

**Chapter-I**  
**Introduction**



## Chapter-I

### INTRODUCTION

#### 1.1 About this Report

This Report contains the results of Performance and Compliance Audit of various Departments under General and Social Sectors of the Government of Madhya Pradesh conducted during 2017-18 in compliance with the CAG's audit mandate under Article 151 of the Constitution of India and the CAG's (Duties, Powers and Conditions of Service) Act, 1971.

This Report aims to assist in ensuring executive accountability and improving the process of governance and public service delivery of various Departments.

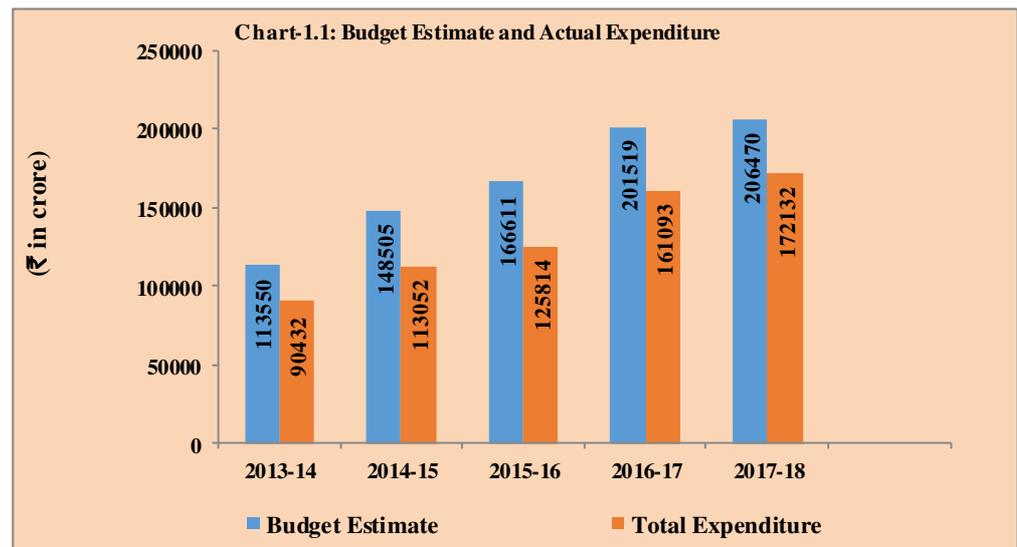
The layout of the Report is as under:

1. **Chapter I:** General information about the audited entities.
2. **Chapter II:** Performance Audit on Water Supply Management in Bhopal and Indore Municipal Corporations.
3. **Chapter III:** 12 Audit Paragraphs.

#### 1.2 Profile of audited entities

Thirty-four out of total 53 Departments in Madhya Pradesh fall under the General and Social Sectors. These Departments are headed by Additional Chief Secretaries/Principal Secretaries/Secretaries, who are assisted by Commissioners/ Directors and subordinate officers under them.

The trend of budget estimates and actual expenditure of the State Government during 2013-18 is as detailed in **Chart 1.1**.



(Source: Appropriation Accounts of respective years)

The trend of expenditure of five major Departments under General and Social Sectors during 2015-16 to 2017-18 is given in **Table 1.1**.

**Table 1.1: Expenditure of major Departments under General and Social Sectors**

(₹ in crore)

Department	2015-16	2016-17	2017-18
Panchayat and Rural Development Department	16,138.28	27,063.69	31,654.94
Urban Development and Housing Department	9,623.91	11,087.57	12,675.20
School Education Department	7,229.04	9,720.38	10,563.75
Finance Department	8,005.35	8,973.52	9,654.14
Home Department	4,663.00	5,285.18	5,888.01

(Source: Compiled from Monthly Appropriation Accounts of the respective years)

### 1.3 Audit Coverage

During the year 2017-18, the Accountant General (General and Social Sector Audit), Madhya Pradesh conducted the compliance audit of 1,962 out of the total 8,478 auditable units under the 34 Departments pertaining to the General and Social Sectors.

### 1.4 Response of the Government to Audit

Audit affords four stage opportunity to the audited units/Departments to elicit their views on audit observations, viz.,

- **Audit Memos:** Issued to the head of the audited unit during the field audit to be replied during the audit itself.
- **Inspection Reports:** Issued within a month of the completion of audit to be replied by the head of the audited unit within four weeks.
- **Draft Paragraphs:** Issued to the Government/ heads of the Departments under whom the audited units function for submission of Government's/ departmental views within six weeks for consideration prior to their being included in the Audit Report.
- **Exit Conference:** Opportunity is given to the head of Departments and State Government to elicit departmental/Government views on the audit observations prior to finalisation of the Audit Report.

In all these stages, Audit strives to provide full opportunity to audited units/heads of Departments/State Government to provide rebuttals and clarifications and only when the departmental replies are not received or are not convincing, the audit observations are processed for inclusion in the Inspection Report or Audit Report, as the case may be. However, it has been noticed that the audited units/ Departments, in most of the cases, do not submit timely and satisfactory reply as indicated below:

#### 1.4.1 Inspection Reports (IRs)

A detailed review of IRs issued up to March 2018 to 4,443 Drawing and Disbursing Officers (DDOs) pertaining to 34 Departments revealed that

44,844 paragraphs contained in 12,489 IRs were outstanding for settlement for want of convincing replies as on 31 March 2019. Of these, the DDOs submitted initial replies against 32,711 paragraphs contained in 10,684 IRs while, in respect of 12,133 paragraphs (money value ₹ 44,431.70 crore) contained in 1,805 IRs there was no response from DDOs.

The status of outstanding IRs is given in **Table 1.2**.

**Table 1.2: Outstanding IRs and Paragraphs (issued up to 31 March 2018) as on 31 March 2019**

Period	No. of outstanding IRs (per cent)	No. of outstanding Paras (per cent)	No. of IRs having paras outstanding for initial reply of DDO (per cent)	No. of outstanding paras on which initial reply of DDO was not received (per cent)	Money value of paras outstanding for initial reply of DDO (₹ in lakh)
2017-18	1,325 (10.61)	8,893 (19.83)	1,026 (56.84)	7,480 (61.65)	31,76,639.79
1 year to 3 years	3,361 (26.91)	16,273 (36.29)	590 (32.69)	3,751 (30.91)	10,75,549.31
3 years to 5 years	1,707 (13.67)	5,581 (12.45)	156 (8.64)	758 (6.25)	1,87,634.34
More than 5 years	6,096 (48.81)	14,097 (31.43)	33 (1.83)	144 (1.19)	3,346.57
<b>Total</b>	<b>12,489</b>	<b>44,844</b>	<b>1,805</b>	<b>12,133</b>	<b>44,43,170.01</b>

During 2017-18, eight (Audit Committee Meetings) meetings of Audit with departmental officers were held, in which 299 IRs and 3,718 Paras were settled.

### **1.5 Action taken on earlier 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 motu* action on all Audit Paragraphs and Reviews featuring in the Comptroller and Auditor General's Audit Reports, regardless of whether these are taken up for examination by the Public Accounts Committee (PAC) or not. They were also to furnish detailed Action Taken Notes (ATNs), duly vetted by audit, indicating the remedial action taken or proposed to be taken by them.

During the years 2012-13 to 2016-17, 132 audit paragraphs were reported in the Audit Reports on General and Social Sectors. Of these, PAC had taken up 43 paragraphs for discussion and 89 paragraphs for written reply. As on March 2019, 22 out of 43 paragraphs had been discussed in PAC and on 88 out of 89 audit paragraphs, comments of office on Government reply (Explanatory note) had been sent to the PAC. Out of these paragraphs, the PAC had issued four Recommendation Reports on four paragraphs pertaining to Audit Report 2012-13 and ATNs of the Government were awaited on them as detailed in **Table 1.3**.

**Table 1.3: Status of PAC discussion, Madhya Pradesh, Vidhan Sabha**

Status	Audit Report on General and Social Sectors for the year 2012-13 to 2016-17
No. of total Audit Paras	132
Taken up by PAC for discussion (Oral discussion)	43

Status	Audit Report on General and Social Sectors for the year 2012-13 to 2016-17
Taken up by PAC for submission of written reply	89
Recommendation made by PAC	04 (01 <sup>1</sup> para under oral discussion + 03 paras for written reply)
ATN received	Not yet received
Action taken by the Department	Not yet done

### 1.6 Recovery at the instance of Audit

Test check of records (January 2018) of office of Jail Superintendent, Central Jail, Ujjain (JS) revealed that for supply of medicines (March 2017) amounting to ₹ 1.68 lakh, the invoices were presented in two copies for payment by the supplier. Payment was made vide bill no. 292 dated 14 October 2017 through treasury to the bank account of the supplier. Audit noticed that the second copy of the invoice was not cancelled by concerned accountant, though it was required to be cancelled in order to avoid its subsequent use for fraudulent claims and due to this lapse the amount of ₹ 1.68 lakh had been again drawn by using second copy of invoice vide bill no. 341 dated 16 November 2017 and paid (December 2017) through the treasury to the supplier. It was also noticed that the invoice was entered twice as sub-vouchers in Contingent expenditure register (CER) but entries of CER were not attested by Head of the office. Thus, non-observance of codal provisions regarding cancellation of the sub-vouchers (invoices) before payment and attesting entries in the CER resulted in suspected fraudulent double payment of ₹ 1.68 lakh to the suppliers.

On this being pointed out, the Government intimated (August 2019) that the Superintendent, Central Jail, Ujjain had paid the amount erroneously which had been deposited by challans (January 2018 and May 2018) in government treasury. In this case, Jail Headquarters had instructed (December 2018) all Jail Superintendents that as provided in Rule 194 and 196 of Madhya Pradesh Treasury Code (Vol. I), after being paid all bills must be stamped 'paid and cancelled' so that the same may not be used afterwards for making fraudulent claims or forgery. The Superintendent, Central Jail, Ujjain had also been warned (May 2019) to remain vigilant in future.

<sup>1</sup> No further recommendation was made by PAC on one audit paragraph featured in Audit Report on General and Social Sectors for the year ended March 2013.