

**Chapter-1**  
**Introduction**  
**on Social, General and Economic Sectors (Non-PSUs)**

## CHAPTER-I

### Introduction on Social, General and Economic Sectors (Non-PSUs)

#### 1.1 Introduction

**Chapter-1** of this Report provides a broad overview of the profile of the Audited entities of the State Government Departments and non-corporatized agencies viz., autonomous bodies, budgetary allocations under different sectors to these departments/ bodies during the last five years (2007-12) and the coverage thereof by Audit during 2011-12.

**Chapter-2** of this Report deals with the findings of performance audit, thematic audit, observations on audit of transactions in Government Departments and Autonomous Bodies and results of Chief Controlling Officer (CCO) based audit of the Industries and Commerce Department.

**Chapter-3** of this Report gives a broad overview of the revenue receipts of the State Government viz., trends of revenue of the State Government, analysis of collection of tax and non-tax revenue, analysis of arrears of revenue, etc. during the period 2007-12.

**Chapter-4** of this Report deals with the findings of performance audit on Taxes on Services and Assessment and collection of water usage charges besides transaction audit paragraphs of Commercial Taxes Department.

The primary purpose of this Report is to bring to the notice of the State Legislature, the important results of audit. 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, the Constitution of Jammu and Kashmir, 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.

#### 1.2 Profile of audited entities

The Government departments have been grouped in Social Sector, General Sector, Revenue Sector and Economic Sector (Non-PSUs) and Public Sector Undertakings of all Sectors for the purpose of audit. This Report covers audit observations on Social Sector, General Sector, Revenue Sector and Economic Sector (Non-PSUs).

There are 29 departments at the Secretariat level, headed by Chief Secretary/Financial Commissioner/ Principal Secretaries/ Secretaries who are assisted by the Special Secretaries, Deputy Secretaries, Directors and Subordinates officers under them for 5549 units and 38 Autonomous Bodies of the State which are under the audit jurisdiction of the Principal Accountant General (PAG) (Audit), Jammu and Kashmir on behalf of the CAG. During 2011-12, a total number of 825 units of 28 departments were covered in Audit.

### 1.3 Expenditure profile of the State Government

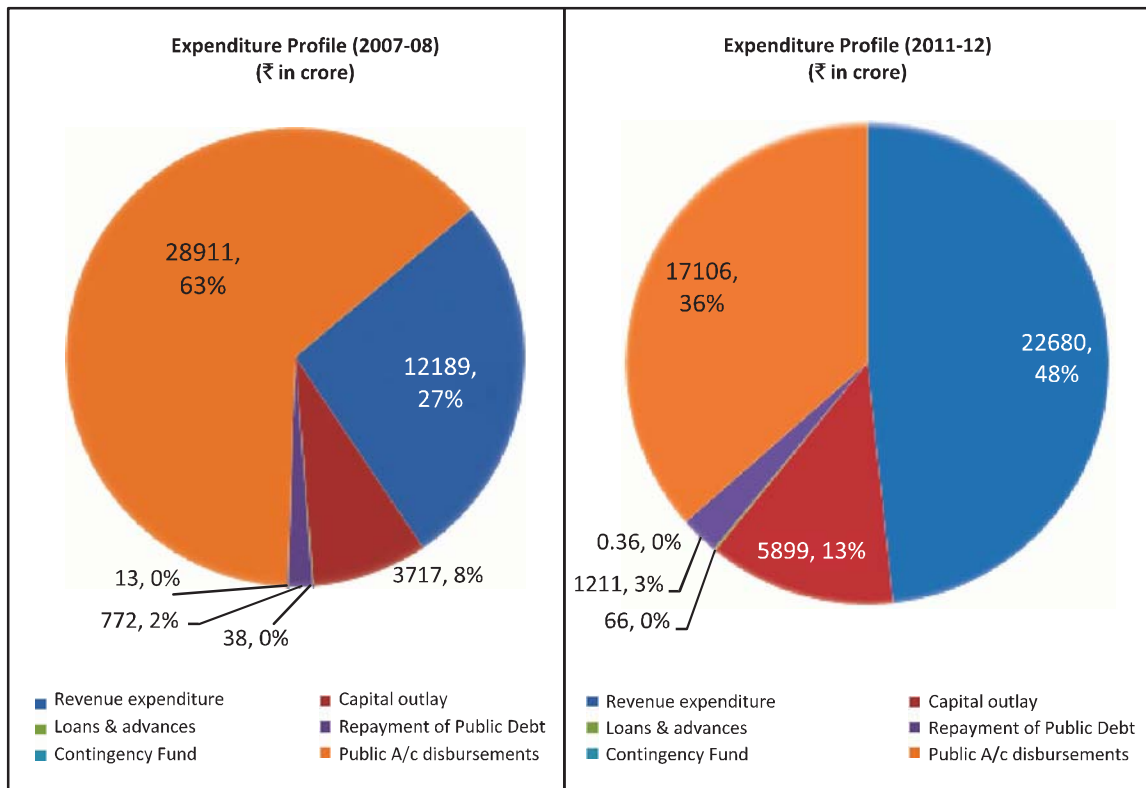
The comparative position of expenditure incurred by the State Government during the year 2011-12 and in the preceding four years is given in **Table 1.1** below:

**Table-1.1**  
Comparative position of expenditure for the period 2007-12

(₹ in crore)

Particular	2007-08			2008-09			2009-10			2010-11			2011-12		
	Non Plan	Plan	Total	Non Plan	Plan	Total	Non Plan	Plan	Total	Non Plan	Plan	Total	Non Plan	Plan	Total
<b>Revenue expenditure</b>															
General services	5561	63	5624	5267	5	5272	6440	5	6445	7767	10	7777	9707	17	9724
Social services	2553	294	2847	2815	203	3018	3771	487	4258	4394	820	5214	5211	1082	6293
Economic services	3552	166	3718	3652	105	3757	4560	61	4621	5397	79	5476	6514	149	6663
Grants-in-aid and Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total (1)</b>	<b>11666</b>	<b>523</b>	<b>12189</b>	<b>11734</b>	<b>313</b>	<b>12047</b>	<b>14771</b>	<b>553</b>	<b>15324</b>	<b>17558</b>	<b>909</b>	<b>18467</b>	<b>21432</b>	<b>1248</b>	<b>22680</b>
<b>Capital Outlay (2)</b>															
Capital Outlay (2)	76	3641	3717	271	4693	4964	99	6135	6234	334	5730	6064	425	5474	5899
Loans and Advances disbursed (3)	-	-	38	-	-	42	-	-	49	-	-	72	-	-	66
Repayment of Public Debt (4)	-	-	772	-	-	703	-	-	731	-	-	3932	-	-	1211
<b>Total disbursement out of Consolidated Fund (1+2+3+4)</b>	<b>11742</b>	<b>4164</b>	<b>16716</b>	<b>12005</b>	<b>5006</b>	<b>17756</b>	<b>14870</b>	<b>6688</b>	<b>22338</b>	<b>17892</b>	<b>6639</b>	<b>28535</b>	<b>21857</b>	<b>6722</b>	<b>29856</b>
Contingency Fund	---	---	0.13	---	---	0.29	-	---	1.07	--	--	0.16	--	--	0.36
<b>Public Account disbursements</b>	<b>28911</b>			<b>35696</b>			<b>43300</b>			<b>54735</b>			<b>17106</b>		
<b>Total</b>	<b>11742</b>	<b>4164</b>	<b>45627</b>	<b>12005</b>	<b>5006</b>	<b>53452</b>	<b>14870</b>	<b>6688</b>	<b>65640</b>	<b>17892</b>	<b>6639</b>	<b>83270</b>	<b>21857</b>	<b>6722</b>	<b>46962</b>

The revenue expenditure of the State Government increased by 86 per cent from ₹ 12189 crore to ₹ 22680 crore during the period 2007-12. The capital outlay during the same period increased by 59 per cent from ₹ 3717 crore to ₹ 5899 crore thereby indicating that the pace of developmental of the State, in terms of creation of capital assets, was not commensurate with the expenditure incurred on administration and maintenance of assets.



#### 1.4 Authority for audit

Authority for audit by the CAG is derived from the Articles 149 and 151 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 Jammu and Kashmir under Section 13<sup>1</sup> of the CAG's (DPC) Act. The CAG is the sole auditor in respect of eight 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, the CAG also conducts audit of 30 other Autonomous Bodies, which are substantially funded by the Government, under Section 14<sup>4</sup> of the CAG's (DPC) Act. The 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.

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> Audit of all (i) 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.

### **1.5 Organisational structure of the office of the PAG (Audit), Jammu & Kashmir**

Under the directions of the CAG, the Principal Accountant General (Audit), Jammu and Kashmir conducts audit of the State Government departments, Autonomous Bodies and Government Companies. The Principal Accountant General (Audit) is assisted by three Deputy Accountants General, Audit Officers, Assistant Audit Officers and supporting staff in the discharge of his official duties.

During the year 2011-12, 42 audit parties comprising of 101 audit personnel and supervised by Deputy Accountants General conducted audit of the selected units from various departments of the State Government, autonomous bodies and externally aided projects, etc.

### **1.6 Planning and conduct of audit**

Audit process commences with the assessment of risk of various Government departments/organizations/autonomous bodies and schemes/projects, etc., based on expenditure, criticality/ complexity of activities, level of delegated financial powers, assessment of internal controls and the concerns of stakeholders. The previous audit findings are also considered as an input to this exercise.

After completion of audit of each unit, Audit Inspection Reports containing audit findings are issued to the Head of the unit/ Department. The units are requested to furnish replies to the audit findings within one month of receipt of the Audit Inspection Report. Whenever replies are received, audit findings are either settled or further action for compliance is advised. The important audit observations arising out of these Audit Inspection Reports are processed for inclusion in the CAG's Audit Report.

During 2011-12, 5525 party-days were utilised to carry out compliance audit of 825 units out of 5905 units of various departments/organisations. The Audit Plan covered those units/ entities which were vulnerable to significant risk, as per the assessment.

### **1.7 Significant audit observations**

A synopsis of the important audit findings relating to the performance audits; Sher-i-Kashmir Institute of Medical Sciences (SKIMS), Mahatma Gandhi National Rural Employment Guarantee scheme (MGNREGS), Power Transmission Utilities, Thematic Audit on Functioning of Jammu and Kashmir Building and Other Construction Workers Welfare Board, CCO Based audit of the Industries and Commerce Department and transaction audit paragraphs included in Chapter-2 are given as under:

#### **A. PERFORMANCE AUDIT**

##### **Sher-i-Kashmir Institute of Medical Sciences**

Sher-i-Kashmir Institute of Medical Science (SKIMS) Srinagar was established in December 1982 to provide specialized medical care, need based education in medical and health services and clinical research and to develop referral linkage between primary, secondary and tertiary health care in the State. The performance review revealed the following financial and operational deficiencies:

**Financial deficiencies:** The financial management was deficient as cases of under-utilisation of funds, irregular withdrawals for crediting of funds to the Civil Deposit heads and unauthorised retention and utilisation of hospital receipts were noticed in audit.

**Operational deficiencies:** The delivery of patient care services was affected by longer waiting periods for diagnostic tests/ investigations and surgeries besides mis-utilisation of ambulances meant for patients. The medical research activities had not been attended to and the capacity of medical courses was not fully utilised. Audit also noticed that the procurement system for purchase of drugs and equipment was deficient. The quality and efficacy of drugs is sought to be ensured through higher priced procurements and the funds released for setting up an Advanced Quality Assurance Laboratory were lying unspent in a Civil Deposit. The hospital administration reported that there were shortages of medical, paramedical and nursing staff and faculty though the manpower requirements were not properly assessed/ benchmarked.

## **RURAL DEVELOPMENT DEPARTMENT**

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

National Rural Employment Guarantee Act (NREGA) was notified by the Government of India (GOI) in September 2005 with the objective of enhancing livelihood security in rural areas by providing at least 100 days of guaranteed wage employment in a financial year to every household whose adult members volunteer to do unskilled manual labour. The Act was extended to the State of Jammu and Kashmir with effect from May 2007. The scheme was launched in the State in phases and gradually extended to all districts of the State from April 2008. Out of the total number of 27.69 lakh Households in the State, number of Households provided employment ranged between 1.44 lakh (five *per cent*) and 5.67 lakh (20 *per cent*) during 2007-12. A performance review of the scheme by Audit brought to fore several areas of concern such as non-observance of programme guidelines in terms of nature of works to be taken up, unauthorized retention of funds, delayed release and diversion of funds, execution of unapproved works, abandonment of works, preparation of faulty estimates, delays in payment of wages to the workers, shortfall in engagement of staff and their inadequate training, inadequate inspection of works and social audit for proper monitoring of scope, extent and quality of works executed and retention of undisbursed balances in the State Employment Guarantee Fund.

## **POWER DEVELOPMENT DEPARTMENT**

### **Power Transmission Utilities**

The National Electricity Policy recognized the need for continued development of National Grid for providing adequate infrastructure for inter-state transmission of power. Both the Central Transmission Utility (CTU) and the State Transmission Utility (STU) have the key responsibility of network planning and development based on the National Electricity Plan in coordination with all the concerned agencies. The transmission of electricity and Grid operations in the State are managed and controlled by the Power

Development Department. The Performance Audit of Transmission utilities in the State revealed under-utilisation of plan funds and non-achievement of targets in capacity additions in respect of grid sub-stations and transmission lines. Almost all the Grid sub-stations and Transmission Line projects witnessed a time over-run due to inadequate planning, faulty designs etc. Some of the completed projects could not be operationalised due to incompleteness of related works, with the result that the infrastructure created was lying idle. The transmission losses in the State exceeded the Central Electricity Authority (CEA) norm of four *per cent* during the period 2008-12. Due to in-efficient Grid management, the State Government had to pay the unscheduled Interchange charges. The disaster management setup did not exist in the Department for immediate restoration of transmission system in the event of major failures.

## **B. THEMATIC AUDIT**

### **LABOUR AND EMPLOYMENT DEPARTMENT**

#### **Functioning of J&K Building and Other Construction Workers Welfare Board**

Government of India (GOI) enacted (August 1996)<sup>5</sup> the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 (BOCW Act) for constitution of a Welfare Board in each State to undertake social security schemes<sup>6</sup>. The GOI also enacted (August 1996)<sup>7</sup> the Building and Other Construction Workers Welfare Cess Act, 1996 (Cess Act). Section 14 of the Cess Act stipulates that rule making power under the Act vests only with the GOI. The GOI framed (March 1998) the Building and other Construction Workers' Welfare Cess Rules, 1998 (Cess Rules). To augment the resources of the Board, Section 3 of the Cess Act as amended in September 1996 provided for levy and collection of labour welfare cess at a uniform rate of one *per cent* of the cost of construction incurred by the employer. For the safety, health and welfare of the workers, the State Government in pursuance of sections 40 and 62 of the BOCW Act also framed (July 2006) the Jammu and Kashmir Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Rules, 2006 (J&KBOCW Rules) as amended in November 2012. The State Government constituted (July 2007) the Jammu and Kashmir Building and Other Construction Workers Welfare Board (Board) to carry out welfare schemes for construction workers. Audit scrutiny revealed delay in constitution of Board resulting in non-enforcement of the provisions of the Act for the social security and other welfare measures of workers besides loss of cess to the Board. Against the available funds of ₹ 104.52 crore, the Board utilized ₹ 3.90 crore (four *per cent*) during 2010-12, leaving an unspent balance of ₹ 100.62 crore as at the end of 31 March 2012. Besides, cases of delay in submission of cheques valuing of ₹ 95.60 lakh on account of cess money, expenditure on administrative expenses in violation of the provisions of the Act and non preparation of annual reports for the financial years 2010-11 and 2011-12 were also noticed in audit.

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<sup>5</sup> Effective from 1 March 1996.

<sup>6</sup> Provide loans and advances to beneficiaries for construction of houses, financial assistance for education of children, medical assistance to beneficiaries, disability pension, financial assistance for marriages, personal accident insurance scheme, etc.

<sup>7</sup> Effective from 1 November 1995.

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## C. AUDIT OF TRANSACTIONS

### *Fraud/Embezzlement/Mis-appropriation/Loss*

#### **Education Department**

##### **Fraudulent drawals**

Non-observance of prescribed checks by the Principal, Government Girls Higher Secondary School and Treasury Officer, Bhaderwah facilitated fraudulent drawals of ₹ 3.26 lakh.

*(Paragraph: 2.5)*

#### **Health and Medical Education Department**

##### **Misappropriation of Government money**

Failure to enforce internal controls by the Medical Superintendent, District Hospital, Baramulla facilitated misappropriation of Government money to the tune of ₹ 23.26 lakh.

*(Paragraph: 2.6)*

##### *Unfruitful/Unproductive/Idle expenditure*

#### **Agriculture Production Department**

##### **Sher-e-Kashmir University of Agricultural Sciences and Technology Jammu**

##### **Idle expenditure**

Failure of the University to ensure installation and operation of equipment resulted in idle expenditure of ₹ 6.12 crore besides depriving the students/ researchers of the intended benefits.

*(Paragraph: 2.7)*

#### **Public Works (Roads and Buildings) Department**

##### **Unfruitful expenditure due to non-acquisition of land**

Failure of the Department to acquire land for approach roads of the bridge before allotment of the work resulted in unfruitful expenditure of ₹ 73.40 lakh and locking up of ₹ 90 lakh besides, depriving the people of the benefits of road connectivity of Katra Town with Domel-Katra road.

*(Paragraph: 2.8)*

##### **Un-productive expenditure due to failure to ensure availability of land**

Failure of the Departmental authorities to ensure availability of land free from encumbrance to the contractors before taking up construction of two roads resulted in unproductive expenditure of ₹ 1.42 crore.

*(Paragraph: 2.9)*



### **Irrigation and Flood Control Department**

#### **Unfruitful expenditure due to non-execution of the project**

Failure of the Executive Engineer to provide encumbrance free land before allotment of work to the contractor for execution of the project resulted in unfruitful expenditure of ₹ 49.05 lakh and locking up of ₹ 1.32 crore besides, denial of intended benefits to the farmers of the area.

*(Paragraph: 2.10)*

#### **Unfruitful investment due to failure to acquire land**

Failure of the Departmental authorities to ensure encumbrance free land for the project before allotment of work to the contractor resulted in unfruitful investment of ₹ 13.70 crore besides, denial of intended benefits to the populace of the area.

*(Paragraph: 2.11)*

#### **Unfruitful investment**

Failure to finalise design of the pump house of Lift Irrigation Scheme, Mandla (Kathua) resulted in unfruitful investment of ₹ 3.54 crore besides, denial of intended benefits of the scheme to the people of the area.

*(Paragraph: 2.12)*

### **Health and Medical Education Department**

#### **Unproductive expenditure due to injudicious action**

Injudicious Action of the Department to allot construction of hospital building at Bandipora on the land unsuitable and insufficient for the purpose resulted in unproductive expenditure of ₹ 2.91 crore.

*(Paragraph: 2.13)*

### **Industries and Commerce (Geology & Mining) Department**

#### **Unproductive expenditure due to non-procurement of Broadband seismograph**

Failure of the departmental authorities to finalise process of procurement of Broadband seismograph for over three years due to which the seismological observatory at Tanghdar (Kupwara) could not be established resulted in unfruitful expenditure of ₹ 50 lakh besides blockade of funds to the extent of ₹ 46.14 lakh.

*(Paragraph: 2.14)*

### **Animal Husbandry Department**

#### **Unplanned implementation of project**

Unplanned implementation of project for import of semen of elite animals resulted in blockade of ₹ 50 lakh for over two years besides objective of the project could also not be achieved.

*(Paragraph: 2.15)*

## **Administrative Reforms, Inspections and Trainings Department**

### **Unproductive investment**

Indifferent approach of the departmental authorities to pursue the matter vigorously for shifting office complex to new location resulted in unproductive investment of ₹ 91.21 lakh.

*(Paragraph: 2.16)*

### **Blocking of funds**

## **Agriculture Production Department**

### **Sher-e-Kashmir University of Agricultural Sciences and Technology, Kashmir**

### **Locking up of funds due to non-implementation of research project**

Non-implementation of a research project by SKUAST authorities for about eight years resulted in locking up of ₹ 1.46 crore besides non-accrual of benefits of the project to the farmers/ apple traders of the State.

*(Paragraph: 2.17)*

## **Revenue Department**

### **Non-utilisation of central funds**

Due to non-identification of sites and non-establishing of basic infrastructure for setting up computer centres for computerization of land records, the Department could not utilize the funds rendering the scheme non-functional besides depriving the people of the State of the benefits of the scheme for over two decades.

*(Paragraph: 2.18)*

### **Regularity and other issues**

## **Public Works (Roads and Buildings) Department**

### **Irregular expenditure**

Improper planning by the Departmental authorities in implementation of the road project from Daresh-Kadal to Qamarwari, Srinagar resulted in irregular expenditure of ₹ 1.10 crore besides, locking up of ₹ 50 lakh.

*(Paragraph: 2.19)*

## **Irrigation and Flood Control Department**

### **Lack of due diligence in contract management**

Failure of the departmental authorities to ensure completion of allotted work and subsequent inaction to seize the hypothecated machinery at the time of abandonment of work by the contractor resulted in non-recovery/ adjustment of mobilisation advance of ₹ 3.37 crore besides, blocking of ₹ 64.97 lakh.

*(Paragraph: 2.20)*

## D. CHIEF CONTROLLING OFFICER BASED AUDIT OF A GOVERNMENT DEPARTMENT INDUSTRIES AND COMMERCE DEPARTMENT

The Industries and Commerce Department is responsible for promotion of growth of industries, creation of new employment opportunities and development of new designs in the Handloom and Handicraft sectors in the State, besides optimum and sustainable usage of state mineral resources. A Chief Controlling Officer-based audit of the Department brought to fore several areas of concern: (a) Departmental failure of non-existent oversight resulting in low industrial output, low employment generation, low-end and low value-addition manufacturing despite fiscal burden of about ₹ 8340 crore on the State and Central exchequer during 2007-12, thus, defeating the objectives of the Central/ State Governments' industrial promotion policies (b) under-utilisation of Central assistance (c) unplanned execution of industrial estates/ growth centres, leading to unproductive investments (d) inadmissible and irregular payment of subsidies, VAT reimbursement and irregular exemption of toll tax (e) under-utilisation of training centres. Audit also noticed that performance of implementation of schemes in Handicrafts and Handloom sector was poor and the purpose of imparting training to unemployed persons for generating employment through formation of co-operative societies was not achieved. The Department had no mechanism in place to check the quantities of minerals extracted and lifted by the lessees from the mineral sites.

### 1.8 Recoveries at the instance of Audit

The audit findings involving recoveries that came to notice in the course of test audit of accounts of the Departments of the State Government were referred to the Departments/ State Government through Audit Inspection Reports for further investigation and in case of overpayments/ excess payment recovery of the same under intimation to audit.

The details of recoveries pointed out by the Audit during the year 2011-12, those accepted by the departments and recoveries effected are given in **Table 1.2** below:

**Table 1.2**

(₹ In crore)

Wing	Recoveries pointed out in 2011-12			Recoveries Accepted during 2011-12			Recoveries effected during 2011-12		
	Audit Report*	Inspection Reports	Total	Audit Report*	Inspection Report	Total	Audit Report*	Inspection Reports	Total
Govt Departments	35.95	80.96	116.91	35.95	80.96	116.91	1.93	-	1.93
ULBs	-	0.05	0.05	-	0.05	0.05	-	-	-
<b>Total</b>	<b>35.95</b>	<b>81.01</b>	<b>116.96</b>	<b>35.95</b>	<b>81.01</b>	<b>116.96</b>	<b>1.93</b>	<b>-</b>	<b>1.93</b>

\*The recoveries relate to CAG's Audit Report for the year ended March 2011.

### 1.9 Lack of response to Audit

The Hand Book of Instructions for speedy settlement of Audit observations/ Inspection Reports (IRs), etc., issued by the Government (Finance Department) provides for prompt response by the executive to the IRs issued by the Principal Accountant General (Audit)

to ensure remedial/ rectification action in compliance with the prescribed rules and procedures and accountability for the deficiencies, lapses, etc. brought out in the IRs. The Heads of offices and next higher authorities are required to comply with the observations contained in the IRs and rectify the defects promptly and report their compliance to the Principal Accountant General (Audit).

Eleven (11) Audit Committee meetings were held during the year 2011-12 in respect of paragraphs contained in IRs pertaining to seven departments wherein 322 transaction audit paragraphs were discussed, out of which 95 audit paragraphs were settled.

At the end of 31 March 2012, 5,104 IRs involving 20,470 paragraphs pertaining to the period 1998-2012 were outstanding as detailed in **Table 1.3** below:

**Table: 1.3**

Opening Balance 1.4.2011		Additions during the year		Settled during the year		Closing Balance (31 March 2012)	
No of Inspection Reports	No of Paragraphs	No of Inspection Reports	No of Paragraphs	No of Inspection Reports	No of Paragraphs	No of Inspection Reports	No of Paragraphs
4942	19469	327	2107	165	1106	5104	20470

Pendency of large number of paragraphs of serious financial irregularities and loss to Government even after being pointed out in audit, indicated lack of response of the Government departments to Audit.

The Government may look into this matter and revamp the system to ensure proper response to the audit observations from the departments in a time-bound manner.

### **1.10 Response of departments to Audit Report material**

The draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India are forwarded by the Principal Accountant General (Audit) to the Principal Secretaries/ Secretaries of the Department concerned, drawing their attention to audit findings and requesting them to send their response within six weeks. The fact of non-receipt of replies from the departments/ Government is invariably indicated at the end of such paragraphs included in the Audit Report.

Seventeen (17) draft paragraphs including three performance reviews, CCO based audit and a thematic audit paragraph, proposed to be included in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2012 were sent to the Principal Secretaries/ Secretaries of the respective departments by name between March and December 2012. The Principal Secretaries/ Secretaries of the departments did not send replies in respect of 15 paragraphs, two performance reviews and one Thematic audit paragraph. These paragraphs have been included in Chapter-2 of the Report without the response of the Principal Secretaries/ Secretaries of the department concerned.

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

### **1.11.1 Non-submission of *suo-motu* Action Taken Notes**

To ensure accountability of the executives to the issues dealt with in various Audit Reports, the State Government (Finance Department) issued instructions in June 1997 to the administrative departments to furnish to Public Accounts Committee (PAC)/ Committee on Public Undertakings (COPU), *suo-motu* Action Taken Notes (ATNs) on all the audit paragraphs featuring in the Audit Reports irrespective of the fact that these are taken up for discussion by these Committees or not. These ATNs are to be submitted to these Committees duly vetted by the Principal Accountant General (Audit) within a period of three months from the date of presentation of Audit Reports in the State Legislature.

It was, however, noticed that out of 395 audit paragraphs featuring in the Civil Chapters of Audit Reports from 2000-01 to 2010-11, *suo-motu* ATNs in respect of 203 audit paragraphs had not been received upto 31 July 2012.

### **1.11.2 Action taken on recommendations of the PAC/ COPU**

Action Taken Notes, duly vetted by the Principal Accountant General (Audit) on the observations/ recommendations made by the PAC/ COPU in respect of the audit paragraphs discussed by them are to be furnished to these Committees within six months from the date of such observations/ recommendations. Out of 375 audit paragraphs featuring in the Civil chapters of Audit Reports for the years from 2000-01 to 2009-10 (excluding Audit Reports presented in the Jammu and Kashmir State Legislature on 04 April 2012), only 133 audit paragraphs have been discussed by the PAC up to 31 March 2012. Recommendations in respect of 128 audit paragraphs have been made by the PAC, however, ATNs on the recommendations of the Committees is pending from the State Government in respect of 102 paragraphs.