



# INTRODUCTION

## 1.1 Budget profile

There are 71 departments in the State. The position of budget estimates and expenditure thereagainst by the State Government during 2010-15 is given below in Table 1.1.

**Table 1.1 Budget and expenditure of the State Government during 2010-15**

(₹ in crore)

Particulars	2010-11		2011-12		2012-13		2013-14		2014-15	
	Budget Estimates	Actuals								
<b>Revenue expenditure</b>										
General services	48,619.30	48,019.17	52,787.37	52,946.92	62,175.69	59,906.72	64,697.36	61,983.49	74,325.18	64,305.73
Social services	41,766.70	39,566.70	51,259.27	47,390.94	59,081.49	53,300.32	65,749.29	60,756.28	75,478.78	60,905.78
Economic services	16,840.08	15,725.03	20,290.65	18,292.21	23,639.78	21,337.36	26,393.20	25,710.72	36,582.55	34,885.24
Grants-in-aid & contributions	4,434.89	4,364.71	5,308.25	5,255.10	6,244.67	6,179.24	9,777.74	9,696.38	11,038.37	10,930.57
<b>Total (1)</b>	<b>1,11,660.97</b>	<b>1,07,675.61</b>	<b>1,29,645.54</b>	<b>1,23,885.17</b>	<b>1,51,141.63</b>	<b>1,40,723.64</b>	<b>1,66,617.59</b>	<b>1,58,146.87</b>	<b>1,97,424.88</b>	<b>1,71,027.32</b>
<b>Capital expenditure</b>										
Capital Outlay	24,179.00	20,272.80	25,959.72	21,573.96	26,147.20	23,834.29	30,052.82	32,862.65	55,986.16	53,297.28
Loans and advances disbursed	1,074.36	968.22	1,240.15	975.57	1,167.73	1,003.24	1,779.71	1,473.34	1,909.67	1,872.64
Repayment of Public Debt	9,169.83	7,383.08	8,397.88	8,287.61	8,821.50	8,909.04	8,097.86	8,166.74	19,383.88	9,411.21
<b>Total (2)</b>	<b>34,423.19</b>	<b>28,624.10</b>	<b>35,597.75</b>	<b>30,837.14</b>	<b>36,136.43</b>	<b>33,746.57</b>	<b>39,930.39</b>	<b>42,502.73</b>	<b>77,279.71</b>	<b>64,581.13</b>
<b>Others</b>										
Contingency Fund	-	39.90	-	309.64	-	262.45	-	86.55	-	203.15
Public Accounts disbursements	-	1,17,472.99	-	1,30,970.76	-	1,29,471.51	-	2,20,459.29	-	2,28,014.45
Closing Cash balance	-	10,304.99	-	13,446.70	-	15,172.42	-	4,020.63	-	(-401.32)
<b>Total (3)</b>	<b>-</b>	<b>1,27,817.88</b>	<b>-</b>	<b>1,44,727.10</b>	<b>-</b>	<b>1,44,906.38</b>	<b>-</b>	<b>2,24,566.47</b>	<b>-</b>	<b>2,27,816.28</b>
<b>Grand Total(1+2+3)</b>	<b>-</b>	<b>2,64,117.59</b>	<b>-</b>	<b>2,99,449.41</b>	<b>-</b>	<b>3,19,376.59</b>	<b>-</b>	<b>4,25,216.07</b>	<b>-</b>	<b>4,63,424.73</b>

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

## 1.2 Application of resources of the State Government

During 2014-15, as against the total outlay of the budget of ₹ 2,55,321 crore, the total expenditure was ₹ 2,26,197 crore. The total expenditure<sup>1</sup> of the State increased from ₹ 1,92,483 crore in 2013-14 to ₹ 2,26,197 crore during 2014-15. The revenue expenditure of the State Government increased by eight per cent from ₹ 1,58,147 crore in 2013-14 to ₹ 1,71,027 crore in 2014-15. During the period 2010-15, the non-plan revenue expenditure increased by 59 per cent from ₹ 86,636 crore to ₹ 1,37,765 crore and capital expenditure increased by 163 per cent from ₹ 20,273 crore to ₹ 53,297 crore.

<sup>1</sup> Total expenditure includes revenue expenditure, capital outlay and loans and advances.

The revenue expenditure constituted 84 *per cent* of the total expenditure during the year 2010-11 which declined to 76 *per cent* in 2014-15 whereas capital expenditure increased from 16 *per cent* in 2010-11 to 24 *per cent* during 2014-15. During this period, the total expenditure increased at an annual average rate of 14 *per cent*, whereas revenue receipts grew at an annual average growth rate of 15 *per cent* during 2010-15.

### 1.3 Persistent savings

In 18 cases, there were persistent savings of more than ₹ 100 crore during the last five years as given in Table 1.2.

**Table 1.2: Grants indicating Persistent Savings of more than ₹ 100 crore.**

(₹ in crore)

Sl. No.	Grant No.	Name of the Grant	Amount of Savings				
			2010-11	2011-12	2012-13	2013-14	2014-15
<b>Revenue – Voted</b>							
1	11	Agriculture and other Allied Departments (Agriculture)	217.67	766.36	644.92	596.10	425.39
2	13	Agriculture and other Allied Departments (Rural Development)	148.94	134.32	103.79	201.09	399.75
3	14	Agriculture and other Allied Departments ( <i>Panchayati Raj</i> )	226.92	211.62	907.53	462.21	2,368.27
4	32	Medical Department (Allopathy)	203.62	145.70	403.79	471.31	672.14
5	37	Urban Development Department	711.79	625.51	238.51	654.69	2,762.12
6	42	Judicial Department	230.59	172.36	178.52	223.31	330.65
7	49	Women and Child Welfare Department	180.62	636.10	372.97	271.58	370.04
8	54	Public Works Department (Establishment)	396.56	238.54	681.45	1,041.27	1,265.68
9	72	Education Department (Secondary Education)	785.84	582.87	1,276.77	874.11	787.75
10	73	Education Department (Higher Education)	571.89	745.76	816.09	348.28	422.39
11	83	Social Welfare Department (Special Component Plan for Scheduled Castes)	110.33	792.46	1,762.10	1,315.74	2,509.94
<b>Total</b>			<b>3,784.77</b>	<b>5,051.60</b>	<b>7,386.44</b>	<b>6,459.69</b>	<b>12,314.12</b>
<b>Capital – Voted</b>							
12	21	Food & Civil Supplies Department	3,963.00	1,811.79	1,039.49	4,664.82	2,192.04
13	26	Home Department (Police)	356.13	488.36	363.24	126.51	110.84
14	48	Minorities Welfare Department	165.56	373.36	164.73	148.22	640.44
15	61	Finance Department (Debt Services and other Expenditure)	153.04	401.78	222.64	190.59	116.75
16	83	Social Welfare Department (Special Component Plan for Scheduled Castes)	103.62	415.46	588.84	524.04	1,634.76
17	94	Irrigation Department (Works)	1,086.27	734.86	805.77	1,756.34	664.63
<b>Total</b>			<b>5,827.62</b>	<b>4,225.61</b>	<b>3,184.71</b>	<b>7,410.52</b>	<b>5,359.46</b>
<b>Capital – Charged</b>							
18	61	Finance Department (Debt Services and other Expenditure)	9,288.06	9,999.25	9,934.16	9,840.02	9,971.46
<b>Total</b>			<b>9,288.06</b>	<b>9,999.25</b>	<b>9,934.16</b>	<b>9,840.02</b>	<b>9,971.46</b>

(Source: Appropriation Accounts of respective years)

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

The grants-in-aid received from the Government of India (GoI) during 2010-15 are given in Table 1.3.

**Table 1.3: Grants-in-aid from GoI during 2010-15**

(₹ in crore)					
Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
Non-Plan Grants	3,092.99	4,396.73	4,341.00	7,933.79	6,808.88
Grants for State Plan Schemes	6,772.07	6,813.40	5,518.39	6,595.22	6,576.02
Grants for Central Plan Schemes	435.16	212.45	12.31	225.90	17.37
Grants for Centrally Sponsored Plan Schemes	5,133.43	6,337.44	7,466.09	7,650.26	19,289.20
<b>Total Grants</b>	<b>15,433.65</b>	<b>17,760.02</b>	<b>17,337.79</b>	<b>22,405.17</b>	<b>32,691.47</b>
Percentage of increase/ decrease over previous year	(-)9.96	15.07	(-)2.38	29	45.91
Revenue Receipts	1,11,184	1,30,869	1,45,904	1,68,214	1,93,422
Total grants as a percentage of Revenue Receipts	13.88	13.57	11.88	13.32	16.90

(Source: Finance Accounts of respective year)

## 1.5 Planning and conduct of audit

Audit process starts with the risk assessment of various departments, autonomous bodies, schemes/projects, *etc.* based on expenditure, criticality/complexity of activities, level of delegated financial powers, internal controls, concerns of stakeholders and previous audit findings. On the basis of this risk assessment, the frequency and extent of audit is decided and an Annual Audit Plan is formulated.

After completion of audit, Inspection Reports containing audit findings are issued to the head of the office with a request to furnish replies within one month. When the 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 Uttar Pradesh under Article 151 of the Constitution of India.

During 2014-15, compliance audit of 2,039 drawing and disbursing officers and 162 Autonomous Bodies of the State Government was conducted by the office of the Principal Accountant General (G&SSA), Uttar Pradesh. Besides, three Performance Audits, one IT audit, four long paragraphs and one follow up Audit for State Audit Report were also conducted.

## 1.6 Lack of responsiveness of Government to Inspection Reports

The Principal Accountant General (G&SSA), Uttar Pradesh conducts periodical inspection of Government Departments by test-check of

transactions and verifies the maintenance of important accounting and other records as per prescribed rules and procedures. These inspections are followed by issue of Audit Inspection Reports (IRs). When important irregularities *etc.* detected during audit inspection are not settled on the spot, these IRs are issued to the heads of offices inspected, with a copy to the higher authorities.

The heads of offices and higher authorities are required to report their compliance to the office of the Principal Accountant General (G&SSA) within four weeks of receipt of IRs. Serious irregularities are also brought to the notice of the heads of the departments by the office of the Principal Accountant General (G&SSA), through a half yearly report of pending IRs sent to the Principal Secretary (Finance).

Based on the results of test-audit, 31,600 audit observations contained in 8,390 IRs<sup>2</sup> were outstanding as on 31 March 2015. During 2014-15, eight meetings of the Audit Committee were held in which 77 IRs and 373 paragraphs were settled.

The departmental officers did not take action on observations contained in IRs within the prescribed time-frame resulting in erosion of accountability.

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

According to the Rules of procedure for the internal working of the Committee on Public Accounts, the Administrative Departments were to initiate, *suo moto* action on all Audit Paragraphs and Reviews featuring in the Comptroller and Auditor General's Audit Reports (ARs) regardless of whether these are taken up for examination by the Public Accounts Committee or not. They were also to furnish detailed Action Taken Notes (ATN), duly vetted by audit indicating the remedial action taken or proposed to be taken by them. However, 652 ATNs in respect of paragraphs included in ARs up to the period ended 31 March 2014 were pending as on 31 August 2015.

### **1.8 Government response to significant audit observations (performance audits, long paragraphs and paragraphs)**

In the last few years, Audit has reported 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 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, long paragraphs and paragraphs proposed for inclusion in the Comptroller and Auditor General of India's Audit Reports within one month. It was brought to their personal

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<sup>2</sup> Including IRs and paragraphs issued upto 30 September 2014 and outstanding as on 31 March 2015.

attention that in view of likely inclusion of such paragraphs in the Reports of the Comptroller and Auditor General of India and these reports to be placed before the State Legislature, it would be desirable to include their comments in the matter. They were also advised to have meeting with the Principal Accountant General to discuss the draft reports of Performance Audits, long paragraphs and paragraphs. These draft reports and paragraphs proposed for inclusion in the Report were also forwarded to the Chief Secretary/Principal Secretaries/Secretaries concerned for seeking their replies. For the present Audit Report, draft reports on three Performance Audits, one IT audit, four long paragraphs, one follow-up audit and 30 draft paragraphs were forwarded to the concerned Administrative Secretaries and all the cases have been discussed with the Government, except Performance Audit on Mid-Day Meal Scheme and two Paragraphs (3.3 and 3.29) in respect of which concerned Principal Secretaries could not confirm their availability for discussion despite repeated requests from Audit.

