

CHAPTER 1

INTRODUCTION

1.1 Budget profile

There are 56 departments and 29 autonomous bodies in the State. The position of budget estimates and actuals there against by the State Government during 2010-15 is given in **Table 1.1**.

Table 1.1: Budget and actual expenditure of the State during 2010-15

(₹ in crore)

Expenditure	2010-11		2011-12		2012-13		2013-14		2014-15	
	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals
General Services	8,916	9,328	10,684	10,220	12,331	11,897	14,481	13,597	16,639	16,765
Social Services	11,349	10,904	13,969	12,642	15,935	14,516	18,563	15,414	21,498	19,120
Economic Services	8,142	7,997	9,923	9,054	11,348	11,557	13,000	12,740	14,372	13,088
Grants-in-aid and Contributions	76	81	103	99	170	102	179	136	194	145
Total (1)	28,483	28,310	34,679	32,015	39,784	38,072	46,223	41,887	52,703	49,118
Capital Outlay	3,516	4,031	4,641	5,372	4,661	5,762	5,766	3,935	5,747	3,716
Loans and Advances Disbursed	1,602	722	957	627	874	522	1,084	776	1,001	843
Repayment of Public Debt	5,954	3,971	6,666	4,037	9,221	5,951	13,105	7,968	13,850	8,227
Contingency Fund	-	190	-	168	-	-	-	-	Nil	-
Public Accounts disbursements	66,505	15,324	73,595	17,051	75,894	21,074	94,863	24,560	52,478	25,609
Closing Cash balance	-	377	-	2,162	-	2,697	-	6,007	-	6,508
Total (2)	77,577	24,615	85,859	29,417	90,650	36,006	1,14,818	43,246	73,076	44,903
Grand Total (1+2)	106,060	52,925	120,538	61,432	130,434	74,078	1,61,041	85,132	1,25,779	94,021

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 budget outlay of ₹ 1,25,779 crore, actual was ₹ 94,021 crore during 2014-15. The total expenditure¹ of the State increased by 62 per cent from ₹ 33,063 crore to ₹ 53,677 crore during 2010-15 and the revenue expenditure of the State Government increased by 74 per cent from ₹ 28,310 crore to ₹ 49,118 crore during 2010-15. Non-Plan revenue expenditure increased by 65 per cent from ₹ 22,059 crore to ₹ 36,358 crore during the period 2010-15. The revenue expenditure constituted 84 to 92 per cent of the total expenditure during the years 2010-15 and capital expenditure 7 to 14 per cent.

During this period, total expenditure increased at an annual average rate of 12 per cent, whereas revenue receipts grew at an annual average growth rate of 14 per cent during 2010-15.

¹ This excludes repayment of public debt, contingency fund, public account disbursements and closing cash balance.

1.3 Persistent savings

During the last five years, seven 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: Grants indicating persistent savings

Sr. No.	Number and name of the grant	Amount of savings				
		2010-11	2011-12	2012-13	2013-14	2014-15
Revenue (Voted)						
1.	09-Education	610.53 (10)*	882.37 (13)	1,591.65 (19)	1,818.31 (21)	1,369.49 (14)
2.	13-Health	249.65 (19)	222.05 (16)	253.27 (14)	279.74 (14)	576.18 (21)
3.	15-Local Government	654.40 (69)	587.83 (39)	379.76 (22)	589.57 (27)	584.00 (28)
4.	24-Irrigation	311.48 (27)	409.81 (30)	375.55 (27)	382.54 (25)	512.00 (31)
Capital (Voted)						
5.	8-Building & Roads	260.48 (19)	351.37 (22)	226.50 (12)	346.60 (14)	449.61 (20)
6.	38-Public Health & Water Supply	303.54 (30)	201.05 (20)	324.40 (28)	137.28 (11)	146.74 (13)
7.	45-Loans and Advances by State Government	880.53 (55)	532.72 (46)	366.19 (41)	313.67 (29)	158.54 (16)
Capital (Charged)						
8.	Public Debt	3,226.08 (41)	2,944.26 (37)	4,250.68 (40)	5,027.64 (38)	5,622.44 (41)

* Figures in parenthesis show percentage of savings to total provision
(Source: Appropriation Accounts of concerned years)

1.4 Grants-in-aid from Government of India

The Grants-in-aid received from the GOI during the years 2010-11 to 2014-15 have been given in Table 1.3.

Table 1.3: Grants-in-aid from GOI

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
Non-Plan Grants	1,765.98	1,246.51	851.62	2,256.17	1,723.20
Grants for State Plan Schemes	749.74	674.54	727.75	856.66	2,815.36
Grants for Central Plan Schemes	87.79	50.79	44.32	62.99	24.57
Grants for Centrally Sponsored Schemes	447.11	783.09	715.56	951.36	439.75
Total	3,050.62	2,754.93	2,339.25	4,127.18	5,002.88

(Source: Finance Accounts of concerned years)

In addition to above, GOI had been transferring sizeable funds directly to the State implementing agencies for implementation of various schemes. GOI decided to route these funds through State Budget from 2014-15 onwards. However, during 2014-15 the GOI transferred ₹ 1,285.01 crore directly to various implementing agencies/Non-Governmental Organizations of the State.

1.5 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 Haryana under Article 151 of the Constitution of India.

During 2014-15, compliance audit of 995 drawing and disbursing officers of the State and 19 autonomous bodies was conducted by the office of the Principal Accountant General (Audit), Haryana. Besides, three performance audits² and Follow up Audit on Performance Audit on 'Working of Irrigation Department' were also conducted.

1.6 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 three Performance Audits and 27 compliance audit paragraphs including follow-up Audit on Performance Audit on 'Working of Irrigation Department' which were forwarded to concerned

² (i) Rural and Urban Water Supply Schemes, (ii) National Programme of Mid Day Meals in Schools and (iii) Framework for setting up of Private Colleges and Private Universities

Administrative Secretaries. The replies have been received for all the performance audits and 13 compliance audit paragraphs and suitably incorporated in the Audit Report.

1.7 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 ₹ 2.35 crore was recovered in 22 cases during 2014-15 by various departments after being pointed out by the Audit through Inspection Reports.

1.8 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 June 2015 relating to various offices of Food and Supply Department revealed that 244 paragraphs of 81 IRs with money value of ₹ 1,297.45 crore remained outstanding at the end of December 2015 as indicated in the **Table 1.4**.

Table 1.4 : Year-wise breakup of outstanding Inspection Reports and Paragraphs

Year	Number of Inspection Reports	Number of Paragraphs	Amount (₹ in crore)
2004-05 to 2010-11	21	31	16.28
2011-12	8	21	21.65
2012-13	20	59	201.99
2013-14	13	42	60.07
2014-15	14	40	232.27
2015-16 (Upto June 2015)	5	51	765.19
Total	81	244	1,297.45

(Source : Information derived from IR registers maintained in PAG (Audit) Office)

Category-wise details of irregularities pointed out through these IRs which had not been settled as of 31 December 2015 are indicated in **Appendix 1.1**.

The Administrative Secretary of the Department, who was informed of the position through half-yearly reports, has not ensured prompt and timely action on the audit observations.

1.9 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 required to furnish Action Taken Notes (ATNs) 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 2015 revealed that 76 paragraphs and performance audits of 31 administrative departments included in ARs for the period 2011-12, 2012-13 and 2013-14 were yet to be discussed in Public Accounts Committee (**Appendix 1.2**). Action taken notes (ATNs) on 55 paragraphs and performance audits in case of 25 administrative departments were not submitted as per details given in the **Appendix 1.3**. 13 administrative departments out of those which had submitted the ATNs, had not taken any action to recover the amount of ₹ 1,130.19 crore in respect of 28 paragraphs and performance audits as per details given in the **Appendix 1.4**.

Further, the response of the administrative departments towards the recommendations of the Public Accounts Committee was not encouraging as 455 recommendations relating to Audit Reports for the period from 1971-72 to 2009-10 were still awaiting final action by the concerned administrative departments as per details given in **Appendix 1.5**.

1.10 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 29 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 as on 31 August 2015 is indicated in **Appendix 1.6**. 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**.

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

Delays in submission of accounts (in years)	Number of autonomous bodies	Reasons for delay	Delays in submission of SARs in Legislature (in years)	Number of autonomous bodies	Reasons for delay
1 – 2	3	Accounts had not been prepared by autonomous bodies.	1 - 2	3	Reasons for delay not intimated by departments.
2 – 3	2		2 - 3	4	
3 – 4	1		3 - 4	-	
4 – 5	-		4 - 5	1	
5 and above	4		5 and above	8	
Total	10			16	

It was further observed that one³ autonomous body had not submitted their annual accounts for the last 18 years (1996-97 and onwards).

1.11 Year-wise details of performance audits and paragraphs appeared in Audit Report

The year-wise details of performance audits 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 2012-14

Year	Performance Audit		Paragraphs		Replies received	
	Number	Money value (₹ in crore)	Number	Money value (₹ in crore)	Performance Audit	Draft paragraphs
2012-13	5	1,166.63	21	786.57	2	10
2013-14	3	887.81	23	148.81	3	7

During 2014-15, three Performance Audits involving money of ₹ 242.86 crore and 27 paragraphs involving ₹ 285.78 crore have been included in this Report. The Government replies have been received for all the three Performance Audits and 13 paragraphs which were suitably incorporated in the Audit Report.

³ District Legal Services Authority, Jhajjar