

## **CHAPTER-1**

### **INTRODUCTION**

#### **1.1 About this Report**

This Report of the Comptroller and Auditor General of India (CAG) relates to matters arising from compliance audit of the transactions of the departments and autonomous bodies in Social Sector, General Sector and Economic Sector including performance/thematic audit of selected schemes, departments, etc. of the Government of Haryana.

The primary purpose of this Report is to bring the important results of audit to the notice of the State Legislature. Auditing standards require that the materiality level of reporting should be commensurate with the nature, volume and magnitude of transactions. The findings of audit are expected to enable the Executives of the Government to take corrective actions as also to frame policies and directives that result in improved financial management of the organizations, thus, contributing to better governance of the State.

Compliance audit refers to examination of the transactions relating to expenditure receipts, assets and liabilities of the audited entities to ascertain whether the provisions of the Constitution of India, applicable laws, rules, regulations and various orders and instructions issued by the competent authorities are being complied with.

Performance audit is an independent assessment or examination of the extent to which an organization, programme or scheme operates economically, efficiently and effectively. Chapter-2 of this Report contains findings of performance audit, Chapter-3 contains thematic audit paragraphs, Chapter-4 contains observations on audit of transactions in Government Departments and Autonomous Bodies and Chapter-5 presents an assessment of the functioning of the Technical Education Department, Haryana.

#### **1.2 Profile of Audited entities**

There are total 56 departments in the State at the Secretariat level, headed by the Chief Secretary/Additional Chief Secretaries and Principal Secretaries/Commissioners and Secretaries, who were assisted by Special Secretaries/ Additional Secretaries/Directors and subordinate officers under them. There are 6,127 Audit entities inclusive of 49 Autonomous Bodies and 207 Other Autonomous Bodies substantially funded by the Government, which are under the audit jurisdiction of the Principal Accountant General (Audit), Haryana on behalf of the CAG. Under Panchayati Raj Institutions (PRIs) there were 21 Zila Parishads (ZPs), 119 Panchayat Samities (PSs) and 6,155 Gram Panchayats (GPs) functioning in the State out of

which records of five ZPs, 27 PSs and 374 GPs for the year 2008-11 were test-checked during the year 2011-12. Under Urban Local Bodies (ULBs) there were nine Municipal Corporations, 14 Municipal Councils and 53 Municipal Committees. During the year 2011-12, records of 28 ULBs (three Municipal Corporations, seven Municipal Councils and 18 Municipal Committees) were test checked in audit.

### 1.3 Expenditure profile of the State Government

The comparative position of expenditure incurred by the State Government during the year 2011-12 and in the preceding four years is given in **Table 1**.

**Table 1: Comparative position of expenditure for the period 2007-12**

(` in crore)

Expenditure	2007-08			2008-09			2009-10			2010-11			2011-12		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
<b>Revenue Expenditure</b>															
General Services	41.63	5,188.05	5,229.68	54.16	5,970.31	6,024.47	68.02	7,687.33	7,755.35	65.84	9,262.30	9,328.14	64.36	10,155.47	10,219.83
Social Services	2,212.13	3,526.54	5,738.67	2,662.19	4,596.54	7,258.73	4,014.59	5,887.63	9,902.22	4,329.69	6,574.39	10,904.08	5,549.13	7,092.54	12,641.67
Economic Services	921.75	5,300.13	6,221.88	1,201.56	5,834.19	7,035.75	1,632.16	5,897.75	7,529.91	1,855.98	6,140.75	7,996.73	2,178.50	6,875.47	9,053.97
Grants-in-aid and Contributions	--	336.64	336.64	--	215.78	215.78	--	69.91	69.91	--	81.24	81.24	--	99.42	99.42
<b>Total (1)</b>	<b>3,175.51</b>	<b>14,351.36</b>	<b>17,526.87</b>	<b>3,917.91</b>	<b>16,616.82</b>	<b>20,534.73</b>	<b>5,714.77</b>	<b>19,542.62</b>	<b>25,257.39</b>	<b>6,251.51</b>	<b>22,058.68</b>	<b>28,310.19</b>	<b>7,791.99</b>	<b>24,222.90</b>	<b>32,014.89</b>
<b>Capital Expenditure</b>															
Capital Outlay	3,410.74	15.43	3,426.17	3,989.86	511.81	4,501.67	4,203.29	1,015.19	5,218.48	3,845.01	186.09	4,031.10	1,018.17	4,354.17	5,372.34
Loans and Advances Disbursed	25.92	259.58	285.50	20.44	311.87	332.31	615.76	213.93	829.69	538.5	183.37	721.87	262.86	364.21	627.07
Repayment of Public Debt	--	840.92	840.92	--	1,291.84	1,291.84	--	2,745.97	2,745.97	--	3,971.08	3,971.08	--	4,037.14	4,037.14
Contingency Fund	--	--	--	--	--	--	--	--	--	--	190	190	--	167.52	167.52
<b>Total</b>	<b>3,436.66</b>	<b>1,115.93</b>	<b>4,552.59</b>	<b>4,010.30</b>	<b>2,115.52</b>	<b>6,125.82</b>	<b>4,819.05</b>	<b>3,975.09</b>	<b>8,749.14</b>	<b>4,383.51</b>	<b>4,530.54</b>	<b>8,914.05</b>	<b>1,281.03</b>	<b>8,923.04</b>	<b>10,204.07</b>
<b>Grand Total</b>	<b>6,612.17</b>	<b>15,467.29</b>	<b>22,079.46</b>	<b>7,928.21</b>	<b>18,732.34</b>	<b>26,660.55</b>	<b>10,533.82</b>	<b>23,517.71</b>	<b>34,051.53</b>	<b>10,635.02</b>	<b>26,589.22</b>	<b>37,224.24</b>	<b>9,073.02</b>	<b>33,145.94</b>	<b>42,218.96</b>

Amount allocated to PRIs and ULBs out of State budget during the period 2007-08 to 2011-12 is given in **Table 2**.

**Table 2: Comparative position of allocation to PRIs and ULBs during the period 2007-12**

(` in crore)

Disbursement	2007-08	2008-09	2009-10	2010-11	2011-12
Municipal Corporations and Municipalities	103.22	464.45	306.24	291.43	894.67
Zila Parishads and other Panchayati Raj Institutions	93.88	412.16	366.26	267.83	722.40
<b>Total</b>	<b>197.10</b>	<b>876.61</b>	<b>672.5</b>	<b>559.26</b>	<b>1,617.07</b>

### 1.4 Authority for audit

The authority for audit by the CAG is derived from Articles 149 and 151 (2) of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. The CAG conducts audit of

expenditure of the departments of the Government of Haryana under Section 13<sup>1</sup> of the CAG's (DPC) Act. CAG is the sole auditor in respect of 49 autonomous bodies which are audited under Sections 19(3)<sup>2</sup> and 20(1)<sup>3</sup> of the CAG's (DPC) Act. In addition, CAG also conducts audit of 207 other autonomous bodies, which are substantially funded by the Government, under Section 14<sup>4</sup> of the CAG's (DPC) Act. Principles and methodologies for various audits are prescribed in the Auditing Standards (March 2002) and the Regulations on Audit and Accounts issued by the CAG in 2007.

### 1.5 Planning and conduct of audit

Audit process commences with the assessment of risks of various Government departments/organizations/autonomous bodies and schemes/projects, etc., based on expenditure incurred, criticality/complexity of activities, level of delegated financial powers, assessment of internal controls and concerns of stakeholders. Previous audit findings are also considered in this exercise.

After completion of audit of each unit, Inspection Reports containing audit findings are issued to the heads of the unit/department. The units are requested to furnish replies to the audit findings within six weeks of receipt of the Inspection Reports. Whenever replies are received, audit findings are either settled or further action for compliance is advised. The important audit observations arising out of these Inspection Reports are processed for inclusion in the Audit Reports, which are submitted to the Governor of the State of Haryana under Article 151 (2) of the Constitution of India.

During 2011-12, 7,698 party-days<sup>5</sup> were used to carry out transaction audit of 1,414 out of 6,127 Audit entities and to conduct performance audits of three departments, one board, one district<sup>6</sup> and on the topic "Acquisition and allotment of land" involving various departments. The audit plan covered those units/entities which were vulnerable to significant risks as per the assessment.

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- 1 Audit of (i) all transactions from the Consolidated Fund of the State, (ii) all transactions relating to the Contingency Fund and Public Accounts and (iii) all trading, manufacturing, profit and loss accounts, balance sheets and other subsidiary accounts.
  - 2 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.
  - 3 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 CAG and the Government
  - 4 Audit of all receipts and expenditure of a body/authority substantially financed by grants or loans from the Consolidated Fund of the State and (ii) all receipts and expenditure of any body or authority where the grants or loans to such body or authority from the Consolidated fund of the State in a financial year is not less than ₹ one crore.
  - 5 General Sector: party days- 948 (units Audited-116); Economic Sector: party days-2,721 (units Audited-228) and Social Sector: party days - 4,029 (units Audited-1070).
  - 6 The district audit results to be presented in a standalone report.
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## **1.6 Significant audit observations**

A synopsis of the important audit findings relating to the performance audit of Haryana Building and Other Construction Workers Welfare Board, Working of Irrigation Department, Land Acquisition and Allotment, Mahatma Gandhi National Rural Employment Guarantee Scheme, Functioning of Technical Education Department, Thematic audit paragraphs and transaction audit paragraphs included in the report are given as under:-

### **1.6.1 Performance audits of programmes/activities/departments**

#### **1.6.1.1 Haryana Building and Other Construction Workers Welfare Board**

The Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 and the Building and Other Construction Workers Welfare Cess Act, 1996 were enacted by Government of India with a view to regulate the employment and conditions of service of building and other construction workers and for their welfare. The functioning of the Haryana Building and Other Construction Workers Welfare Board (The Board) and implementation of the provisions of the Acts was deficient. The performance audit of the Board revealed that there was delay of nine years in issuing notification about Haryana Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Rules, 2005, constitution of the Board and the Advisory Committee. As against the total receipt of ` 634.71 crore, only an expenditure of ` 15.11 crore was incurred during 2007-12 on welfare schemes. Cess amounting to ` 1.50 crore collected by six Public Health Engineering Divisions was not deposited with the Board. There was lack of initiative for registration of contractors as employers of construction workers and motivation for renewal of membership of registered workers. Statutory schemes such as pension, family pension, disability pension, etc. and also certain schemes such as free travelling facility for construction workers and students, coverage of chronic diseases formulated by the Board were not implemented. There was acute shortage of staff in the Board. Monitoring at the State level was not adequate as annual returns were not submitted by the Board to the Government. There was no internal audit system in the Board.

*(Paragraph 2.1)*

#### **1.6.1.2 Working of Irrigation Department**

Performance audit of the Irrigation Department brought out lack of planning, non-achievement of targets of covering of area under irrigation, inadequate control over expenditure, slow and tardy implementation of schemes, etc. As against the creation of irrigation potential over an area of 29.72 lakh hectares in the State, utilisation of irrigation potential was 21.13 lakh hectares. Due to delay in revising the scheme of flood protection works along river Yamuna, the State Government failed to avail of Central Assistance of ` 83.40 crore. Delay in submitting the case to Central Water Commission for finalisation of the cost of Hathnikund

Barrage resulted in non-receipt of share amounting to ` 122.52 crore from member States. Non-revision of tender fee by the department on the pattern of Public Works Department (Buildings and Roads) resulted in loss of revenue of ` 2.34 crore. Dadupur-Nalvi Irrigation Project on which an expenditure of ` 126.11 crore was incurred remained non-functional due to protest by farmers as water would be available to them only during rainy season when they did not require water. An expenditure of ` 13.11 crore incurred on increasing the capacity of canals proved unfruitful, as irrigated area had not increased. Sewage and effluent amounting to 26 cusecs was discharged in Western Jamuna Canal resulting in its further pollution. No system was evolved by the department to ascertain the balances from Land Acquisition Officers, as a result of which ` 4.92 crore remained blocked with them.

*(Paragraph 2.2)*

### **1.6.1.3 Land Acquisition and Allotment**

Performance audit of land acquisition and allotment brought out deficiencies in planning, acquisition of land, irregular release of land from the process of acquisition by extending undue favour to individuals, trusts, builders, internal control system, etc. Besides, there was a case of grant of permission to sell land in violation of terms and conditions. Land compensation amounting to ` 6.49 crore was paid to 12 persons who were not owners of land, while ` 1.55 crore was paid to 15 persons in excess of their entitlements. Parking of funds outside the Government Account resulted in loss of interest of ` 1.56 crore. Delay in making payment of enhanced land compensation resulted in avoidable payment of interest of ` 5.19 crore. Due to unauthorised stand taken by the Additional Advocate General in the Apex Court regarding non-reduction of enhanced land compensation, the Government had to forego recovery of ` 40.62 crore. Proper mechanism was not evolved by Estate Offices of HUDA to watch recovery of external development charges, although huge recovery amounting to ` 167 crore was involved in the cases of release of land.

*(Paragraph 2.3)*

### **1.6.1.4 Mahatma Gandhi National Rural Employment Guarantee Scheme**

Performance audit of the Mahatma Gandhi National Rural Employment Guarantee Scheme brought out improvement in the lives of workers with stability and assured income to some extent. However, there were number of cases of delayed payment of wages, preparation of bogus muster rolls, double payment of wages, etc. Difference in wages of the scheme notified by GOI and State Government amounting to ` 10.06 crore was not contributed by the State Government due to which large number of beneficiaries were deprived of benefits of the scheme. Only 23 to 42 *per cent* job card holders were provided employment, out of which only one to five *per cent* were provided guaranteed employment for 100 days. In two villages, fictitious engagement of workers involving payment of wages amounting to ` 2.60 lakh was noticed. In 25 cases tampering of muster rolls by way of cutting, overwriting, erasing, etc. and in 11 cases various deficiencies such as

non-recording of Bank Account number in the muster roll, mismatch of names of beneficiaries in muster roll and MIS report, non-recording of muster roll numbers in MIS, etc. were noticed in audit. An amount of ₹ 138.92 lakh spent on earthen roads were neither durable nor accessible in all weathers. An expenditure of ₹ 81.45 lakh was incurred on digging and deepening of 19 ponds without getting any water. ₹ 80.15 lakh were spent on Cement Concrete/ Interlocking Paver Block streets by 16 GPs which were not permissible under the Act. An amount of ₹ 23.82 lakh was spent on afforestation by the Forest Department, but during inspection the Additional Deputy Commissioner, Ambala found that no plantation had been carried out.

*(Paragraph 2.4)*

### **1.6.2 Thematic Audit**

Discretionary grants amounting to ₹ 12.97 crore, sanctioned by Chief Minister, Deputy Chief Minister, Ministers, Speaker, Deputy Speaker, Chief Parliamentary Secretaries and Parliamentary Secretaries, were irregularly released to same institutions repeatedly. Twenty two grants of ₹ 1.93 crore were released for purposes not falling under the policy guidelines. In 23 cases, grants of ₹ 1.62 crore were utilised for works other than for which these were sanctioned. Sixteen grants of ₹ 1.60 crore were not fully utilised. Utilisation certificates had not been obtained in 89 per cent cases.

*(Paragraph 3.1)*

There was haphazard development of unauthorised colonies around towns/cities. Extant provisions in the Acts and Rules to control unauthorised colonies were not being enforced by various departmental authorities as the sale deeds of land were being registered, water supply and electricity connections were released without obtaining NOC from TCPD/MCs. The Police Department had also not taken action as provided in the rules to prevent the haphazard development of unauthorised colonies.

*(Paragraph 3.2)*

Faulty identification of beneficiaries resulted in payment of old age samman allowance amounting to ₹ 16.73 crore to ineligible persons.

*(Paragraph 3.3)*

Due to lack of co-ordination between Jail and Police Departments, 68 prisoners released on parole/furlough during 2007-11 remained at large, of which 49 were involved in heinous crimes. In 28 cases, the first information reports were registered after delay of 11 to 224 days and in 31 cases, surety bonds of ₹ 85.50 lakh were not forfeited.

*(Paragraph 3.4)*

### **1.6.3 Audit of transactions**

The Report highlights several significant deficiencies in critical areas which impacted the effective functioning of Government departments and organisations.

These can be broadly categorised as:

- Non-compliance with rules
- Propriety audit/unjustified expenditure
- Failure of oversight/governance

#### **1.6.3.1 Non-compliance with rules**

For sound financial administration and financial control, it is essential that expenditure conforms to financial rules, regulations and orders issued by the competent authority. This not only prevents irregularities, misappropriation and frauds, but also helps in maintaining good financial discipline. This Report contains instances of non-compliance with rules involving ` 230.58 crore. Some significant audit findings are given below:

Embezzlement of ` 18.46 lakh occurred in District Red Cross Society, Mewat at Nuh due to absence of internal control in receipt and deposit of service charges levied for issue of registration certificates of vehicles and driving licenses.

**(Paragraph 4.1.1(a))**

Failure of the Executive Engineer/Sub-Divisional Engineer, Public Health Engineering Divisions, Panipat and Mohindergarh in exercising necessary checks as provided for in financial rules facilitated embezzlement of ` 10.30 lakh in collection and deposit of water and sewerage charges.

**(Paragraph 4.1.1(a))**

In Ghaggar Water Services Division, Panchkula, earth excavated from the foundation was not used in embankments of Kaushalya Dam resulting in extra expenditure of ` 1.92 crore.

**(Paragraph 4.1.2)**

Education, Labour, Horticulture, Renewable Energy and Transport Departments had drawn funds of ` 228.38 crore at the strength of budgetary allocations and transferred the same irregularly to the societies, which kept these funds outside the Government Accounts resulting in not only violation of financial rules but also in falsification of Government accounts.

**(Paragraph 4.1.3)**

#### **1.6.3.2 Propriety audit/unjustified expenditure**

Audit detected instances of impropriety and extra expenditure involving ` 14.33 crore, some of which are highlighted below:

Fifteen members of Haryana Vidhan Sabha preferred travelling allowance bills for the same period during which they had claimed ` 23.20 lakh for free travel facility. Twenty six members were paid free travel facility twice in a financial year resulting in excess payment of ` 50.73 lakh. Twenty four members and their

family members performed more than one journey in a year and had drawn ` 47.61 lakh for subsequent journeys.

*(Paragraph 4.2.1)*

The Administration of Justice Department engaged Law Officers without assessing workload and without inviting applications resulting in payment of idle wages amounting to ` 2.22 crore.

*(Paragraph 4.2.2)*

Incurring of expenditure by Provincial Division No. 1, Rohtak and Haryana State Roads and Bridges Development Corporation Limited on widening and strengthening of the same road resulted in avoidable expenditure of ` 1.03 crore.

*(Paragraph 4.2.3)*

The Engineer-in-Chief, Public Health Engineering Department procured high cost Stainless Steel Cage Type Vee Wire Wound (SS) Screen instead of low cost Low Carbon Galvanized Cage Type Vee Wire Wound (LCG) Screen resulting in avoidable expenditure of ` 89 lakh.

*(Paragraph 4.2.4)*

District Food and Supplies Controllers, Kaithal and Kurukshetra procured wheat with lustre loss for Food Corporation of India on which a cut of ` 1.46 crore was imposed on refund resulting in loss to the State Government.

*(Paragraph 4.2.5)*

An extra expenditure of ` 2.26 crore was incurred by the Transport Department on purchase of 337 Tata make buses due to non-consideration of negotiated rates.

*(Paragraph 4.2.6)*

### **1.6.3.3 Failure of oversight/governance**

The Government has an obligation to improve the quality of life of the people towards fulfillment of certain goals in the areas of health, education, development and upgradation of infrastructure, public service, etc. Audit, however, noticed instances where funds released by Government for creating public assets for the benefit of the community aggregating ` 197.64 crore remained unutilised/blocked and/or proved unfruitful/unproductive due to indecisiveness, lack of administrative oversight and lack of concerted action at various levels. A few such cases are mentioned below.

Lack of monitoring by the UTKARSH Society led to non-functioning of 56 per cent terminals installed by spending ` 90.59 crore under EDUSAT programme. Non-identification of sites by the Society led to non-receipt of equipments worth ` 0.69 crore from ISRO. Further, funds of ` 0.61 crore meant for repair of ROTs remained blocked.

*(Paragraph 4.3.1)*

Non-deposit of funds in Government Account by Public Health Engineering Department resulted in loss of interest of ` 1.30 crore besides additional loss of ` 1.15 crore by keeping the funds in non-interest earning account in Bank.

**(Paragraph 4.3.2)**

Public Health Engineering Division No. 1, Kaithal spent ` 1.55 crore on construction of storm water drain and pumping house in Pundri Town without making proper arrangement for disposal of waste water rendering the expenditure unfruitful.

**(Paragraph 4.3.3)**

Executive Engineer, Public Health Engineering Division, Ambala Cantt. commenced the work of sewerage scheme for Ambala City without obtaining permission from National Highway Authority of India for laying trunk sewer along National Highway-1 with the result that scheme remained non-functional rendering the expenditure of ` 9.42 crore unfruitful.

**(Paragraph 4.3.4)**

The Provincial Division, Yamunanagar started the work for construction work of Zila Sainik Rest House without ascertaining the site conditions and scope of work, as a result of which the building remained incomplete leading to unfruitful expenditure of ` 88.89 lakh.

**(Paragraph 4.3.5)**

Transport Department procured 102 buses for Faridabad depot under city bus service scheme of Jawahar Lal Nehru Urban Renewal Mission without making arrangement for required operational staff which resulted in their underutilisation to the extent of 53 *per cent* besides non-achievement of the objective of the Mission.

**(Paragraph 4.3.6)**

The Haryana State Agricultural Marketing Board started construction of four Agro Malls at Panchkula, Karnal, Panipat and Rohtak without finalising their detailed project reports and drawings with the result that the buildings remained incomplete leading to blocking of ` 132.52 crore.

**(Paragraph 4.3.7)**

Refund of labour cess to contractors by five works divisions of Haryana Urban Development Authority resulted in additional expenditure of ` 63.62 lakh besides extending undue financial aid to contractors.

**(Paragraph 4.3.8)**

#### **1.6.4 CCO based Audit of a Government Department**

##### ***Department of Technical Education***

The Technical Education Department provides trained manpower in various fields of engineering and technology encompassing diploma, degree and postgraduate level to meet the requirements of industries as well as other sectors. Performance audit of the department brought out deficiencies in planning, financial

management and implementation of the schemes. There was inadequate infrastructure for classrooms, hostels, dispensaries, etc. ` 14.53 crore, drawn by polytechnics without immediate requirement, remained outside the Government Account. ` 12.22 crore of Grant-in-aid released to Chaudhary Devi Lal Engineering College, Panniwala Mota remained unspent. Maintenance allowance of ` 17.17 lakh was paid in excess of their entitlement to SC students. Entire funds of ` 3.09 crore provided for Faculty Development Programme were diverted towards payment of salary to guest teachers. Payment of ` 15.88 crore on account of pre-admission coaching for entrance to AIEEE and DET examination to SC students was released without following proper procedure. Poor monitoring by the department facilitated many lapses which benefited the service provider. The department had not prepared any plan to utilise the services of teaching staff of closed vocational institutions while salary amounting to ` 1.03 crore was paid to them by three polytechnics during 2009-12.

*(Paragraph 5.1)*

## **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 Departments/ State Government through Audit and Inspection Reports for further investigation and in case of overpayments/excess payment, recovery of the same is required to make under intimation to audit.

An amount of ` 1.38 crore was recovered in 10 cases during 2011-12 by Public Works Department (Building and Roads), Irrigation Department and Public Health Engineering Department after being pointed out by the Audit through Inspection Reports.

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

### ***1.8.1 Outstanding inspection reports***

After periodical inspections of Government Departments, the Principal Accountant General (Audit) issues Inspections Reports (IRs) to the heads of the 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 six weeks. Half-yearly reports of IRs pending for more than six months are also sent to the concerned Administrative Secretaries of Departments to facilitate monitoring and compliance of the audit observations in the pending IRs.

A review of IRs issued up to March 2012 of various offices of the Public Works Department (Buildings and Roads) and Social Justice and Empowerment Department disclosed that 1,154 paragraphs of 422 IRs with money value of

₹ 3,632.59 crore (*Appendix 1.1*) remained outstanding as on 30 June 2012. Of these, 186 paragraphs involving 124 IRs 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 2012 are indicated in *Appendix 1.2*.

The Administrative Secretaries of the Departments, who were informed of the position through half-yearly reports, failed to ensure prompt and timely action on the audit observations. The matters were referred to the Additional Chief Secretaries to Government of Haryana, Social Justice and Empowerment Department and Public Works Department (Buildings and Roads) in July and August 2012 respectively.

### **1.8.2 Response of departments to draft paragraphs**

Draft paragraphs/performance audit reports pertaining to the year 2011-12 were forwarded demi-officially to the Principal Secretaries/Secretaries of the concerned Departments between March and September 2012 with the request to send their responses within six weeks. Departmental replies for five out of five performance audit reports and 22 out of 25 thematic/transaction paragraphs included in this Report have been received. The replies, wherever received, have been suitably incorporated in the Report.

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

According to the instructions issued (October 1995) by the Finance Department and reiterated in March 1997 and July 2001, the administrative Departments were required 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 had been 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 2012 revealed that the ARs for the period 2006-07, 2008-09, 2009-10 and 2010-11 were presented<sup>7</sup> to the State Legislature. Of the 84 paragraphs and performance audits of 27 administrative Departments included in these ARs, ATNs on 46 paragraphs and performance audits in case of 18 administrative Departments were not submitted as per details given in *Appendix 1.3*.

The administrative Departments, viz Public Works (Buildings and Roads), Irrigation, Public Health, Education, Town and Country Planning and Home had not submitted ATNs in respect of 25 out of 46 paragraphs/performance audit reports. Nine administrative Departments, out of those which had submitted the

<sup>7</sup> Audit Report 2006-07: March 2008, Audit Report 2008-09: March 2010, Audit Report 2009-10 : March 2011 and Audit Report 2010-11: February 2012.

ATNs, had not taken any action to recover a total amount of ` 208.03 crore in respect of 14 paragraphs and performance audits as per details given in ***Appendix 1.4***.

Further, the response of the administrative departments towards the recommendations of the Public Accounts Committee was not encouraging as 373 recommendations relating to Audit Reports 1970-71 to 2005-06 and 2007-08 were still awaiting final action by the concerned administrative departments as per details given in ***Appendix 1.5***.