

CHAPTER-I

INTRODUCTION

1.1 Budget Profile

There are 66 departments and 74 autonomous bodies in the NCT of Delhi. The position of budget estimates and actuals there against by the State Government during 2009-14 is given in **Table 1.1**.

Table-1.1
Budget and expenditure of the State Government during 2009-14

(₹ in crore)

Particulars	2009-10		2010-11		2011-12		2012-13		2013-14	
	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals
Revenue expenditure										
General services	1304.63	3629.67	1273.48	3728.95	1589.55	4347.23	3128.74	5738.57	5792.69	5597.48
Social services	8370.95	8103.58	9345.57	8718.80	11567.05	10717.11	12616.68	11737.43	13134.81	12314.54
Economic services	1703.20	1650.28	1542.56	1392.46	2253.06	2172.22	2611.64	2350.82	3783.08	3650.00
Grants-in-aid and contributions	521.44	517.35	555.84	541.53	736.23	728.29	833.77	832.53	804.50	804.50
Total (1)	11900.22	13900.88	12717.45	14381.74	16145.89	17964.85	19190.83	20659.35	23515.08	22366.52
Capital expenditure										
Capital Outlay	4883.55	4717.27	4433.08	3984.80	4209.53	4004.27	4835.80	4176.63	4889.22	4707.42
Loans and advances disbursed	5702.05	5701.30	6378.47	6364.73	3404.58	3345.42	4082.37	3734.83	5694.00	5652.37
Repayment of Public Debt	699.50	606.47	800.00	793.06	1090.00	1087.88	1288.00	1287.99	1325.29	1325.29
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	3387.70	0	7713.20	0	4636.28	0	1985.75	0	880.65
Total (2)	11285.10	14412.74	11611.55	18855.79	8704.11	13073.85	10206.17	11185.20	11908.51	12565.73
Grand Total (1+2)	23185.32	28313.62	24329.00	33237.53	24850.00	31038.70	29397.00	31844.55	35423.59	34932.25

Source: Annual Financial Statements and Finance Accounts of the State Government.

1.2 Application of resources of the State Government

The total expenditure¹ of the State Government increased from ₹ 24319.45 crore to ₹ 32726.31 crore during 2009-14 and the revenue expenditure increased by 60.90 *per cent* from ₹ 13900.88 crore in 2009-10 to ₹ 22366.52 crore in 2013-14. Non-Plan revenue expenditure increased by 62.74 *per cent* from ₹ 9158.12 crore to ₹ 14904.24 crore and capital expenditure decreased from ₹ 4717.27 crore to ₹ 4707.42 crore during the period 2009-14.

The revenue expenditure constituted 57.15 to 68.34 *per cent* of the total expenditure during the years 2009-14 and capital expenditure, 19.40 to 14.38 *per cent*. During the period, total expenditure increased at an annual average rate of 8 *per cent*,

¹ excluding repayment of Public debt and cash balances

whereas revenue receipts grew at an annual average rate of 8.87 *per cent* during 2009-14.

1.3 Persistent Savings

In six cases, there were persistent savings of more than ₹ 1.00 crore during the last five years as per the details given in **Table-1.2**.

Table-1.2
List of grants with persistent savings during 2009-14
(₹ in crore)

Sl. No	Grant number and name	Amount of Savings				
		2009-10	2010-11	2011-12	2012-13	2013-14
Revenue (Voted)						
1.	Grant No. 3: Administration of Justice	8.49	6.50	8.69	5.00	6.04
2.	Grant No.5: Home	2.56	2.85	6.49	4.89	3.41
3.	Grant No.7: Medical and Public Health	12.22	2.04	7.45	1.93	3.50
4.	Grant No. 11: Urban Development and Public Works Depart	198.93	64.45	300.93	189.87	325.16
Capital (Voted)						
5.	Grant No. 8 : Social Welfare	30.00	10.00	240.75	8.39	97.21
6.	Grant No. 11: Urban Development and Public Works Depart	14.59	8.16	23.32	19.54	20.18

Source: Appropriation Accounts

Reasons for persistent savings under these heads were attributable to non-filling of vacant posts, purchase of less store items, non/less release of grant to MCD under the scheme, non-performance by municipalities, bifurcation of grant, non-implementation of schemes and slow progress of work owing to non-receipt of sanctions in time.

1.4 Grants-in-aid from Government of India

The Grants-in-aid received from the GoI during the years 2009-10 to 2013-14 have been given in **Table-1.3**.

Table-1.3
Year-wise details of Grants-in-aid from GoI
(₹ in crore)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Non-Plan Grants	1913.12	2338.71	978.85	333.57	326.91
Grants for State Plan Schemes	1430.94	1743.49	728.54	861.81	581.03
Grants for Central Plan Schemes	60.92	144.81	86.22	57.92	136.78
Grants for Centrally Sponsored Schemes	131.10	130.39	167.03	249.22	358.14
Total	3536.08	4357.40	1960.64	1502.52	1402.86
Percentage of increase (+)/decrease (-) over the previous year	(+) 89.02	(+) 23.23	(-) 55.00	(-) 23.37	(-) 6.63
Revenue Receipts	20451.34	25024.10	22393.17	25560.97	27980.69
Percentage of Revenue Receipts	17.29	17.41	8.76	5.88	5.01

Total grants-in-aid from GoI increased from ₹ 3536.08 crore to ₹ 4357.40 crore during the period 2009-11, but there was significant decrease from ₹ 4357.40 crore to ₹ 1402.86 crore during 2011-14. Its percentage to revenue receipts ranged between 5.01 and 17.41 *per cent*.

1.5 Planning and conduct of audit

Audit process starts with 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 four weeks. Whenever replies are received, audit findings are either settled/ or further action for compliance is advised. 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 2013-14, compliance audit of 142 drawing and disbursing officers of the State and 10 autonomous bodies was conducted by the office of the Principal Accountant General (Audit), Delhi. Besides, five Performance Audits were also conducted.

1.6 Response of Government to Audit Report

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 specific programmes/schemes and to offer suitable recommendations to the executive for taking corrective action and improving service delivery to the citizens.

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), Delhi 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. Five Performance Audits and 21 paragraphs proposed to be included in the Report of the Comptroller and Auditor General of India on Social, General and Economic (Non-PSUs) Sectors for the year ended 31 March 2014 were sent to the Principal Secretaries/Secretaries of the respective departments. Of these, replies in respect of two Performance Audits and 21 Audit Paragraphs were not received (April 2015).

1.7 Recoveries at the instance of Audit

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 various departmental Drawing and Disbursing Officers (DDOs) for confirmation and further necessary action under intimation to audit.

Against recovery of ₹ 170.61 crore pointed out in 199 cases during 2013-14, the DDOs concerned had effected recovery of ₹ 1.60 crore (including recovery of previous years) in 28 cases during 2013-14.

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 verifies 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 inspections are not settled on the spot, these IRs are issued to the heads of offices inspected. The Heads of offices and next higher authorities 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, 6679 audit observations contained in 1548 IRs outstanding as on 31 March 2014, are given in **Table 1.4**.

Table-1.4
Outstanding Inspection Reports/Paragraphs

(₹ in crore)

Name of sector	Inspection Reports	Paragraphs	Amount involved
Social Sector	774	3129	219.56
General Sector	616	3000	256.34
Economic Sector (Non PSUs)	158	550	4682.75
	1548	6679	5158.65

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

It is recommended that the Government may take necessary action to ensure prompt and proper response to the audit observations from the departments in a time-bound manner.

1.9 Follow-up on Audit Reports

1.9.1 Non-submission of suo-moto Action Taken Notes and discussion of paragraphs in PAC

To ensure accountability of the executives to the issues dealt with in various Audit Reports, the administrative departments were to initiate, *suo-moto* Action Taken Notes (ATNs) on all Audit Paragraphs and Performance Audits featuring in the Audit Reports irrespective of the fact that these are taken up for discussion by

the Public Accounts Committee (PAC) or not. These ATNs are to be submitted to the PAC duly vetted by the Principal Accountant General (Audit), Delhi 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 29 Performance Audits and 88 Audit Paragraphs featuring in the Civil Chapters of Audit Reports from 2005-06 to 2012-13, *suo-moto* ATNs in respect of 13 Performance Audits and 33 Audit Paragraphs have not been received, while only four Performance Audits and 29 audit paragraphs have been discussed by the PAC, up to 31 March 2014.

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

The year-wise details of Performance Audits and Audit paragraphs that appeared in the Audit Report for the last two years along with their money value are given in **Table-1.5**.

Table-1.5
Details regarding Performance Audit and Audit paragraphs appeared in Audit Reports during 2011-13

Year	Performance /Thematic/ CCO Audit		Audit Paragraphs		Replies received	
	Number	Money value (₹ in crore)	Number	Money value (₹ in crore)	Performance Audit	Draft paragraphs
2011-12	11	8951.52	7	12.15	3	0
2012-13	7	94.77	8	226.57	4	5

During 2013-14, five draft Performance Audits and 21 draft Audit Paragraphs were issued to the State Government. However, replies in respect of only three Performance Audits were received from the Government/Departments.

Five Performance Audits involving money value of ₹ 43.40 crore and 15 Audit paragraphs involving ₹ 146.26 crore have been included in this Report. Replies, wherever received, have been incorporated at appropriate places.