

(13)

DIRECTORATE OF AUDIT
GOVERNMENT OF NCT OF DELHI

4TH LEVEL, C-WING,
DELHI SECTT: NEW DELHI

Sub: Internal Audit Report on the accounts of IV th Delhi Finance Commission , 4th Floor, B-Wing, Vikas Bhawan-II, UPPER Bela Road, Near Metcalf House, Delhi-54.

INTRODUCTION

The Internal Audit on the accounts of IV th Delhi Finance Commission, Vikas Bhawan-II, Upper Bela Road, Delhi for the period October 2011 to March 2013 was conducted by the field Audit Party No. XIV comprising of Shri Anand Singh, I.A.O., Smt. Padmini R. Kumar, A.A.O., Smt. Udaya Rajendran, H.C., Sh. Manoj Damodar, H.C. and Sh. Ombir, UDC. The audit was conducted within 10 Working days w.e.f 05/09/2013 to 19/09/2013.

AIMS AND OBJECTIVES:

As per the order dated 14th September 2009, the Delhi Finance Commission is expected to review the financial position of the municipalities and make recommendations to the Lieutenant Governor of the NCT of Delhi and to the Administrator of Chandigarh as the case may be in respect of following matters:-

- (a)** the principles which should govern:
 - i.** The distribution between the Government and the municipalities net proceeds of taxes, duties, tolls and fees leviable by the government which may be divided between them
 - ii.** The determination of taxes, duties, tolls and fees which may be assigned to or appropriated by the municipalities.
 - iii.** The grants-in-aid to the municipalities from the Consolidated Fund of the National Capital Territory of Delhi;
- b)** The measures needed to improve the financial position of the municipalities
- c)** Any other matter referred to the Finance Commission by the Lieutenant Governor in the interest of sound finance of the municipalities.

H.O.D. / H.O.O. / D.D.O. / CASHIER

The following Officers / Officials served as H.O.D. / H.O.O. / D.D.O. / Cashiers during the period October, 2011 to March, 2013:

Head of Department:

S.No.	Name	Period
1.	Sh. P. S. Bhatnagar, Chairman	October, 2011 to 31-03-13

Head of Office

S.No.	Name	Period
1.	Sh. Yogi Raj , Dy. Secretary	Oct. 2011 to 31-08-12
2.	Sh. Kartar Singh, Supdt.	01-09-12 to 31-03-13

D.D.O

S.No.	Name	Period
1.	Sh. Yogi Raj , Dy. Secretary	Oct. 2011 to 31-08-12.
2.	Sh. Kartar Singh, Supdt.	01-09-12 to 31-03-13

Cashier

S.No.	Name	period
1.	Sh. Mohnan .V.	October 2011 to 31-03-13

Budget Allocation & Expenditure Statement

Financial year	Major Head of A/C	(Rs. In thousands)	
		Budget allocation	Expenditure
2011-12	2070 (Non-Plan)	9475	8443
2012-13	-do-	9800	8968

No. of Sanctioned post for 4th DFC during the tenure of 4th Finance Commission:

1. Chairman : One
2. Member Secretary : One

Statutory Audit:

Statutory audit of Delhi Finance Commission (IVth) has not been conducted by the A.G.Audit so far.

Maintenance of Records :

The financial powers of the Head of Department were delegated to the Chairman, Fourth Delhi Finance Commission in October 2011. The financial matters of Fourth Delhi Finance Commission for the period prior to October 2011 were handled by the Department of Urban Development.

The maintenance of records of Office of the 4th Delhi Finance Commission, Delhi for the period October, 2011 to March, 2013 was found satisfactory subject to the observations made in the Current Audit Report and Test audit Notes.

Old Audit Report

There were 05 Paras outstanding from the previous Audit Reports which have been incorporated with the Current Audit Report as Part-I (Old Report)

A. Details of Old Audit Paras

S.No.	Year	Total Paras Outstanding	Paras settled	Para No. of Settled paras	Balance
1.	1995-98	03	Nil	--	03
2.	2004-08	02	Nil	--	02
Total		05	Nil	--	05

B. Details of Old Recoveries

S.no.	Year	Para no.	Recovery outstanding	Recovery made	Balance
1.	2.	3.	4.	5.	6.
1.	1995-98	2	67,458/-	Nil	67,458/-
Total			67,458/-	Nil	67,458/-

Current Audit Report :

During the Current Audit, 10 Audit Memos (03 Record Memos and 07 Observation Memos) highlighting various irregularities were issued. The department has shown compliance / reply submitted to 3 memos which have been settled on the spot and the remaining 07 memos have been converted into 2 paras (including 1 for non-production) and 5 TANs which have been incorporated in the Current Audit Report, Part-II & III.

Details of Current Recovery - NIL

The Internal audit report has been prepared on the basis of the information/records furnished by the Office of the Delhi Finance Commission. The Directorate of Audit, GNCT of Delhi disclaims any responsibility for any misinformation and /or non-information on the part of the Auditee.

10

Anand Singh
(Anand Singh) 20/9/13
I.A.O.

PART-I (OLD HUNDRED NUMBER)

4

PART-I

JTC

(57) 9

PART-II:

PARA NO. 1

(Ref. Memo No.8 dt.18/2/98)

(1995-98)
upto Jan-98

Subject : Irregular fixation of Pay.

It has been absorved that Sh. M.M. Sury, who was working as Reader in ARSD College, Delhi University in the pay scale of Rs.3700-5700 and drawing basic pay of Rs.5100/- was appointed on deputation in DFC as Economic Advisor in the scale of Rs.5900-6700 w.e.f. 7.10.96 and his pay was fixed at Rs.5900/- which is the minimum of the scale of the deputation post.

2. As per Item A, Section II of appendix 5 of FR, an employee placed on deputation may, however, elect to draw his basic pay in the parent department plus deputation (duty) allowance or the pay in scale of pay of the post in foreign service. If he elects to draw the pay in scale of pay of the post in foreign service, his pay in that post will be fixed under normal rules applicable in Government Departments. In such cases if the minimum pay of the post in the foreign service is substantially in excess of his basic pay in the parent department plus deputation (duty) allowance, then his pay should be fixed at a suitable figure below the minimum so that the pay of the Govt. servant in the foreign service post does not exceed his basic pay in the parent department by more than the amounts shown below :-

- | | | |
|-----|--|--|
| (a) | For employees in receipt of basic pay above Rs.2200/-. | 12 1/2% of basic pay or Rs.330/-, whichever is more. |
| (b) | For employees in receipt of basic pay above Rs.1000 upto Rs.2200/- | 15% of basic pay or Rs.200/- which ever is more. |

(c) For employees in receipt of basic pay of and below Rs.1000/- 20% of basic pay.

The case of Shri M.M. Sury is covered under (a) above. The increase in pay should have not been more than 12.5% but his pay has been fixed at Rs.5900/- giving a benefit of about 15.6% which appears to be irregular and against the provisions of Rule 35 of P.R.S.R. The pay should have been restricted at a suitable figure below the minimum pay of the post.

It is also observed that no recruitment rules for the post appear to have been framed/ adopted as the same were not provided to audit party. No essential qualifications for the post appear to have been prescribed.

In view of the above, it is requested that matter may be reviewed under intimation to audit.

PARA NO. 2

(Ref. Memo No.9 dt.19.2.98)

Subject : Recovery of overpayment from the re-employed pensioners due to fixation of pay & pension as per the recommendation of the Vth Pay Commission Report.

On perusal of the pay fixation of the employees of DFC as per the Vth Pay Commission report, it is revealed that as a result of pay fixation of the following re-employed pensioners the amount as noted against each has become recoverable due to over payment.

1. Shri B.K. Joshi Rs.40276/- (1.1.96 to 30.11.97)
2. Shri H.M. Dass Rs.27182/- (- do -)

But inspite of the letter issued from this office on dated 29.12.97 directing these officers to deposit the said amount latest by 31.12.97, no recovery has been effected till date inspite of the fact that DFC has already been wound up from 31.12.97.

Necessary steps/action be taken to recover the amount at the earliest under intimation to audit.

PARA NO. 3 3

(Ref. Memo No.10 dt.19.2.98)

(A) Appointment of Employees in Delhi Finance Commission.

Section 11 of the Delhi Finance Commission Act, 1994, which relates to the appointment of Secretary and other staff of the Commission is reproduced below :-

Staff of the Commission (1) The Commission may, with the previous sanction of the Govt., appoint

- (a) a Secretary and
- (b) such employees as it may think necessary for the efficient discharge of its function.

(2) The qualification of the Secretary and the terms and conditions of the Secretary and other employees of the Commission, including the salaries and allowances, shall be such as may be prescribed.

It is observed that in terms of the above, various posts and their pay scales were sanctioned by the Govt. of Delhi. But it appears that

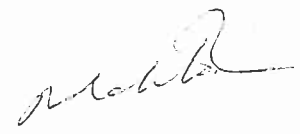
7/2 (6) 54
TTC

Commission has neither framed/adopted any Recruitment Rules nor prescribed any essential qualifications for appointment to the various posts. The position may please be elucidated to audit.

(B) Status of Delhi Finance Commission

It is observed that the status of the Delhi Finance Commission is not clear, whether it is a Department of Govt. of Delhi or an ~~Corporate~~ ^{Autonomous} Body like MCD or NDMC. The Delhi Finance Commission was attached with PAO No.XVII for drawing pay and allowances etc.

It is also observed that some employees of Delhi Govt. were also posted in DFC. Deputation allowance has been sanctioned and paid to some of them. If DFC is an ~~Corporate~~ ^{Autonomous} body, Deputation allowance is payable to all the employees of Delhi Govt. posted in DFC and if it is a deptt. of Govt. of Delhi deputation allowance is not payable to any of them. Position may please be elucidated to Audit.



(R.R. SHARMA)
I.A.O.

PART-II**CURRENT AUDIT REPORT IN R/O DELHI FINANCE COMMISSION-III
DELHI SECTT. DELHI FOR THE PERIOD 2004-08.**Para No. 4**Para No.01**

Ref. A.M.No.05 dt.25.03.11

Subject: Non-remittance of expenses on DFC-III to Govt. of NCT of Delhi by Chandigarh Administration on a/c of making similar report in respect of Municipal Corporation of Chandigarh.

On perusal of file no. F-7(443)(3)/2004/UD it has been observed that apart from Delhi, the 3rd Delhi Finance Commission constituted for Delhi has been entrusted with the responsibility of making a similar report for Chandigarh Administration also with their commitment to bear the expenses on DFC-III for extended period. After the expiry of original tenure of the commission for Delhi on 30.09.05, it was granted extension on eight occasions. The commission had submitted its reports on Delhi on 05.04.07 and thereafter the commission focused exclusively on Chandigarh and sent its report on 24.03.08 and finally wound up on 31.03.08.

A demand letter dated 15.02.07 was sent to the advisor to Chandigarh Administrator to remit financial implications of Rs.20.86 lakh on the commission during its extended period 01.01.07 to 31.07.07 thereafter no communication is seen in the file as to whether department had pursued the matter or not. The department may please ascertain the period of DFC-III for which it had worked on Chandigarh administration and also work out the contribution become payable by them. Audit may please be apprised of the position.

Para No. 5**Para No.02**

Ref.A.M.No.06 dt.26.03.11

Subject: Non-production of records (NPR)

The following records pertaining to the current audit of 2004-08 has not been made available to audit for scrutiny, despite of repeated verbal requests:-

1. Reply of Old Paras
2. Files relating to purchase of following items-
 - (a) Purchase of Computers worth Rs.160158/-.
 - (b) Purchase of two Television worth Rs.26000/-
 - (c) Purchase of two photocopier machines from HCL Ltd.Rs.218400/-
 - (d) Purchase of two Laptop Rs.147446/-
 - (e) Purchase of two Ambassador AC Cars Rs.800944/-
 - (f) Purchase of accessories items for staff cars Rs.105320/-


STC (4)

- (g) Payment made for Research Study and Seminar on status potential and Road map for urban finance reform from MCD and NDMC Rs.13,20,000/-.
- (h) Hiring of two Data entry operator for DFC-III.

- 3. Stock Registers of Consumable and Non-Consumable items.
- 4. Service postage stamp Account.
- 5. Dispatch Register.
- 6. Log-Books.

Non-production of the aforesaid records shows that either the record is not being maintained at all or the production of the same has been purposely avoided. Non-production of records is a severe matter and therefore if any irregularities/ discrepancies are found in the records not produced to audit, at any stage by any agency, the whole responsibility will lie on the concerned HOO.

However, the same may please be traced and shown to next audit for scrutiny.


(Ashok Kumar Saini)
Inspecting/Audit Officer
Audit party No.1

PART-II

CURRENT AUDIT REPORT

Para No.1 (Ref.: Memo No. 09 dated 12/09/13)

Sub: Regarding TDS on Professional Services.

As per Section 194 J of Income Tax rules, TDS has to be done @ 10% of the fee paid for Professional or technical services where aggregate of such payments exceeds Rs. 30,000/- in a financial year. It is observed from the following Contingent vouchers that TDS was done @ 2% from M/s Shiromani Tyagi & Co. Chartered Accountants for Consultancy services availed by the Commission.

<u>Bill No. / Date</u>	<u>Amount</u>
09 / 21/10/11	6, 42,785/-
96 / 06/02/13	9, 82,155/-
73 / 05/11/12	8, 18,463/-

TDS Deducted Balance TDS

Short recovery of tax may be made from the concerned company under intimation to audit.

Similar other bills may also be reviewed.

Para No.2 (Ref.: Memo No. 01, dated 05/09/13)

Sub: Non-production of Records

The following records were not produced to audit which may be shown to next audit:

1. Acquittance Roll
2. LTC / TA Register
3. Telephone Bill Register

4. TR IV (CAR-D) Register
5. Photocopy Register
6. Reply of old Audit

Anand Singh
20/09/13
(Anand Singh)
I.A.O.

K. S. WAHI
20/09/2013

K. S. WAHI
Member Secretary
Fourth Delhi Finance Commission
GNCTD, B-Wing, 4th Floor, Vikas Bhawan-II,
Upper Bala Road, Delhi-110054

PART-III

TEST AUDIT NOTES

TAN No.1 (Ref. Memo No.2 dated 12/09/13)

Sub: Government Cash Book

As per scrutiny of the Cash Book of the Delhi Finance Commission, it is seen that a certificate from D.D.O. / H.O.O. showing the balance amount and also details of un-disbursed amount has not been shown at the end of the month. Further, a Certificate has been recorded in the Cash Book showing page number but the same has not been attested by the DDO.

TAN No.2 (Ref. Memo No.3 dated 12/09/13)

Sub: Income Tax

According to the Income Tax rules, Income Tax of every employee should be deducted at source in monthly installments, from the salaries disbursed to him and the final adjustment being made from the last salary payable before the end of March. During the test check of the PBR, it was seen that major portion of the Income Tax has been deducted during the last quarter of the year. The reasons for not deducting the Income Tax proportionally every month may be elucidated to Audit and right procedure as per rules, may be followed henceforth.

TAN NO.3 (Ref. Memo No.4 dated 12/09/13)

Sub: Non-surrender of excess budget

An amount of Rs. 60, 00,000/- was allocated under the sub-head O.E. to the D.F.C. for the year 2012-13. The total expenditure during the year was Rs. 56, 35, 461/-. The balance amount of Rs. 3, 64, 539/- i.e. 6% was not surrendered. Similarly, saving in the budget under the head DTE for the year 2012-13 and salary for the year 2011-12 was not surrendered to the Finance Department which could have been utilized by some other needy department. Right procedure may be followed hence forth.

TAN No.4 (Ref. Memo. No.5 dated 12/09/13)

Sub: Physical verification of stores

As per Stock Register of the consumable items for the year 2011-12 & 2012-13, shown to audit, it was seen that the annual physical verification has not been conducted as required under Rule 192 of GFR. Reasons, in this regard, may be explained to Audit and necessary action in this regard may be taken under intimation to audit.

TAN No.5 (Ref. Memo. No.6 dated 12/09/13)

Sub: Pay Bill Register

Test check of the Pay Bill Register (PBR) shows that the certificate showing page number and other mandatory particulars i.e. date of joining, rate of pay etc. has not been recorded. Necessary action, in this regard, may be taken under intimation to Audit.

Anand Singh
20/9/13
(Anand Singh)

I.A.O.