

## CHAPTER 1

### INTRODUCTION

#### 1.1 Budget profile

There are 56 departments and 97 autonomous bodies in the State. The position of budget estimates and actuals thereagainst by the State Government during 2008-13 is given in **Table 1.1**.

**Table 1.1: Budget and actual expenditure of the State during 2008-13**

(₹ in crore)

| Expenditure                     | 2008-09          |               | 2009-10          |               | 2010-11          |               | 2011-12          |               | 2012-13          |               |
|---------------------------------|------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
|                                 | Budget Estimates | Actuals       | Budget Estimates | Actuals       | Budget Estimates | Actuals       | Budget Estimates | Actuals       | Budget Estimates | Actuals       |
| General Services                | 7,173            | 6,024         | 7,876            | 7,755         | 8,916            | 9,328         | 10,684           | 10,220        | 12,331           | 11,897        |
| Social Services                 | 6,445            | 7,259         | 9,783            | 9,902         | 11,349           | 10,904        | 13,969           | 12,642        | 15,935           | 14,516        |
| Economic Services               | 6,470            | 7,035         | 8,072            | 7,530         | 8,142            | 7,997         | 9,923            | 9,054         | 11,348           | 11,557        |
| Grants-in-aid and Contributions | 193              | 216           | 90               | 70            | 76               | 81            | 103              | 99            | 170              | 102           |
| <b>Total (1)</b>                | <b>20,281</b>    | <b>20,534</b> | <b>25,821</b>    | <b>25,257</b> | <b>28,483</b>    | <b>28,310</b> | <b>34,679</b>    | <b>32,015</b> | <b>39,784</b>    | <b>38,072</b> |
| Capital Outlay                  | 3,360            | 4,502         | 3,973            | 5,218         | 3,516            | 4,031         | 4,641            | 5,372         | 4,661            | 5,762         |
| Loans and Advances Disbursed    | 391              | 332           | 1,483            | 830           | 1,602            | 722           | 957              | 627           | 874              | 522           |
| Repayment of Public Debt        | 2,389            | 1,292         | 3,686            | 2,746         | 5,954            | 3,971         | 6,666            | 4,037         | 9,221            | 5,951         |
| Contingency Fund                | -                | -             | -                | -             | -                | 190           | -                | 168           | -                | -             |
| Public Accounts disbursements   | 80,092           | 11,442        | 52,628           | 14,320        | 66,505           | 15,324        | 73,595           | 17,051        | 75,894           | 21,074        |
| Closing Cash balance            | -                | 3,405         | -                | 493           | -                | 377           | -                | 2,162         | -                | 2,697         |
| <b>Total (2)</b>                | <b>86,232</b>    | <b>20,973</b> | <b>61,770</b>    | <b>23,607</b> | <b>77,577</b>    | <b>24,615</b> | <b>85,859</b>    | <b>29,417</b> | <b>90,650</b>    | <b>36,006</b> |
| <b>Grand Total (1+2)</b>        | <b>106,513</b>   | <b>41,507</b> | <b>87,591</b>    | <b>48,864</b> | <b>106,060</b>   | <b>52,925</b> | <b>120,538</b>   | <b>61,432</b> | <b>130,434</b>   | <b>74,078</b> |

Source: Annual Financial Statements and Explanatory Memorandum of the Budget of the State Government.

#### 1.2 Application of resources of the State Government

As against the total outlay of the budget of ₹ 1,30,434 crore, total expenditure was ₹ 74,078 crore during 2012-13. The revenue expenditure of the State Government increased by 85 per cent from ₹ 20,534 crore in 2008-09 to ₹ 38,072 crore in 2012-13. Non-Plan revenue expenditure increased by 72 per cent from ₹ 16,616 crore to ₹ 28,616 crore and capital expenditure increased by 28 per cent from ₹ 4,502 crore to ₹ 5,762 crore during the period 2008-13.

The revenue expenditure constituted 81 to 86 per cent of the total expenditure during the years 2008-13 and capital expenditure 12 to 18 per cent.

During this period, total expenditure increased at an annual average rate of 15 per cent, whereas revenue receipts grew at an annual average growth rate of 16 per cent during 2008-13.

### 1.3 Persistent savings

During the last five years, four grants and one appropriation showed persistent savings of more than ₹ 10 crore, and which were also 10 *per cent* or more of the total grants (Table 1.2).

**Table 1.2: List of grants with persistent savings during 2008-13**

(₹ in crore)

| Sr. No.                  | Number and name of the grant              | Percentage of savings to total provision (Amount of savings) |                  |                  |                  |                  |
|--------------------------|---|--|------------------|------------------|------------------|------------------|
|                          |   | 2008-09  | 2009-10          | 2010-11          | 2011-12          | 2012-13          |
| <b>Revenue (Voted)</b>   |   |  |                  |                  |                  |                  |
| 1.                       | 04-Revenue                                | 41<br>(157.52)   | 33<br>(179.31)   | 22<br>(273.17)   | 47<br>(421.74)   | 39<br>(358.99)   |
| 2.                       | 08-Buildings and Roads                    | 11<br>(86.18)  | 12<br>(111.52)   | 24<br>(249.50)   | 28<br>(300.75)   | 6<br>(70.41)     |
| 3.                       | 24-Irrigation                             | 10<br>(417.11)   | 09<br>(366.75)   | 27<br>(311.48)   | 30<br>(409.81)   | 27<br>(375.55)   |
| <b>Capital (Voted)</b>   |   |  |                  |                  |                  |                  |
| 4.                       | 45-Loans and Advances by State Government | 29<br>(137.36)   | 44<br>(653.58)   | 55<br>(880.53)   | 46<br>(532.72)   | 41<br>(366.19)   |
| <b>Capital (Charged)</b> |   |  |                  |                  |                  |                  |
| 5.                       | Public Debt                               | 46<br>(1,097.31)   | 43<br>(2,032.39) | 41<br>(3,226.08) | 37<br>(2,944.26) | 40<br>(4,250.68) |

### 1.4 Funds transferred directly to the State implementing agencies

During 2012-13, GOI directly transferred ₹ 1,980 crore to various State implementing agencies as given in table 1.3 without routing through the State budget. There is no single agency in the State to monitor the funds directly transferred by the GOI to the implementing agencies and no data readily available as to how much money has actually been spent in a particular year on major flagship schemes and other important schemes which are being implemented by State implementing agencies and funds transferred directly by the GOI.

**Table 1.3: Funds transferred directly to State Implementing Agencies**(**₹ in crore**)

| Sr. No. | Programme/Scheme  | Implementing Agency in the State                | Central Share   |
|---------|---|---|-----------------|
|         |   |   | 2012-13         |
| 1.      | Members of Parliament Local Area Development Scheme           | District Rural Development Agency (DRDA)        | 63.57           |
| 2.      | Mahatma Gandhi National Rural Employment Guarantee Scheme     | DRDA  | 380.57          |
| 3.      | Indira Awaas Yojna  | DRDA  | 80.27           |
| 4.      | Swaranjayanti Gram Swarojgar Yojna                            | DRDA  | 31.24           |
| 5.      | Desert Development Programme                                  | DRDA  | 17.01           |
| 6.      | Integrated Wasteland Development Programme                    | DRDA  | 2.64            |
| 7.      | District Rural Development Agency (Administration)            | DRDA  | 22.54           |
| 8.      | Backward Region Grant Fund                                    | DRDA  | 23.92           |
| 9.      | Sarva Shiksha Abhiyan   | Shiksha Sadan Society                           | 694.28          |
| 10.     | National Programme for Education of Girls at Elementary Level | Shiksha Sadan Society                           | 2.30            |
| 11.     | Kasturba Gandhi Bal Vidyalya                                  | KGBV  | 3.72            |
| 12.     | National Rural Health Mission                                 | Haryana State Health and Family Welfare Society | 282.54          |
| 13.     | National Horticulture Mission                                 | NA  | 90.82           |
| 14.     | Pradhan Mantri Gram Sadak Yojna                               | DRDA  | 36.49           |
| 15.     | Mid Day Meal  | Shiksha Sadan Society                           | 247.80          |
|         | <b>Total</b>  |   | <b>1,979.71</b> |

(Source: Information supplied by concerned departments and Finance Accounts)

## 1.5 Grants-in-aid from Government of India

The Grants-in-aid received from the GOI during the years 2008-09 to 2012-13 have been given in Table 1.4.

**Table 1.4: Grants-in-aid from GOI**(**₹ in crore**)

| Particulars                            | 2008-09      | 2009-10      | 2010-11      | 2011-12      | 2012-13      |
|--|--------------|--------------|--------------|--------------|--------------|
| Non-Plan Grants                        | 524          | 1,617        | 1,766        | 1,246        | 852          |
| Grants for State Plan Schemes          | 731          | 920          | 750          | 675          | 728          |
| Grants for Central Plan Schemes        | 32           | 51           | 88           | 51           | 44           |
| Grants for Centrally Sponsored Schemes | 547          | 669          | 447          | 783          | 716          |
| <b>Total</b>                           | <b>1,834</b> | <b>3,257</b> | <b>3,051</b> | <b>2,755</b> | <b>2,340</b> |

(Source: Finance Accounts of concerned years)

## 1.6 Planning and conduct of audit

The Audit process starts with the risk assessment of various departments, autonomous bodies, schemes/projects, etc., criticality/complexity of activities, level of delegated financial powers, internal controls and concerns of stakeholders and previous audit findings. Based on risk assessment, the frequency and extent of

audit are decided and an Annual Audit Plan is formulated.

After completion of audit, Inspection Report containing audit findings is issued to the head of the office with the request to furnish replies within four weeks. Whenever replies are received, audit findings are either settled or further action for compliance is advised. The important audit observations pointed out in these Inspection Reports are processed for inclusion in the Audit Reports of the Comptroller and Auditor General of India, which are submitted to the Governor of the Haryana under Article 151 of the Constitution of India.

During 2012-13, compliance audit of 940 drawing and disbursing officers of the State and 25 autonomous bodies was conducted by the office of the Principal Accountant General (Audit), Haryana. Besides, five Performance Audits were also conducted.

### **1.7 Significant audit observations and response of Government to audit**

In the last few years, Audit has reported on several significant deficiencies in implementation of various programmes/activities as well as on the quality of internal controls in selected departments, which have negative impact on the success of programmes and functioning of the departments. The focus was on auditing the specific programmes/schemes and to offer suitable recommendations to the executive for taking corrective action and improving service delivery to the citizens.

As per the provision of the Comptroller and Auditor General of India's Regulations on Audit and Accounts, 2007, the departments are required to send their responses to draft performance audit reports/draft paragraphs proposed for inclusion in the Comptroller and Auditor General of India's Audit Reports within six weeks. It was brought to their personal attention that in view of likely inclusion of such paragraphs in the Reports of the Comptroller and Auditor General of India, to be placed before the Haryana Legislature, it would be desirable to include their comments in the matter. These draft reports and paragraphs proposed for inclusion in the Report were also forwarded to the Additional Chief Secretaries/ Principal Secretaries/Secretaries concerned for seeking their replies. This Audit Report contains five Performance Audits, 21 draft paragraphs which were forwarded to concerned Administrative Secretaries. The replies have been received for two Performance Audits and 10 paragraphs and suitably incorporated in the Audit Report.

### **1.8 Recoveries at the instance of audit**

The audit findings involving recoveries that came to notice in the course of test audit of accounts of Government Departments were referred to the various departmental Drawing and Disbursing Officers (DDOs) for confirmation and

further necessary action under intimation to audit. An amount of ₹ 2.86 crore was recovered in 27 cases during 2012-13 by various departments after being pointed out by the Audit through Inspection Reports.

### **1.9 Lack of responsiveness of Government to Audit**

After periodical inspection of the Government departments, the Principal Accountant General (Audit) issues the Inspection Reports (IRs) to the head of offices audited with copies to the next higher authorities. The executive authorities are expected to promptly rectify the defects and omissions pointed out and report compliance to the Principal Accountant General (Audit) within four weeks. Half-yearly reports of IRs pending for more than six months are also sent to the concerned Administrative Secretaries of the departments to facilitate monitoring and compliance of the audit observations in the pending IRs.

A review of IRs issued up to March 2013 of various offices of Town and Country Planning Department (including Haryana Urban Development Authority) revealed that 718 paragraphs of 229 IRs with money value of ₹ 3,323.38 crore (*Appendix 1.1*) remained outstanding at the end of June, 2013. Of these, 111 IRs containing 253 paragraphs were more than five years old. Category-wise details of irregularities pointed out through these IRs which had not been settled as of 30 June 2013 are indicated in *Appendix 1.2*.

The Administrative Secretary of the Department, who was informed of the position through half-yearly reports, failed to ensure prompt and timely action on the audit observations. The matter was referred to the Principal Secretary to Government of Haryana, Town and Country Planning in August 2013.

### **1.10 Follow-up on Audit Reports**

According to the instructions issued (October 1995) by the Government of Haryana, Finance Department and reiterated in March 1997 and July 2001, the administrative departments were to initiate *suo moto* positive and concrete action on all audit paragraphs and performance audits featuring in the Comptroller and Auditor General's Audit Reports (ARs) regardless of whether the cases were taken up for examination by the Public Accounts Committee or not. The administrative departments were also required to furnish detailed notes, duly vetted by Audit, indicating the remedial action taken or proposed to be taken by them within three months of the presentation of the ARs to the Legislature.

A review of the position regarding receipt of Action Taken Notes (ATNs) on the paragraphs included in the ARs up to the period ended 31 March 2013 showed that the ARs for the period 2008-09, 2009-10, 2010-11 and 2011-12 were

presented<sup>1</sup> to the State Legislature. Of the 68 paragraphs and performance audits of 24 administrative departments included in these ARs (*Appendix 1.3*), ATNs on 40 paragraphs and performance audits in case of 21 administrative departments were not submitted as per details given in the *Appendix 1.4*. Out of the 21 administrative departments, four administrative departments viz Public Works (Buildings and Roads Branch), Irrigation, Education and Transport had not submitted ATNs in respect of 19 out of 40 paragraphs/reviews. Nine Administrative Departments out of those which had submitted the ATNs, had not taken any action to recover the amount of ₹ 29.45 crore in respect of 16 paragraphs and performance audits as per details given in the *Appendix 1.5*.

Further, the response of the administrative department towards the recommendations of the Public Accounts Committee was not encouraging as 413 recommendations relating to Audit Reports for the period from 1971-72 to 2007-08 were still awaiting final action by the concerned administrative department as per details given in *Appendix 1.6*.

On this being pointed out (September 2013), the Principal Secretary to Government Haryana, Finance Department stated (September 2013) that the Finance department had taken up follow up action on Audit Reports vigorously and had issued detailed instructions to all the Administrative Secretaries for early settlement of audit observations. An Apex Committee was also constituted for monitoring the submission of replies to audit observations as well as Action Taken Notes on the recommendations of PAC in a timely manner for ensuring good governance. But the response of the administrative departments in settlement of audit observations and implementation of PAC recommendations was lacking seriousness as a large number of audit observations and recommendations of PAC were still pending.

### **1.11 Status of placement of Separate Audit Reports of autonomous bodies in the State Assembly**

Several autonomous bodies have been set up by the Government in the field of Urban Development, Housing, Labour Welfare, Agriculture, etc. The audit of accounts of 28 bodies in the State has been entrusted to the CAG. The status of entrustment of audit, rendering of accounts to audit, issuance of Separate Audit Reports (SARs) and its placement in the Legislature is indicated in *Appendix 1.7*. The frequency distribution of autonomous bodies according to the delays in submission of accounts to audit and placement of SARs in the Legislature is summarised in **Table 1.5**.

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<sup>1</sup> Audit Report 2008-09: March 2010, Audit Report 2009-10 : March 2011, Audit Report 2010-11: February 2012 and Audit Report 2011-12: March 2013

**Table 1.5: Delays in submission of accounts and tabling of Separate Audit Reports**

| Delays in submission of accounts (in months) | Number of autonomous bodies | Reasons for delay                                    | Delays in submission of SARs in Legislature (in years) | Number of autonomous bodies | Reasons for delay                               |
|--|-----------------------------|--|--|-----------------------------|---|
| 0 – 1  | 4                           | Accounts had not been prepared by autonomous bodies. | 0 – 1  | 1                           | Reasons for delay not intimated by departments. |
| 1 – 6  | 5                           |  | 1 – 2  | 2                           |   |
| 6 – 12                                       | -                           |  | 2 – 3  | 6                           |   |
| 12 – 18                                      | 7                           |  | 3 – 4  | 1                           |   |
| 18 – 24                                      | -                           |  | 4 – 5  | -                           |   |
| 24 and above                                 | 12                          |  | 5 and above  | 7                           |   |
| <b>Total</b>                                 | <b>28</b>                   |  |  | <b>17</b>                   |   |

It was further observed that 6<sup>2</sup> autonomous bodies had not submitted their annual accounts for the last 16 years (1996-97 and onwards).

### 1.12 Year-wise details of reviews and paragraphs appeared in Audit Report

The year-wise details of reviews and paragraphs that appeared in the Audit Report for the last two years alongwith their money is given in **Table 1.6**.

**Table 1.6: Details regarding reviews and paragraphs appeared in Audit Report during 2012-13**

| Year    | Performance Audit |                          | Paragraphs |                          | Replies received  |                  |
|---------|-------------------|--------------------------|------------|--------------------------|-------------------|------------------|
|         | Number            | Money value (₹ in crore) | Number     | Money value (₹ in crore) | Performance Audit | Draft paragraphs |
| 2010-11 | 4                 | 118.09                   | 15         | 28.20                    | 1                 | 1                |
| 2011-12 | 5                 | 1,958.20                 | 25         | 490.61                   | 5                 | 22               |

During 2012-13, five Performance Audits involving money of ₹ 1,166.63 crore and 21 paragraphs involving ₹ 786.57 crore have been included in this Report. The Government replies have been received for two Performance Audits and 10 paragraphs which were suitably incorporated in the Audit Report.

<sup>2</sup> District Legal Services Authority: Gurgaon, Jhajjar, Panchkula, Rewari, Rohtak and Sonapat.