

CHAPTER-I INTRODUCTION

1.1 Budget profile

There are 66 departments and 73 Autonomous Bodies in the NCT of Delhi. The position of budget estimates and actuals there against by the State Government during 2008-13 is given in **Table 1.1**.

Table-1.1
Budget and expenditure of the State Government during 2008-13

(₹ in crore)

Particulars	2008-09		2009-10		2010-11		2011-12		2012-13	
	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals
Revenue										
General services	1047.57	3434.55	1304.63	3629.67	1273.48	3728.95	1589.55	4347.23	3128.74	5738.57
Social services	7047.55	6599.37	8370.95	8103.58	9345.57	8718.80	11567.05	10717.11	12616.68	11737.43
Economic services	1352.72	1272.69	1703.20	1650.28	1542.56	1392.46	2253.06	2172.22	2611.64	2350.82
Grants-in-aid and contributions	455.95	455.95	521.44	517.35	555.84	541.53	736.23	728.29	833.77	832.53
Total (1)	9903.79	11762.56	11900.22	13900.88	12717.45	14381.74	16145.89	17964.85	19190.83	20659.35
Capital										
Capital expenditure	4082.16	3995.40	4883.55	4717.27	4433.08	3984.80	4209.53	4004.27	4835.80	4176.63
Loans and advances disbursed	4247.03	4217.32	5702.05	5701.30	6378.47	6364.73	3404.58	3345.42	4082.37	3734.83
Repayment of Public Debt	386.06	386.03	699.50	606.47	800.00	793.06	1090.00	1087.88	1288.00	1287.99
Contingency Fund	0	0	0	0	0	0	0	0	0	0
Public Accounts disbursements	0	0	0	0	0	0	0	0	0	0
Closing Cash balance	0	5775.13	0	3387.70	0	7713.20	0	4636.28	0	1985.75
Total (2)	8715.25	14373.88	11285.10	14412.74	11611.55	18855.79	8704.11	13073.85	10206.17	11185.20
Grand Total (1+2)	18619.04	26136.44	23185.32	28313.62	24329.00	33237.53	24850.00	31038.70	29397.00	31844.55

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 outlay of the budget of ₹ 29397.00 crore during 2012-13, total expenditure was ₹ 29858.80 crore. The total expenditure (excluding repayment of Public Debt) of the State increased from ₹ 19975.28 crore to ₹ 28570.81 crore during 2008-13, the revenue expenditure of the State increased by 75.64 per cent from ₹ 11762.56 crore in 2008-09 to ₹ 20659.35 crore in 2012-13. Non-Plan revenue expenditure increased by 81.12 per cent from ₹ 7818.42 crore to ₹ 14160.64 crore and capital expenditure increased by 4.53 per cent from ₹ 3995.40 crore to ₹ 4176.63 crore during the period 2008-13.

The revenue expenditure constituted 58.89 to 72.31 per cent of the total expenditure during the years 2008-13 and capital expenditure 20.00 to 14.62 per cent. During this period, total expenditure increased at an annual average rate of 10 per cent, whereas revenue receipts grew at an annual average growth rate of 11.80 per cent during 2008-13.

1.3 Persistent savings

In five cases, there were persistent savings of more than ₹ one crore in each during the last five years as per the details given in **Table-1.2**.

Table-1.2
List of grants with persistent savings during 2008-13

Sl. No.	Grant number and name	Amount of savings				
		2008-09	2009-10	2010-11	2011-12	2012-13
(₹ in crore)						
Revenue-Charged						
1.	05- Home	6.24 (52.34%)	2.56 (20.71%)	2.85 (23.53%)	6.49 (39.28%)	4.89 (29.33%)
Revenue-Voted						
2.	07- Medical and Public Health	10.83 (82%)	12.22 (81.47%)	2.04 (20.40%)	7.45 (74.50%)	1.93 (42.89%)
3.	11-Urban Development and Public Works Department	198.71 (100%)	198.93 (98.51%)	64.45 (31.06%)	300.93 (100%)	189.87 (55.86%)
Capital-Voted						
4.	08- Social Welfare	46.71 (38.93%)	30.00 (50%)	10.00 (100%)	240.75 (96.30%)	8.39 (83.90%)
5.	11-Urban Development and Public Works Department	29.00 (72.68%)	14.59 (24.31%)	8.16 (20.40%)	23.32 (66.62%)	19.54 (39.08%)

Source: Appropriation Accounts

Significant savings occurred under Grant No. 11 (Revenue Voted)-Urban Development and Public Works Department (₹ 300.93 crore during 2011-12 and ₹ 189.87 crore during 2012-13) and under Grant No. 08 (Capital voted) - Social Welfare (₹ 240.75 crore) during 2011-12. This indicated inadequate financial control.

1.4 Grants-in-aid from Government of India

The Grants-in-aid received from the GoI during the years 2008-09 to 2012-13 is given in **Table-1.3**.

Table-1.3
Grants-in-aid from GoI

Particulars	Amount of savings				
	2008-09	2009-10	2010-11	2011-12	2012-13
(₹ in crore)					
Non-Plan Grants	948.09	1913.12	2338.71	978.85	333.57
Grants for State Plan Schemes	793.11	1430.94	1743.49	728.54	861.81
Grants for Central Plan Schemes	57.22	60.92	144.81	86.22	57.92
Grants for Centrally Sponsored Schemes	72.37	131.10	130.39	167.03	249.22
Total	1870.79	3536.08	4357.40	1960.64	1502.52
Percentage of increase over previous year	42.49	89.02	23.23	(-)55.00	(-)23.37
Percentage of Revenue Receipts	11.44	17.29	17.41	8.76	5.88

Total Grants-in-aid from GoI increased from ₹ 1870.79 crore to ₹ 4357.40 crore during the period 2008-11. Thereafter, during 2011-13 there was significant reduction in 'Non-Plan Grants' and 'Grants for State Plan Schemes' from GoI. However, 'Grants for Centrally Sponsored Schemes' increased from ₹ 72.37 crore to ₹ 249.22 crore during the period 2008-13. The

percentage of GIA from GoI to revenue receipts during the period 2008-13 ranged between 5.88 and 17.41 *per cent*.

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 this 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 request to furnish replies within one month. 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 Lieutenant Governor of Delhi under Article 151 of the Constitution of India.

During 2012-13, compliance audit of 149 Drawing and Disbursing Officers of the State and eight Autonomous Bodies was conducted by the office of the Principal Accountant General (Audit), Delhi. Besides, five Performance Audits 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 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 generally 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 Delhi 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. These draft reports and paragraphs proposed for inclusion in the Report were also forwarded to the Principal Secretaries/ Secretaries concerned for seeking their replies. For the present Audit Report, draft reports on five Performance Audits and 11 draft paragraphs (including thematic audit) were forwarded to the concerned

Administrative Secretaries. But reply of the Government has been received in nine cases.

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 the Departments of the State Government during central audit were referred to various departmental Drawing and Disbursing Officers (DDOs) for confirmation and further necessary action under intimation to audit.

Against recovery of ₹ 2.21 crore pointed out in 70 cases during 2012-13, the DDOs concerned had effected recovery of ₹ 3.23 crore (including recovery of previous years) in 69 cases during 2012-13.

1.8 Lack of responsiveness of Government to Audit

The Principal Accountant General (Audit), Delhi conducts periodical inspection of Government Departments by test-check of transactions and verify the maintenance of important accounting and other records as per the 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. The heads of offices are required to report their compliance to the Principal Accountant General (Audit) within four weeks of receipt of IRs.

Based on the results of test audit, 3987 audit observations contained in 920 IRs outstanding as on 31 March 2013 are given in **Table-1.4**.

Table-1.4
Outstanding Inspection Reports / Paragraphs

Sl. No.	Name of Sector	Inspection Reports	Paragraphs	Amount involved
1	Social Sector	709	2910	89.27
2	General Sector	51	550	167.16
3	Economic Sector (Non PSUs)	160	527	4653.81
Total		920	3987	4910.24

A detailed review of the IRs issued to 1455 Drawing and Disbursing Officers (DDOs) pertaining to Social Sector and Economic Sector showed that 3437 paragraphs having financial implications of about ₹ 4743.08 crore relating to 869 IRs remained outstanding at the end of 31 March 2013. Of these, oldest items pertain to IR issued during the year 1987-88 and one paragraph having financial implication of ₹ 21 thousand had not been settled for more than 25 years.

The departmental officers failed to take action on observations contained in IRs within the prescribed time frame resulting in erosion of accountability.

It is recommended that the Government may look into the matter to ensure prompt and proper response to audit observations.

1.9 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 motu* 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 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 State Legislature.

The position regarding receipt of Action taken Notes (ATNs) on the paragraphs included in the ARs upto the period ended 31 March 2012 as on 31 December 2013 is given in **Table-1.5**.

Table-1.5
Position regarding receipt of ATNs on the paragraphs included in the ARs

Audit Reports	Year	Department(s)	ATNs pending as of 31 Dec. 2013	Date of presentation in the State Legislature	Due date for receipt of ATNs
Civil / Social, General and Economic Sectors – Non-PSUs	2009-10	PWD	7	05.09.2011	04.12.2011
		DSI IDC	2		
		DTC	2		
		Delhi Power	1		
		DTTDCL	1		
		H&FW	1		
		MPLADS	1		
	2010-11	PWD	3	06.06.2012	05.09.2012
		Department of Food Supply	1		
		Delhi Power	3		
		DSI IDC	1		
		DTC	1		
		MCD	1		
		Directorate of Information and Publicity	1		
		Department of Education	1		
	2011-12	PWD	1	02.04.2013	01.07.2013
		DTC	1		
		Delhi Jal Board	2		
		DSI IDC	1		
		JNNURM	1		
		H&FW	5		
Urban Development		1			

		Department of Woman and Child Development	1		
		MCD	1		
State Finances	2009-10	Finance and other departments	All chapters	05.09.2011	04.12.2011
	2010-11	Finance and other departments	All chapters	06.06.2012	05.09.2012
	2011-12	Finance and other departments	All chapters	02.04.2013	01.07.2013

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 State Government. A large number of these bodies are audited by the Comptroller and Auditor General of India for verification of their transactions, operational activities and accounts, regulatory compliance audit, review of internal management, financial control and review of systems and procedure, etc. The audit of accounts of nine Autonomous Bodies in the State has been entrusted to the Comptroller and Auditor General of India. The status of entrustment of audit, rendering of accounts to audit, issuance of Separate Audit Report and its placement in the Legislature is indicated in **Annexure-1.1**.

Separate Audit Reports (SARs) of four Autonomous Bodies issued by Audit for the year 2003-04 to 2012-13 are yet to be placed before the Delhi Legislative Assembly (**Annexure -1.1**). These need to be tabled before the State Legislature at the earliest.

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

The year-wise details of reviews and paragraphs that appeared in the Audit Report for the last two years along with their money value is given in **Table-1.6**.

Table-1.6
Details of reviews and paragraphs appeared in Audit Report during 2010-12

(₹ in crore)

Year	Performance Audit/ CCO based Audit/Thematic audit		Paragraphs	
	Number	Money value	Number	Money value
2010-11	2	2.93	9	11.71
2011-12	11	8951.52	7	12.15

During 2012-13, five performance audits involving money value of ₹ 94.77 crore and 10 paragraphs involving ₹ 226.57 crore have been included in this Report. Out of this, replies to four performance audits and five paragraphs were received (February 2014).