

PART-III

CHAPTER III

Summary of the AAR 2001.

This chapter and the chapters that follow shall form the part of the Annual Audit Report 2001.

The observations that are included in these chapters represent the findings featured in the inspection reports issued in the year 2001. In doing so, attempts have been made to reflect the current status of those observations where information were made available as on the time of finalization of this Report. The report also contains significant observations that were not included in the Annual Audit Report 2000, but in the opinion of the RAA these warrant the attention of the concerned authorities this time.

In this chapter, the RAA would like to briefly present the summary of the AAR 2001 in a tabulated form. Findings are not just restricted to observations presented in a table. Audit had detected irregularities amounting to over Nu. 812 millions during the year 2001 as presented in the Table 1.13.

The highest amount of lapses was noted in the areas of procurement and tendering aspects where the amount involved was more than Nu.326 millions. Corporations, Armed forces and Autonomous agencies respectively were in the top list, thereby indicating the need for either a rapid improvement or complete overhaul of the procurement practices.

Outstanding advances against the employees, suppliers and third parties and outstanding revenues from the private companies respectively were the areas indicating weaknesses in the financial discipline of government organizations and corporations.

The Ministry of Home Affairs had Nu.39.52 millions of government money in private hands either awaiting adjustment or recovery. It is closely contested by Corporations and Autonomous agencies with Nu.31.81 millions and Nu.25.39 millions respectively remaining either with individuals or private parties.

All in all, to our dismay Corporations which are expected to be model of 3 E's (Economy, Efficiency and Effectiveness) had the highest amount of administrative and management lapses detected **(in monetary terms)** than six government ministries put together.

Table 1.13: Showing agency wise audit observations by different categories (Nu. millions).

SL. NO.	Nature of observation	MoHE	MTI	MoC	MoHA	MoA	MoFA	Corp.	Armed Forces	Auto agency	Total
1	Outstanding Advance	13.98	12.19	20.75	39.52		24.67	37.81		25.39	174.31
2	Outstanding Revenue		8.01	61.41	0.77	0.94		33.77		4.18	109.08
3	Excess/double Payment	0.21			3.11	0.12	0.81	2.04		0.74	7.10
4	Wrong booking of expenditure	2.41									2.41
5	Non accountal of stocks/furniture	0.23	0.78		0.06	0.29	1.80	41.35	1.02	0.33	45.86
6	Double booking of expenditure	0.29									0.29
7	Non accountal of advance/fees/reimbursements	0.55					0.34				0.89
8	Wasteful expenditure		3.93	1.30				1.21		1.77	8.21
9	Non enforcement of contract clauses			4.50	1.77				1.87	2.68	10.82
10	Loss due to idle machinery			8.00							8.00
11	Poor cost benefit analysis			20.00							20.00
12	Unreconcilable balances	5.00		2.18				14.57			21.75
13	Irregular payments			2.83		0.22	3.17	5.17		1.20	12.59
14	Contracting and procurement lapses			12.44	8.73			152.2	90.40	62.99	326.76
15	Misutilization of revenue				0.10						0.10
16	Fictitious payment							3.28			3.28
17	Loss of revenue							5.14			5.14
18	Misappropriations							2.22		0.04	2.26
19	Obsolete stocks							36.66			36.66
20	Non enforcement of rules						0.87				0.87
21	Lack of budgetary discipline			1.47							1.47
22	Materials Management			4.00	0.08						4.08
23	Outstanding loan									1.56	1.56
24	Irregularities in cash closing balance						0.19				0.19
25	Payment made without supporting bills						1.29				1.29
26	Missing of disbursement vouchers						6.66				6.66
27	Irregularities in travels abroad						0.63				0.63
	Total	22.67	24.91	138.9	51.18	1.57	40.43	335.42	93.29	100.88	812.26