

Chapter 1

Overview of the General and Social Sectors

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1.1 About this Report

This Report covers matters arising out of audit of State Government Departments and Autonomous Bodies under the General and Social Sectors. The primary purpose of this Report is to bring to the notice of the Legislature, important results of audit. Auditing Standards require that the materiality level for reporting should be commensurate with the nature, volume and magnitude of transactions. The findings of audit are expected to enable the Executive to take corrective action as also to frame policies and directives that will lead to improved financial management of the organisations, thus, contributing to better governance.

The Report has been organised in four chapters as under:

- Chapter 1, in addition to explaining the authority, audit jurisdiction, planning and extent of audit, provides a brief analysis of the expenditure of the Departments under the General and Social Sectors for the last five years, response of Government to draft paras/Performance Audits and follow up action on Audit Reports.
- Chapter 2 of this Report contains observations of Performance Audits on Social/General Sector activities. This year Performance Audits on Disaster Management in West Bengal and Mental health care facilities in West Bengal have been included in the report.
- Chapter 3 contains observations on Compliance Audit of various Departments and their functionaries.
- The findings on the working of Technical Education & Training Department have been highlighted in Chapter 4 of the Report.

1.2 Profile of the General and Social Sector and audit jurisdiction

There are 60 Departments in the State, headed by Additional Chief Secretaries/Principal Secretaries/ Secretaries, who are assisted by Directors/ Commissioners and subordinate officers. After restructuring of the State Audit offices, Office of the Principal Accountant General (General & Social Sector Audit), West Bengal conducts audit of 2258 units of various levels in 33 Departments under General and Social Sector. Besides, this office audits 119 bodies/authorities under these sectors either substantially financed from the Consolidated Fund of the State or audit of which have been entrusted by the Government under various sections of the CAG's DPC (Duties, Powers and Conditions of Service) Act, 1971. List of the Departments, autonomous bodies and Companies under the audit jurisdiction of the office of the Pr. AG (G&SS Audit), West Bengal is shown in **Appendix 1.1**.

Trend of expenditures in major Departments under the audit jurisdiction of Pr. AG (G&SS Audit), West Bengal during 2008-13 is shown in **Table 1.1**.

Table 1.1: Trend of expenditures in Departments under the audit jurisdiction of Pr AG (G&SS Audit), WB with annual expenditure exceeding ₹ 100 crore

(Rupees in crore)

Name of the Department	2008-09	2009-10	2010-11	2011-12	2012-13
Backward Classes Welfare	535.52	543.35	581.93	798.86	917.58
Correctional Administration	114.29	147.65	157.21	155.06	165.92
Development and Planning	157.20	310.26	414.39	368.89	284.24
Disaster Management	364.41	386.92	457.96	1367.55	478.17
Finance	31559.66	38245.46	49233.02	55517.95	55038.79
Fire & Emergency Services	111.78	171.32	178.78	180.41	194.33
Food & Supplies	935.92	2250.87	1738.14	2327.77	3004.44
Health and Family Welfare	2055.20	3108.59	3340.46	3831.58	3901.64
Higher Education	969.85	1509.75	1814.37	2014.74	2016.97
Home	1861.64	3030.04	3446.60	3637.03	3815.12
Housing	77.29	149.38	195.97	196.06	468.92
Information and Cultural Affairs	103.01	100.18	101.65	92.44	133.91
Judicial	227.97	293.66	386.43	412.39	454.32
Labour	216.91	340.20	415.35	369.85	383.48
Mass Education Extension and Library Services	113.65	153.43	172.90	126.77	202.36
Minorities Affairs and Madrasah Education	320.32	463.34	804.75	808.56	1356.33
Municipal Affairs	1897.74	2221.68	2649.81	2600.56	3046.66
Panchayat and Rural Development	2118.45	3234.06	3052.83	3750.38	5091.40
Public Health Engineering	1081.62	786.67	480.41	630.76	1009.33
School Education	6445.10	9721.98	11608.73	12881.41	13849.86
Self-Help Group & Self-Employment	156.35	101.96	131.37	135.48	164.80
Sunderban Affairs	120.74	176.88	125.49	153.65	215.74
Technical Education & Training	201.80	304.59	293.73	322.83	366.21
Others ¹	350.32	477.25	533.40	560.47	691.41
Total	52096.74	68229.47	82315.68	93241.45	97251.93

Source: Voucher Level Computerisation database maintained by the Office of the Pr. AG (A&E), West Bengal

1.3 Authority for audit

Authority for audit by the C&AG is derived from articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 (DPC Act). C&AG conducts audit of

¹ Others include Civil Defence, Law, Parliamentary Affairs, Governor's Secretariat, Council of Ministers, Personnel & Administrative Reforms, Legislative Assembly Secretariat, Refugee Relief & Rehabilitation and Sports & Youth Services

expenditure of State Government Departments under Section 13² of the C&AG's DPC Act. CAG is the sole auditor in respect of the Autonomous Bodies, which are audited under sections 19 (2), 19 (3)³ and 20 (1)⁴ of the DPC Act. In addition, C&AG also conducts audit under Section 14⁵ of DPC Act, of other autonomous bodies which are substantially financed by the Government. Principles and methodologies for various audits are prescribed in the Regulation of Audit & Accounts, 2007, Auditing Standards and Performance Audit guidelines issued by the Indian Audit & Accounts Department.

1.4 Planning and conduct of Audit

Compliance Audit is conducted as per the annual audit plan. Units for audit are selected on the basis of risk assessment viz basis of topicality, financial significance, social relevance, internal control system of the units, occurrence of defalcation/ misappropriation/ embezzlement as well as findings of previous Audit Reports. Apart from the above parameters, all departmental, important directorates and district level units are audited annually so that fund flow to their subordinate formations comes to the notice of Audit.

Inspection Reports are issued to the heads of units after completion of audit. Based on replies received, audit observations are either settled or further action for compliance is advised. Important audit findings are processed further as draft paragraphs for inclusion in the Audit Report.

In case of Performance Audit and Chief Controlling Officer based Audit, objectives and criteria are framed and discussed in Entry Conferences with the concerned organisation. After conducting audit, the draft report is issued to the concerned Department. Observations arising out of audit effort are also discussed with the Departmental heads in Exit Conference.

Formal replies furnished by the Department as well as views expressed by the Heads of Departments in Exit Conferences are carefully considered while finalising the material for inclusion in the Audit Report. Audit Reports are laid before the State Legislature under Article 151 of the Constitution of India.

1.5 Response of the Departments to Draft Audit Paragraphs

Finance (Budget) Department's directions to the Departments in June 1982 stipulate that responses to draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India should be sent within one month.

Draft paragraphs are forwarded to the Secretaries of the concerned Departments

² Audit of (i) all expenditure from the Consolidated Fund of State (ii) all transactions relating to Contingency Fund and Public accounts and (iii) all trading, manufacturing, profit & loss accounts, balance-sheets & other subsidiary accounts.

³ Audit of the accounts of Corporations (not being Companies) established by or under law made by the State Legislature in accordance with the provisions of the respective legislations or as per request of the Governor of the State in the public interest.

⁴ Audit of accounts of any body or authority on the request of the Governor, on such terms and conditions as may be agreed upon between the C&AG and the Government.

⁵ Several non-Commercial Autonomous/ Semi-Autonomous Bodies, established to implement Schemes for employment generation, poverty alleviation, spread of literacy, health for all and prevention of diseases, environment etc. and substantially financed by the Government, are audited under Section 14.

drawing attention to the audit findings and requesting them to send their response within prescribed time frame. It is also brought to their personal attention that in view of likely inclusion of such paragraphs in the Audit Reports of the Comptroller and Auditor General of India, which are placed before the Legislature, it would be desirable to include their comments in the matter.

Draft Paragraphs proposed for inclusion in this Report were forwarded to the Secretaries concerned between May 2013 and November 2013 through letters addressed to them personally. The concerned Departments/Directorates did not send replies to 13 out of 15⁶ Paragraphs/Reviews featured in Chapters 2 to 4.

The responses of concerned Departments/Directorates as well as replies to initial audit memos, wherever received, have been suitably incorporated in the Report.

1.6 Follow up on Audit Reports

After tabling of the Reports of the C&AG of India in the State Legislature, the State Government Departments are required to submit suo motu replies to the audit observations within one month. Review of outstanding replies on paragraphs included in the C&AG's Reports on the Government of West Bengal up to 2010-2011 revealed that replies on 223 paragraphs pertaining to the period 1981-82 to 2010-11 involving 43 Departments (excluding synoptic paragraphs involving a number of Departments) remained outstanding as of December 2013 (**Appendix 1.2**). Out of 223 paragraphs, 13 paragraphs pertaining to 2008-09 and 2010-11 were selected for discussion by Public Accounts Committee (PAC), while remaining 210 paragraphs pertaining to the period 1981-82 to 2010-11 have not been selected.

As stipulated in the Rules of Procedure of the PAC, the administrative Departments were required to take suitable action on the recommendations made in the Reports of PAC presented to the State Legislature and submit comments on action taken or proposed to be taken on those recommendations within six months.

Action Taken Notes on 36 Reports of the PAC, presented to the Legislature between 1991-92 and 2010-11 had not been submitted by 19 Departments⁷ to the Assembly Secretariat as of July 2013. Out of these, 31⁸ Reports of the PAC had suggested recovery, disciplinary action, etc. A few significant cases are elaborated in **Appendix 1.3**.

Thus, action taken by administrative Departments on the recommendations of the PAC was found to be inadequate and wanting.

⁶ Excluding paragraphs of general nature each involving a number of Departments

⁷ Agriculture, Finance, Finance (Taxation), Fisheries, Home (Constitution & Election), Housing, Higher Education, Irrigation and Waterways, Municipal Affairs, Panchayats and Rural Development, Public Health Engineering, Public Works, Public Works (Roads), School Education, Social Welfare, Transport, Urban Development, Health & Family Welfare and Co operation Departments

⁸ 1st PAC Report 1991-92, 14th PAC Report 1993-94, 23rd PAC Report 1998-99, 36th PAC Report 1999-2000, 37th PAC Report 1999-00, 3rd PAC Report 2001-02, 4th PAC Report 2001-02, 14th PAC Report 2002-03, 18th PAC Report 2003-04, 29th PAC Report 2004-05, 48th PAC Report 2005-06, 1st PAC Report 2006-07, 4th PAC Report 2006-07, 9th PAC Report 2006-07, 10th PAC Report 2007-08, 12th PAC Report 2007-08, 15th PAC Report 2007-08, 16th PAC Report 2007-08, 19th PAC Report 2008-09, 21st PAC Report 2008-09, 27th PAC Report 2008-09, 32nd PAC Report 2010-11, 33rd PAC Report 2010-11, 34th PAC Report 2010-11, 36th PAC Report 2010-11, 38th PAC Report 2010-11, 29th PAC Report 2009-10, 3rd PAC Report 2012-13, 4th PAC Report 2012-13, 5th PAC Report 2012-13 and 6th PAC Report 2012-13.