

Office of the Accountant General (Works & Receipts Audit), Madhya Pradesh,
'Audit Bhavan' Jhansi Road, Gwalior

ADMINISTRATIVE REPORT 2005-06

Introduction

The office of the Accountant General (Works & Receipts Audit) was established on 1st March 1984 (& till 30th September, 2004, the office was known as the office of the Accountant General (Audit)-II, Madhya Pradesh) is situated at Bhopal with a Branch office at Gwalior. The Branch Office, Gwalior is entrusted with audit functions in state of Madhya Pradesh for Forest Department (Receipt and Expenditure), State Receipt and Central Receipts.

Functions and Audit Jurisdiction:

This office is entrusted with the audit of the following departments:

- (1) Customs & Central Excise Department- Government of India
- (2) Income Tax Department- Government of India
- (3) All the departments of Madhya Pradesh Government dealing with state receipts viz. Commercial Tax, State Excise, Motor Vehicles, Land Revenue etc.
- (4) Public Works Department, Water Resources Department, Public Health Engineering Department and Narmada Valley Development Authority of Madhya Pradesh, Gwalior.
- (5) Autonomous bodies like Narmada Control Authority and Betwa River Board.
- (6) Madhya Pradesh Forest Department.
- (7) National Water Development Agency
- (8) Issue of Audit Certificates on externally aided projects such as World Bank, Schemes sponsored by the Government of India and schemes sponsored by the Government of Madhya Pradesh and audit of appropriation account of 28 grants.
- (9) The office prepare the
 - Report of the Comptroller & Auditor General of India on state receipts of Madhya Pradesh
 - Contributes materials for the Report of the Comptroller & Auditor General of India (Civil), Madhya Pradesh
 - Contributes material for the Report of the Comptroller & Auditor General of India on Direct and Indirect taxes of the Government of India.

- (10) **Assists the Public Accounts Committee of Madhya Pradesh State Legislative Assembly and the Public Accounts Committee of the Union Parliament to deliberate audit reports while taking oral evidence from the Executive.**

To discharge the above mentioned functions, there are four audit groups headed by Senior Deputy Accountant Generals/Deputy Accountant Generals under the direct supervision and administrative control of the Accountant General.

The Audit Group are as follows:

- (1) Public Works Audit- at Bhopal
- (2) Central Revenue Audit- at Gwalior
- (3) State Revenue Audit - at Gwalior
- (4) Administration and Forest - at Gwalior

(4) Administration & Forest Group at Gwalior

ORGANISATIONAL CHART

Accountant General (Works & Receipts Audit)

Dy. Accountant General (Works)	Sr. Deputy Accountant General (Admn. and Forest)	Dy. Accountant General (Central Revenue Audit)	Dy. Accountant General (State Revenue Audit)
AO CASS/CAP (1)	AO Admn/(1)	AO CRA-I (Direct Tax (10))	AO/SRA-I (9.8)
AO ECPA/SFI (1)	AO Forest (5.20)	AO CRA-II (Indirect Tax) (11)	AO SRA-II (7)
AO OE (2)			AO Report (1)
AO OAD (Works) (18)			

Administration

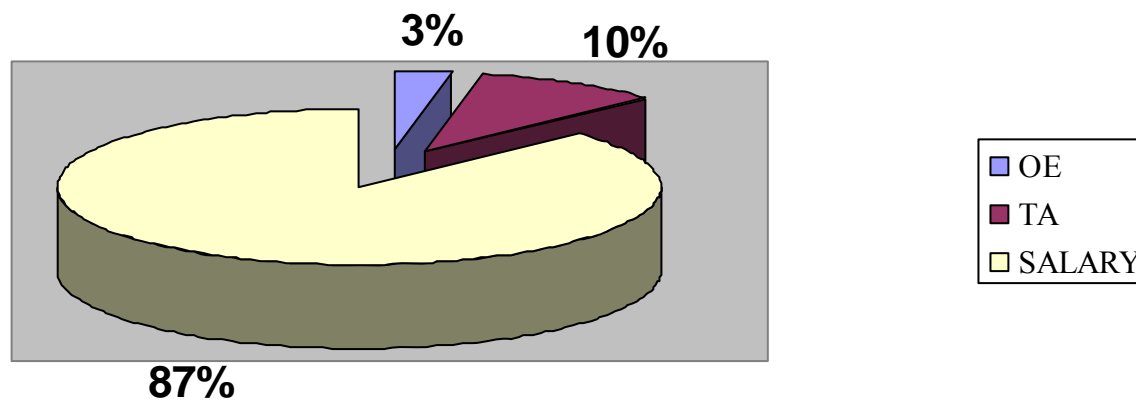
The Public Works Audit Wing which is located at Bhopal also discharges the administrative functions like day-to-day administration, budget and budgetary control, preparation of staff proposal, estate management of AG colony Bhopal etc, for the Bhopal office whereas similar functions are discharged by the Administration & Forest Wing at Gwalior for the Branch Office at Gwalior.

Human Resource

Group	Cadre	Sanctioned as on 31 March 2006	Men-in-position as on 31 March 2006	Vacancy as on 31 March 2006
Public Works	Fill up	Fill up	Fill up	Fill up
Income Tax (CRA-I)	Sr. AO/AO	10	07	(-) 3
	AAO/SO	23	09	(-) 14
	Sr. Auditor/Auditor	18.44	09	(-) 9.44
Central Excise (CRA-II)	Sr. AO/AO	11	08	(-) 3
	AAO/SO	24.13	09	(-) 15.13
	Sr. Auditor/Auditor	18	06	(-) 12
State Revenue Audit	Sr. AO/AO	17.80	19	(+) 1.20
	AAO/SO	55.80	23	(-) 32.80
	Sr. Auditor/Auditor	41.26	17	(-) 24.26
Forest	Sr. AO/AO	5.20	05	(-) 0.20
	AAO/SO	17.64	12	(-) 5.64
	Sr. Auditor/Auditor	31.40	22	(-) 9.40
Administration	Sr. AO/AO	01	01	0
	AAO/SO	03	05	(+) 02
	Sr. Auditor/Auditor	21.5	33	(+) 11.5
	Miscellaneous staff	45.5	29	(-) 16.5
	Total	To be filled up	To be filled up	To be filled up

Budget

The pattern of expenditure during 2003-04 to 2005-06 has been depicted as below:



Training

The office organized 77 in-house training sessions for various groups and sent staff to RTI Allahabad for 5 general course and 6 training courses on EDP during 2005-06 for honing the auditing skill of staff.

Welfare Activity- Bhopal

The welfare section attends to the various welfare activities of the staff including recreation/sports/cultural activities. It also oversees management of office canteen on contract basis. It administrates IA&AD Regional Benevolent Fund in order to give assistance to staff members who are in distress. Maintenance of office building/AG's colony is executed through CPWD.

(1) Recreation Club:

The Audit Office Recreation Club promotes sports and cultural activities in the office by identifying the hidden talent of the personnel, encourages them to participate and organize various programme for them. Facilities of Indoor Games i.e. Table Tennis, Chess Carom etc. are available in the club.

(2) Benevolent fund:

Benevolent fund is operated to provide relief amongst the employees in distress such as sickness, sickness of family members, marriages, death etc. As on 31.03.2006 there is a balance of Rs.....in the bank.

(3) Welfare activities related to colony:

Construction of AG's Residence at Char Imli, Bhopal has been completed in 2005-06.

Audit target and achievements

The group-wise position in respect of targets set by Headquarters Office *vis-a-vis* details of the contribution made by this office for the year 2004-05 is given in the following table:

Group	Draft Paragraphs		Reviews	
	Target 2004-05	Issued	Target by H. Qr.	Review attempted
Central Receipts Audit				
Income Tax	30	32	01	01
Customs & Excise	24	24	03	03
State Receipts Audit	52	42	04	2 + 2 (2 Converted in to long DP)
Works Audit				
Forest Audit	05	04	Nil	Nil

The Audit Report on Revenue Receipts of Government of Madhya Pradesh is prepared by this office. Material for Audit Report (Civil), prepared by office of Principal Accountant General (Civil & Commercial Audit), Madhya Pradesh, pertaining to Works & Forest Departments of Government of Madhya Pradesh is contributed by this office. Audit Reports relating to direct and Indirect Taxes of the

Union Government are finalized by the office of the Comptroller & Auditor General of India wherein contribution is made by this office in respect of Central Receipts borne in Madhya Pradesh.

Central Revenue Audit Wing



Income Tax Audit

The audit of Income Tax Department mainly emphasizes the audit of receipts collected from various categories of assessee viz: corporate assessee, individual assessee, charitable trusts etc. Besides conducting normal audit of both revenue and expenditure units of the above offices, the wing also carries out special reviews entrusted by the Direct Taxes Wing of the **O/o the Comptroller & Auditor General of India.**

Auditee profile

Name of the Unit	No
Chief Commissioner of Income Tax (Bhopal)	01
Chief Commissioner of Income Tax (Indore)	01
Commissioner of Income Tax (Bhopal)	03
Commissioner of Income Tax (Indore)	04
Commissioner of Income Tax (Jabalpur)	04
Commissioner of Income Tax (Ujjain)	02
Commissioner of Income Tax (Gwalior)	02
Dy CIT/ACIT	24
ITO	67
TRO	20
Expenditure Units	56
Special Units	07

Zonal Accounts Officer	01
District Valuation Officer	03
Total	195

Performance

The total direct tax collection in Madhya Pradesh during the last 3 years and percentage of audit contribution to total tax collection is as follows:

Audit contribution

Year	No. of paras	Value of audit objection in crore	Tax receipts in crore	Percentage of audit objection to total tax collection
2003-04	31	223.30	2088.20	11.5
2004-05	30	363.26	2521.31	14.4
2005-06 (Up to 05/06)	22	28.79	Not available	Not available

SYSTEM REVIEWS:

2003-04	<ul style="list-style-type: none">●●●	Assessment of business of civil construction Assessment of private schools, colleges & coaching centres Minimum alternate Tax
2004-05	<ul style="list-style-type: none">●●	State of improvement of efficiency through the Restructuring of the IT Department Efficiency and effectiveness of administration and implementation of selected deduction and allowances under the IT Act.
2005-06	<ul style="list-style-type: none">●●●	Effectiveness & Efficiency of operation and Administration of TDS/TCS Assessment of Sports Associations/Institutions and Sport personal files Audit of Assessments of selected companies in selected sectors.

Interesting Audit Paras: Nil

- **Only 5 Audit Parties were working against the sanction of 10.5 Audit Parties due to shortage of staff**
- Out of 177 auditable units, only 65 were planned for audit of which 58 units could be audited during the year 2005-06
- 154 Inspection Reports consisting of 602 paras were issued to the various Income Tax Authorities during 2005-06
- Total outstanding paras stood at 6376 as on April, 2005 and increased to 6682 paras as on 31st March 2006 with addition of 531 paras and clearance of 225 paras during 2005-06.

Central Revenue Audit Wing



Customs & Central Excise Audit

This wing audits the office of the Chief Commissioner of Customs & Central Excise, Bhopal and its subordinate Commissionerates located at Bhopal, Indore and Gwalior. The wing audits various assessee coming under the scope of Indirect Taxes of the Union Government viz. Customs, Central Excise and Service taxes besides the expenditure audit of the various units of the Customs & Central Excise Department.

The audit mainly emphasizes the examination of application of Indirect Tax laws and rules by the departmental authorities. This wing also carries out System Reviews on behalf of the Indirect Wing O/o the Comptroller & Auditor General of India.

Performance

Contribution of Audit

Year	No. of paras	Value of audit objection in crore	Tax receipts in crore	Percentage of audit objection to total tax collection
2003-04	24	140.94	1997.24	7
2004-05	14	88.93	2700.00	3.3
2005-06	03	6.48	Not available	Not available

SYSTEM REVIEWS:

Year	Reviews	
2003-04	<ul style="list-style-type: none"> ● ● ● 	<ul style="list-style-type: none"> Excise duty on motor vehicles for transport of persons & goods Service Tax on Architects, Interior Decorators & Consulting Engineer's Services Excise Audit 2000
2004-05	<ul style="list-style-type: none"> ● ● ● 	<ul style="list-style-type: none"> Excise duty on Inorganic and Organic Chemicals Service Tax on Manpower Recruitment Agency Service and Security Agency service Delay in finalization of demands
2005-06	<ul style="list-style-type: none"> ● ● ● 	<ul style="list-style-type: none"> Service Tax <ul style="list-style-type: none"> ▶ Management Consultant Services ▶ Scientific Technical Consultancy Services ▶ Technical Testing and Analysis Services ▶ Technical Inspection & Certification Services. Review on Provisional assessment Review on Plastic and Articles thereof

- Due to acute shortage of staff only 3 Audit Parties were working against the sanctioned strength of 11 Audit Parties.
- Out of 303 auditable units, 138 units were planned but only 88 units could actually be audited due to heavy shortage of staff at AAO and Auditors level during 2005-06.
- 82 Inspection Reports with 155 paras were issued to the various departmental authorities during 2005-06
- There were 1778 outstanding paras as on April 2005 which decreased to 1146 paras with the addition of 155 paras during 2005-06. 787 paras could be settled during the year.



State Revenue Audit

This wing conducts audit of all the departments of the state government dealing with various state receipts viz. commercial tax, state excise, land revenue and mining etc. This wing prepares a separate audit report on state receipts. It also conduct system reviews on various departments dealing with various receipts besides bringing out specific cases of loss through audit paras.

Audit Report: The Reports of the C& AG of India on Revenue Receipts, Madhya Pradesh for the year 2003-04 and 2004-05 was tabled in the Madhya Pradesh State Legislative Assembly on 1st August 2005 and 24th March 2006 respectively.

Highlights:

I. General

- (i) The Government of Madhya Pradesh raised a total revenue of Rs.12,234.83 crore in 2004-2005, comprising tax revenue of Rs.7,772.97 crore and non-tax revenue of Rs.4,461.86 crore. The Government also received Rs.7,508.42 crore from the Government of India as its share of the net proceeds of divisible Union taxes Rs.5,076.68 crore and grant-in-aid (Rs.2,431.74 crore). Total receipts during the year were thus, Rs.19,743.25 crore. Sales Tax/Central Sales Tax (Rs.3,912.01 crore) formed a major portion (50.32 percent) of the tax revenue. Receipts from non-ferrous mining and metallurgical industries (Rs.733.72 crore) accounted for 16.44 percent of the non-tax revenue.

Test-check of records of Commercial Tax, State Excise, Motor Vehicles Tax, Land Revenue, Stamps and Registration fees, Other Tax Receipts, Forest Receipts and Other Non-Tax Receipts conducted during the year 2004-05 revealed under assessment/short-levy/loss of revenue amounting to Rs.992.36 crore in 1,31,736 cases. During the course of the year the departments accepted under-assessment of Rs.319.03 crore in 1,22,867 cases pointed out in 2004-05 and earlier years.

II. Commercial Tax

Review on "Pendency of Revenue Recovery Certificates in Commercial Tax Department" revealed the following:

- Delay in institution of Revenue Recovery Certificates (RRCs) in 99 cases ranged between 15 days to 34 months.
- Properties of 71 defaulters attached by the Department was not disposed of resulting non-realisation of Government dues.
- One hundred and sixty revenue recovery certificates were sent to other States for realisation of Government dues. No follow up action was taken for realisation of the same.
- Application of incorrect rate resulted in under-assessment of tax amounting to rs.1.43 crore.
- Non-recovery of commercial tax from closed units deprived the Government of revenue of Rs.2.96 crore.

- Incorrect allowance of deduction on items treated as tax free resulted in non-levy of tax of rs.1.54 crore.

III. State Excise

- Production of alcohol not in consonance with sugar contents resulted in short-levy of tax of Rs.64.82 lakh.
- Non-realisation of excise duty of Rs.4.06 crore on unacknowledged export of foreign liquor/beer.

IV. Taxes on Vehicles

- Non-recovery of vehicle tax and penalty on vehicles resulted in non-realisation of revenue of rs.5.80 crore.

V. Other Tax Receipts

Stamp Duty and Registration Fee

- Bonds valued at Rs.28.74 crore were executed but not registered resulting in non-realisation of Rs.1.15 crore.
- Incorrect classification of two instruments in short-realisation of stamp duty and registration fee amounting to Rs.1.80 crore.

VI. Forest Receipts & Mining Receipts

- Short-fall in production of timber and fuel wood resulted in loss of revenue of Rs.3.02 crore
- Interest and process expenses of Rs.1.81 crore were not included in revenue recovery certificates issued to defaulter.

VII. Other Non-Tax Receipts

Public Works Department

- Incorrect categorization of Government quarters resulted in short-levy of licence fee amounting to Rs.5.99 lakh.

Miscellaneous

- Due to shortage of staff 13 Audit parties were working against the sanctioned of 24.5 audit parties.
- There are 24.5 audit parties in the Wing to carry out field audit. There are 1465 auditable units and this wing had planned audit of 350 units, but actually audit was done for 377 units during 2005-06.
- 457 inspection reports consisting of 2039 paras were issued to various authorities during 2005-06.
- The outstanding paras which stood at 19,137 as on 1st April 2005 increased to 18,294 paras as on 31st March 2006 with addition of 2039 paras during the year. The Wing also settled 2882 number of paras during 2005-06.



Forest Audit Wing

The wing conducts the revenue and expenditure audit of Madhya Pradesh Forest Department. This wing conducts both regular audits to bring out specific cases of loss and system reviews on the various activities of the Department.

Due to acute shortage of staff 4 Audit Parties were working against the sanctioned strength of 7 Audit parties.

System Review

2005-06 Central & State review of India Eco Development and Tiger Project
Central Review approved by Accountant General (Works & Receipt Audit) Bhopal and sent to Headquarters

Miscellaneous

- Out of 150 auditable units 69 were planned, but the 35 units were audited during the year 2005-06
- 35 Inspection reports with 554 paras were issued to the departmental authorities.
- As on 1st April 2005, 1835 paras were outstanding, 554 paras were added and 534 paras were settled during 2005-06. The outstanding paras remained finally at 1855 as on 31st March 2006.

Issue of Audit Certificates

Following World Bank assisted projects were audited by the office"

Name of Project	Audit Due	Certificate issued
Centrally Sponsored Schemes	2003-04	Nil
India Eco-Development Project Pench Tiger Reserve, Seoni (Externally aided Project).	2004-05	Nil
State Plan Scheme	2003-04	Nil

Central Audit

The Central Audit Parties (CAP) under Central Audit Supporting (CASS) audited the accounts of Works Departments at Bhopaland Forest Department at Gwalior Branch Office, Gwalior during 2005-06 as per following details:

Name of the Department	Audited		Number of Audit Notes issued
	Number of Accounts/Division	Number of Vouchers	
Forest Department	1979	45,370	41 Audit Notes- Rs.2.29 crore

Assistance to the Public Accounts Committee MP Legislative Assembly

The Accountant General (Works & Receipts Audit) assists the Public Accounts Committee to discuss the following:

- The Report of the Comptroller & Auditor General of India (State Receipts) Government of Madhya Pradesh
- The reviews and audit paras featured in the Report of the Comptroller & Auditor General of India on Public Works, Water Resources, Public Health Engineering, Forest and Narmada Valley Development Authority besides the separate Audit Reports on the Narmada Control Authority and the Betwa River Board.

Public Accounts Committee Meetings

Department	Meetings during 2005-06	AR discussed up to	Pending Reports	Total No. of paras	Reply not received	Para selected by PAC	Reply not received for selected paras
Forest & State Receipt	14	1996-97 to 2002-03	One para of 2002-03 and 2003-04 2004-05	81	70	17 paras proposed	Nil

Sr. Dy. Accountant General/Admn & Forest