b>155.38</b>
21.	Jodhpur	55.45	102.13	<b>157.58</b>
22.	Karoli	241.08	18.30	<b>259.38</b>
23.	Kota	47.62	12.86	<b>60.48</b>
24.	Nagour	58.61	125.53	<b>184.14</b>
25.	Pali	7.13	11.60	<b>18.73</b>
26.	Partargarh	52.02	29.19	<b>81.21</b>
27.	Rajsamand	247.43	82.47	<b>329.90</b>
28.	Swaimadhampur	20.52	66.52	<b>87.04</b>
29.	Sikar	5.74	0	<b>5.74</b>
30.	Sirohi	131.38	8.85	<b>140.23</b>
31.	Sri Ganganagar	37.43	92.98	<b>130.41</b>
32.	Tonk	17.90	20.82	<b>38.72</b>
33.	Udaipur	12.86	6.29	<b>19.15</b>
	<b>Total</b>	<b>2974.71</b>	<b>1461.80</b>	<b>4436.51</b>

(viii) A sum of Rs.609729 was lying as un-adjusted advances as in 31.3.2009 details are as under.

<b>S. No.</b>	<b>Name of Firm and Employee</b>	<b>Date of Payment</b>	<b>Amount</b>
1.	A1 Overseas Consultant	14.11.08	17,790.00
2.	Ajay Gupta	03.02.09	5,000.00
3.	Anthony Jossif	03.03.09	2,375.00
4.	Balaji Catters	05.09.08	10,000.00
5.	Bhanwar Singh Peon	18.03.09	430.00
6.	Dy. Director Elementary Education Jaipur	04.06.08	2,49,321.00
7.	Institute of higher studies	01.04.08	3,054.00
8.	PCS Technology	01.04.08	2,608.00
9.	Ram Bagh service	01.03.08	20,000.00
10.	Ram Phool Meena	13.06.08	1,000.00
11.	Sahid Basti Ram filling center	01.04.08	20,000.00
12.	Sanjay Sharma Computer operator	01.04.08	3,227.00

13.	Sarwan lal	21.03.08	2,000.00
14.	Syamu Sain	13.03.09	4,969.00
15.	SI.ERT Udaipur	01.04.08	2,63,985.00
16.	Suresh Chandra Sharma UDC	06.03.09 & 30.03.09	4,000.00
		<b>Total</b>	<b>6,09,729.00</b>

- (ix) An amount of Rs.133680 has been **recovered less from M/s Development & Research Services Pvt. Ltd.**
- (x) **Irregular payment of Rs.144000 as consultant Fees** during the year 2008-2009 to Shri Mool Chand Nirwani.
- (xi) Irregular Payment of **Rs.3.30 lakhs** to center for Development & communication & Studies – Jaipur
- (xii) Irregular payment of **Rs.22049 to Rachana Tourist Lodge Paharganj New Delhi.**
- (xiii) Non receipt of utilization certificate for **Rs.66.00 lakhs from National Mission of Bamboo application, New Delhi**
- (xiv) Non recovery of **Rs.6.00 lakhs from the Director Elementary Education Bikaner**
- (xv) Non receipt of **Utilization Certificate for Rs.646.55 lakhs from Rajasthan Text Book Board Jaipur**
- (xvi) **Irregular Payment of Rs.4,12,891 to entertainment net work of radio mirchi.**
- (xvii) Non receipt of UC from NCERT – **Rs.117453/-**
- (xviii) Un-authorized **payment of Rs.169852 to Bureau of Investment Promotion Rajasthan**
- (xix) **Irregular Payment of Rs.15.24 lakh made to Shiksha Sankul Bhawan Samiti**
- (xx) **Irregular Payment of Rs.2,27,315 made to Balaji Caterers**
- (xxi) **Un-authorised expenditure of Rs.177649 on Stationary supplied to Secretariats**
- (xxii) Bank Reconciliation was not found done in the following Districts – Jodhpur, Baran, Jhalawar

The auditor has made various observations at Sl. No. 23 to 178 in various DPOs and sub-district offices on.

- Bank Reconciliation not found done
- Outstanding advances
- Non production of records
- Non deduction of TDS
- Irregular & excess payment
- Non adjustment of advances paid to BEEO for disbursement of Teacher Salary.

Similar observation are also made by the Auditors in the observation Report at Sl. No. 4 to 63 under KGBV

- (a) Effective steps are to be taken for reconciliation of the books by taking periodical trial balances and the reconciliation of the bank statement of accounts and subsidiary accounts periodically.
- (b) Fixed Assets registers are yet to be up-to-dated and reconciled with the financial books.

## 29. TAMIL NADU

### State Project Directorate Office Chennai:

1. Income Tax has not been deducted at source from the payments made to Ramesh Decorators.
2. Rs.25, 000/- paid as caution deposit to Madras University-no acknowledgement / receipt is available; advance outstanding as on date.
3. Bharathidasan University-Rs.11.95 lakhs,  
Alagappa University-Rs.57,500/-given during 2008-09  
Kamaraj University-Rs.8.18 lakhs

All the above advances are remaining unadjusted for quite a long time.

4. **SIEMAT- PWD:** Rs.2.50 crores-earmarked for civil infrastructure transferred to state PWD remaining unadjusted for quite a few years- It is stated that a building is under construction. Rs.50 lakhs earmarked for furniture and office equipments paid to DTERT-remaining unadjusted for quite a few years- It is stated that the above amount was given towards furnishing the building which can be procured by the using department only after completion of construction.
5. **Anti Virus Software:** Rs.12.84 lakhs paid to Binary Consulting Solutions classified under advances as on 31.3.2008 and the reversed during the current year 2008-2009. Proper invoice giving the full details of the software supplied is not available on records. Necessary steps are to be initiated for getting the invoice for future up gradation etc.

### District Project Offices:

#### CHEENAI:

1. Civil Works Rs.8 lakhs (2005-2006) and Rs.112.30 lakhs (2006-2007) utilization certificates not obtained.
2. ABL cards procured for district use, sold to other educational agencies like SSA of other state, etc., income generated credited to SSA account. No approval for sale of ABL cards Rs.76,500/- Ratification Order will be obtained from the State Project Office. What is the position as on date? Ratification order to SPD not yet obtained.

#### COIMBATORE:

1. DPO Bank Account not reconciled as on 31<sup>st</sup> March 2009

#### CUDDALORE:

Dispute over land title **Keelamugaladi** VEC of Bhuvanagiri Block is pending before the Hon'ble High Court, Class rooms have been constructed at a cost of Rs.5.80 lakhs. Preventive steps are needed to avoid development of similar situations in future.

#### ERODE:

Rs.1.75 lakhs given to GHSS, Nerunjipettai. But after finding that schools are available in and around that area, advance was called back. But not yet refunded. Early action is needed.

**KANCHEEPURAM:**

1. TDS accounting is not proper. It is suggested to have a separate account titled “TDS Payable” and to account for the deductions made through that account.
2. Rs.15 lakhs classified under advances 2006-2007 under Training Head written off during current year 2008-09. No bills or invoices are available on record.

**KRISHNAGIRI:**

1. Rs.2,89/- crores worth of cheques for civil works were lying un-disbursed with DPO till 23.10.2009
2. **KGBV:** Rs.20 lakh-Dispute over title of land to be sorted out.

**MADURAI:**

Times Systems & Solutions–quotations are given by the same party in three different names bad practice.

**PUDUKOTTAI:**

1. Rs.4.04 lakhs is to be recovered from an NGO Thalai Trust – though the NGO has been removed from service, accounts and utilization certificate not rendered leads to recovery.
2. Maramadakkai-VEC civil advance Rs.2.90 lakhs given in Dec’2008 but not yet started construction of School and no satisfactory explanation is forth coming.

**SIVAGANGAI:**

1. Rs.38,602/- paid to Orient Colour Prints – no voucher/bill is available.
2. E-TDS returns (quarterly) not filed.
3. NPEGEL: Rs.15,000/- paid for a tailoring machine-not authorized.

**THENI:**

Rs.12,663/- is being carried forward as cash on hand for many years. It’s actual availability is to be ascertained.

**THIRUVALLUR:**

Block Supervisors/Accountants are to be instructed to produce fixed Assets Register along with regular books of Accounts at the time of annual audit in their respective DPOs.

**VELLORE:**

Rs.1.90 lakhs being 5% due to printers-DDs cancelled, but credited to other receipts instead of printing expenses/contingencies as it relates to the current year.

**VIRUDHUNAGAR:**

1. Weakness in accounting: Initially all payments are debited to expense account instead of advance. It is suggested only on receipt of invoice/bill advance to be transferred to respective expenses account.
  2. Narikudi BRC, PUPS Kilavikulam – **Rs.7.50 lakhs during 2006-07-misappropriated by the Headmaster. Recovery status as on date to be known. Preventive steps are to be initiated to avoid future occurrences.**
3. **Audit of VECs which received more than Rs.1.00 lakh:**

On the outcome of the VEC audit general observations noticed are as follows:

- (i) Resolution passed by the Village Education Committees are not proper in some of the VECs – Requires suitable training.
- (ii) Cash Book maintenance is poor in some schools/VECs–Requires training.
- (iii) Proper instructions to be given for maintenance of vouchers.
- (iv) Early withdrawal before commencement of work and withdrawals not commensurate to the stage of construction of building is noticed in some cases, which requires proper and strict instruction.
- (v) Delay in completion of work noticed than the Ministry's probable time allowed for completion of works.

#### **4. Comments on Action Taken on previous years observations**

The Procedure for settlement of old outstanding objections as laid down in the Manual on Financial Management & Procurement has to be followed. The Position of settlement of audit objections has to be reported to this Ministry in the quarterly report prescribed for the purpose. Needful may please be done.

### **30. TRIPURA**

- (1) Remittance to units/sub-units being treated as expenditure instead of advances.(Rs.1096.28 lakhs)
- (2) Fixed Asset Register not maintained.
- (3) Ledger accounts are not properly balanced.
- (4) Some of the prescribed documents not furnished

### **31. UTTAR PRADESH**

- (1) Auditor does not confirm that expenditure incurred by BRC/CRC/VECs are recorded on the basis of a Utilization Certificate issued by them. Releases are still booked as expenditure as compared to audited expenditure of Rs.3216 crore advances are Rs.110 crore i.e., only 3.4% .
- (2) No mention of coverage of VECs.
- (3) BRC/CRC not covered by Audit.
- (4) Amounts released to Basic Shiksha Parishad Allahabad, towards teacher salary is treated as expenditure.

### **32. UTTARAKHAND**

- (1) Rs. 30447.76 lakhs transferred to sub-district level treated as expenditure instead of advances.

- (2) Bank Reconciliation statements are prepared at the year end for most of the Bank Accounts.

**33. WEST BENGAL**

- (1) Maintenance of accounts at circles /VECs is not satisfactory.
- (2) Transfers from districts to circles are treated as expenditure.
- (3) Monitoring of UCs at district level is weak.
- (4) NGOs not covered by Audit.
- (5) Transfer of Rs.5 crore of SSA funds to NREGS which were later recovered.
- (6) Internal controls require strengthening.
- (7) Outstanding advances Rs.815.08 crore.

## Compliance of Statutory Audit Reports

The following States UTs have not furnished Compliance on Audit Reports of CAs Audit.

<b>2005-2006</b>	Andhra Pradesh (14), Bihar (14), Chhattisgarh (19), Haryana, Himachal Pradesh, Manipur (18), Mizoram & Nagaland (22)
<b>2006-2007</b>	Andhra Pradesh (6), Arunachal Pradesh (16), Bihar (17), Chhattisgarh (20), Haryana, Karnataka, Madhya Pradesh (7), Manipur (6), Mizoram, Nagaland (11), Puducherry (7), Sikkim, Tripura & Tamil Nadu,
<b>2007-2008</b>	Arunachal Pradesh (8), Assam (6), Bihar (6), Chhattisgarh (3), Haryana, Himachal Pradesh (6), Maharashtra (8), Meghalaya, Jharkhand (11), Karnataka, Kerala (9), Manipur (7), Nagaland (9), Rajasthan (3) & Tripura (4), Tamil Nadu (4)
<b>2008-2009</b>	Andaman & Nicobar Island, Assam (4), Andhra Pradesh, Arunachal Pradesh, Bihar (4), Chhattisgarh, Dadra & Nagar Haveli (4), Goa (4), Gujarat, Haryana (2), Himachal Pradesh (2), Jammu & Kashmir, Jharkhand (3), Karnataka, Kerala, Lakshadweep, Madhya Pradesh, Maharashtra, Manipur, Mizoram (3), Nagaland (4), Punjab, Rajasthan, Tripura, Uttar Pradesh, Uttarakhand & West Bengal

Note : The figure in brackets indicates the number of reminders issued.

**Quarterly Report on the Position of Settlement of  
Audit objection / Para**

The SIS is required to furnish a quarterly report on the position of settlement of outstanding audit objections in the format provided at Annexure – XXV (Para –110.5) of the Manual on Financial Management & Procurement. The report is to be submitted by 15<sup>th</sup> of the month following the close of the quarter. Many states are not sending this report regularly. Report for the quarter ending April – June 2010 has been received from Delhi only. Report for the quarter ending 31.3.2010 was however, received only from the following 9 States despite issue of reminder to all the States / UTs on 22.3.2010.

1. Andhra Pradesh
2. Madhya Pradesh
3. Uttar Pradesh
4. Orissa
5. Haryana
6. Jammu & Kashmir
7. Punjab
8. Karnataka
9. Meghalaya