

# **Chapter 1**

## **Introduction**

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#### 1.1 Budget profile

There are 56 departments and 29 autonomous bodies in the State. The position of budget estimates and actuals thereagainst by the State Government during 2009-14 is given in **Table 1.1**.

**Table 1.1: Budget and actual expenditure of the State during 2009-14**  
(₹ in crore)

Expenditure	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
General Services	7,876	7,755	8,916	9,328	10,684	10,220	12,331	11,897	14,481	13,597
Social Services	9,783	9,902	11,349	10,904	13,969	12,642	15,935	14,516	18,563	15,414
Economic Services	8,072	7,530	8,142	7,997	9,923	9,054	11,348	11,557	13,000	12,740
Grants-in-aid and Contributions	90	70	76	81	103	99	170	102	179	136
<b>Total (1)</b>	<b>25,821</b>	<b>25,257</b>	<b>28,483</b>	<b>28,310</b>	<b>34,679</b>	<b>32,015</b>	<b>39,784</b>	<b>38,072</b>	<b>46,223</b>	<b>41,887</b>
Capital Outlay	3,973	5,218	3,516	4,031	4,641	5,372	4,661	5,762	5,766	3,935
Loans and Advances Disbursed	1,483	830	1,602	722	957	627	874	522	1,084	776
Repayment of Public Debt	3,686	2,746	5,954	3,971	6,666	4,037	9,221	5,951	13,105	7,968
Contingency Fund	-	-	-	190	-	168	-	-	-	-
Public Accounts disbursements	52,628	14,320	66,505	15,324	73,595	17,051	75,894	21,074	94,863	24,560
Closing Cash balance	-	493	-	377	-	2,162	-	2,697	-	6,007
<b>Total (2)</b>	<b>61,770</b>	<b>23,607</b>	<b>77,577</b>	<b>24,615</b>	<b>85,859</b>	<b>29,417</b>	<b>90,650</b>	<b>36,006</b>	<b>1,14,818</b>	<b>43,246</b>
<b>Grand Total (1+2)</b>	<b>87,591</b>	<b>48,864</b>	<b>106,060</b>	<b>52,925</b>	<b>120,538</b>	<b>61,432</b>	<b>130,434</b>	<b>74,078</b>	<b>1,61,041</b>	<b>85,133</b>

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 budget outlay of ₹ 1,61,041 crore, actual was ₹ 85,133 crore during 2013-14. The total expenditure of the State increased by 49 *per cent* from ₹ 31,305 crore to ₹ 46,598 crore during 2009-14 and the revenue expenditure of the State Government increased by 66 *per cent* from ₹ 25,257 crore to ₹ 41,887 crore during 2009-14. Non-Plan revenue expenditure increased by 62 *per cent* from ₹ 19,542 crore to ₹ 31,735 crore and capital expenditure decreased by 25 *per cent* from ₹ 5,218 crore to ₹ 3,935 crore during the period 2009-14. The revenue expenditure constituted 81 to 90 *per cent* of the total expenditure during the years 2009-14 and capital expenditure 8 to 17 *per cent*.

During this period, total expenditure increased at an annual average rate of 13 *per cent*, whereas revenue receipts grew at an annual average growth rate of 16 *per cent* during 2009-14.

### 1.3 Persistent savings

During the last five years, three grants and one appropriation showed persistent savings of more than ₹ 10 crore and which were also 10 per cent or more of the total grants (Table 1.2).

**Table 1.2: List of grants with persistent savings during 2009-14**

(₹ in crore)

Sr. No.	Number and name of the grant	Percentage of savings to total provision (Amount of savings)				
		2009-10	2010-11	2011-12	2012-13	2013-14
<b>Revenue (Voted)</b>						
1.	04-Revenue	33 (179.31)	22 (273.17)	47 (421.74)	39 (358.99)	33 (325.49)
2.	24-Irrigation	09 (366.75)	27 (311.48)	30 (409.81)	27 (375.55)	25 (382.54)
<b>Capital (Voted)</b>						
3.	45-Loans and Advances by State Government	44 (653.58)	55 (880.53)	46 (532.72)	41 (366.19)	29 (313.67)
<b>Capital (Charged)</b>						
4.	Public Debt	43 (2,032.39)	41 (3,226.08)	37 (2,944.26)	40 (4,250.68)	38 (5,027.64)

(Source: Appropriation Accounts of concerned years)

### 1.4 Funds transferred directly to the State implementing agencies

During 2013-14, GOI directly transferred ₹ 2,308 crore to various State implementing agencies (Para 1.2.2 of Audit Report of Comptroller and Auditor General of India on State Finances for the year ended 31 March 2014 refers) without routing through the State budget. There is no single agency in the State to monitor the funds directly transferred by the GOI to the implementing agencies and no data readily available as to how much money has actually been spent in a particular year on major flagship schemes and other important schemes which are being implemented by State implementing agencies and funds transferred directly by the GOI.

### 1.5 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: Grants-in-aid from GOI**

(₹ in crore)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Non-Plan Grants	1,617.34	1,765.98	1,246.51	851.62	2,256.17
Grants for State Plan Schemes	920.37	749.74	674.54	727.75	856.66
Grants for Central Plan Schemes	50.87	87.79	50.79	44.32	62.99
Grants for Centrally Sponsored Schemes	668.72	447.11	783.09	715.56	951.36
<b>Total</b>	<b>3,257.30</b>	<b>3,050.62</b>	<b>2,754.93</b>	<b>2,339.25</b>	<b>4,127.18</b>

(Source: Finance Accounts of concerned years)

## **1.6 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 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 the request to furnish replies within four weeks. 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 Governor of the Haryana under Article 151 of the Constitution of India.

During 2013-14, compliance audit of 1,097 drawing and disbursing officers of the State and 29 autonomous bodies was conducted by the office of the Principal Accountant General (Audit), Haryana. Besides, three performance audits<sup>1</sup> were also conducted.

## **1.7 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 the 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 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 Haryana Legislature, it would be desirable to include their comments in the matter. These draft reports and paragraphs proposed for inclusion in the Report were also forwarded to the Additional Chief Secretaries/ Principal Secretaries/Secretaries concerned for seeking their replies. This Audit Report contains three Performance Audits and 23 compliance audit paragraphs which were forwarded to concerned Administrative Secretaries. The replies have been received for all the three performance audits

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<sup>1</sup> (i) Working of Secondary Education Department, (ii) National Rural Health Mission and (iii) Development of Urban Estates

and seven compliance audit paragraphs and suitably incorporated in the Audit Report.

### 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 Government Departments were referred to the various departmental Drawing and Disbursing Officers (DDOs) for confirmation and further necessary action under intimation to audit. An amount of ₹ 5.36 crore was recovered in 20 cases during 2013-14 by various departments after being pointed out by the Audit through Inspection Reports.

### 1.9 Lack of responsiveness of Government to Audit

After periodical inspection of the Government departments, the Principal Accountant General (Audit) issues the Inspection Reports (IRs) to the head of 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 four weeks. Half –yearly reports of IRs pending for more than six months are also sent to the concerned Administrative Secretaries of the departments to facilitate monitoring and compliance of the audit observations in the pending IRs.

A review of IRs issued up to March 2014 relating to 56 Division Offices and 16 Circle Offices of Public Health Engineering Department revealed that 658 paragraphs of 238 IRs with money value of ₹ 1,644.73 crore remained outstanding at the end of June 2014 as indicated in the **Table 1.4**.

**Table 1.4 : Year-wise breakup of outstanding Inspection Reports and Paragraphs**

Year	Number of Inspection Reports	Number of Paragraphs	Amount (₹ in crore)
1993-94 to 2008-09	61	73	43.69
2009-10	24	37	93.21
2010-11	33	51	54.40
2011-12	36	82	184.47
2012-13	39	133	365.06
2013-14	45	282	903.90
<b>Total</b>	<b>238</b>	<b>658</b>	<b>1,644.73</b>

(Source : Information derived from IR registers maintained in PAG (Audit) Office)

Category-wise details of irregularities pointed out through these IRs which had not been settled as of 30 June 2014 are indicated in **Appendix 1.1**.

The Administrative Secretary of the Department, who was informed of the position through half-yearly reports, has not ensured prompt and timely action on the audit observations.

### 1.10 Follow-up on Audit Reports

According to the instructions issued (October 1995) by the Government of Haryana, Finance Department and reiterated in March 1997 and July 2001, the administrative departments were 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 were 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 2014 revealed that the ARs for the period 2009-10, 2010-11 and 2011-12 were presented<sup>2</sup> to the State Legislature. 52 paragraphs and performance audits of 19 administrative departments included in these ARs were yet to be discussed in Public Accounts Committee (*Appendix 1.2*). Action taken notes (ATNs) on 15 paragraphs and performance audits in case of 12 administrative departments were not submitted as per details given in *Appendix 1.3*. Ten administrative departments had not taken any action to recover the amount of ₹ 235 crore in respect of 20 paragraphs and performance audits as per details given in the *Appendix 1.4*.

Further, the response of the administrative departments towards the recommendations of the Public Accounts Committee was not encouraging as 426 recommendations relating to Audit Reports for the period from 1971-72 to 2008-09 were still awaiting final action by the concerned administrative departments as per details given in *Appendix 1.5*.

### 1.11 Status of placement of Separate Audit Reports of autonomous bodies in the State Assembly

Several autonomous bodies have been set up by the Government in the field of Urban Development, Housing, Labour Welfare, Agriculture, etc. The audit of accounts of 28 bodies in the State has been entrusted to the CAG. (Para 3.3 of Audit Report of Comptroller and Auditor General of India on State Finances for the year ended 31 March 2014 refers). The frequency distribution of autonomous bodies according to the delays in submission of accounts to audit and placement of SARs in the Legislature is summarised in **Table 1.5**.

<sup>2</sup> Audit Report 2009-10 : March 2011 and Audit Report 2010-11: February 2012: Audit Report 2011-12: March 2013.

**Table 1.5: Delays in submission of accounts and tabling of Separate Audit Reports**

Delays in submission of accounts (in years)	Number of autonomous bodies	Reasons for delay	Delays in submission of SARs in Legislature (in years)	Number of autonomous bodies	Reasons for delay
1 – 2	6	Accounts had not been prepared by autonomous bodies.	1 - 2		Reasons for delay not intimated by departments.
2 – 3	5		2 - 3	2	
3 – 4	1		3 - 4		
4 – 5	1		4 - 5		
5 and above	8		5 and above	22	
<b>Total</b>	<b>21</b>			<b>24</b>	

It was further observed that 6<sup>3</sup> autonomous bodies had not submitted their annual accounts for the last 17 years (1996-97 and onwards).

### 1.12 Year-wise details of performance audits and paragraphs appeared in Audit Report

The year-wise details of performance audits and paragraphs that appeared in the Audit Report for the last two years alongwith their money is given in **Table 1.6**.

**Table 1.6: Details regarding reviews and paragraphs appeared in Audit Report during 2012-13**

Year	Performance Audit		Paragraphs		Replies received	
	Number	Money value (₹ in crore)	Number	Money value (₹ in crore)	Performance Audit	Draft paragraphs
2011-12	5	1,958.20	25	490.61	5	22
2012-13	5	1,166.63	21	786.57	2	10

During 2013-14, three Performance Audits involving money of ₹ 887.81 crore and 23 paragraphs involving ₹ 148.81 crore have been included in this Report. The Government replies have been received for three Performance Audits and seven paragraphs which were suitably incorporated in the Audit Report.

<sup>3</sup> District Legal Services Authority: Gurgaon, Jhajjar, Panchkula, Rewari, Rohtak and Sonipat.