

CHAPTER-I INTRODUCTION

1.1 Budget profile

There are 66 departments and 74 autonomous bodies in the National Capital Territory of Delhi. The position of budget estimates and actuals there against of the NCT Government during 2010-15 is given in **Table 1.1**.

Table 1.1: Budget and expenditure of the NCT Government during 2010-15

Particulars	2010-11		2011-12		2012-13		2013-14		2014-15	
	Budget estimates	Actuals	Budget estimates	Actuals	Budget estimates	Actuals	Budget estimates	Actuals	Budget estimates	Actuals
(₹ in crore)										
Revenue expenditure										
General services	1,273.48	3,728.95	1,589.55	4,347.23	3,128.74	5,738.57	5,792.69	5,597.48	6,763.15	5,983.40
Social services	9,345.57	8,718.80	11,567.05	10,717.11	12,616.68	11,737.43	13,134.81	12,314.54	14,800.52	13,306.11
Economic services	1,542.56	1,392.46	2,253.06	2,172.22	2,611.64	2,350.82	3,783.08	3,650.00	3,573.12	3,318.99
Grants-in-aid and contributions	555.84	541.53	736.23	728.29	833.77	832.53	804.50	804.50	900.99	900.99
Total (1)	12,717.45	14,381.74	16,145.89	17,964.85	19,190.83	20,659.35	23,515.08	22,366.52	26,037.78	23,509.49
Capital expenditure										
Capital outlay	4,433.08	3,984.80	4,209.53	4,004.27	4,835.80	4,176.63	4,889.22	4,707.42	4,937.41	4,403.94
Loans and advances disbursed	6,378.47	6,364.73	3,404.58	3,345.42	4,082.37	3,734.83	5,694.00	5,652.37	2,138.06	1,679.94
Repayment of Public Debt	800.00	793.06	1,090.00	1,087.88	1,288.00	1,287.99	1,325.29	1,325.29	1,676.75	1,346.73
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	7,713.20	0	4,636.28	0	1,985.75	0	880.65	0	1,517.07
Total (2)	11,611.55	18,855.79	8,704.11	13,073.85	10,206.17	11,185.20	11,908.51	12,565.73	8,752.22	8,947.68
Grand Total (1+2)	24,329.00	33,237.53	24,850.00	31,038.70	29,397.00	31,844.55	35,423.59	34,932.25	34,790.00	32,457.17

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 ₹ 24,731.27 crore to ₹ 29,593.37 crore during 2010-15 while the revenue expenditure increased by 63.47 per cent from ₹ 14,381.74 crore in 2010-11 to ₹ 23,509.49 crore in 2014-15. Non-Plan revenue expenditure increased by 63.99 per cent from ₹ 9,490.15 crore to ₹ 15,563.19 crore and capital

¹excluding repayment of public debt and cash balances

expenditure increased from ₹ 3,984.80 crore to ₹ 4,403.94 crore during the period 2010-15.

The revenue expenditure constituted 58.15 to 79.44 *per cent* of the total expenditure during the years 2010-15 and capital expenditure 16.11 to 14.88 *per cent*. During the period, total expenditure increased at an annual average rate of 4.38 *per cent* whereas revenue receipts grew at an annual average rate of 8.24 *per cent* during 2010-15.

1.3 Persistent savings

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

Table 1.2: List of grants with persistent savings during 2010-15

(₹ in crore)

Sl. No	Grant number and name	Amount of saving				
		2010-11	2011-12	2012-13	2013-14	2014-15
Revenue (Voted)						
1.	Grant No. 3: Administration of Justice:2014 B.1(2)(1)- Judicial Magistrate's Courts	6.50	8.69	5.00	6.04	8.05
2.	Grant No.5: Home:2055 D.1(1)(1)- Forensic Science Laboratory	2.85	6.49	4.89	3.41	28.57
3.	Grant No.7: Medical and Public Health:2211 K 1 (3)(1)-Urban Family Welfare Centre (CSS)	2.04	7.45	1.93	3.50	9.21
4.	Grant No. 11: Urban Development and Public Works Depart:2217 A.8(2)(1)(26)- Grant-in-aid for municipal reforms	64.45	300.93	189.87	325.16	157.12
Capital (Voted)						
5.	Grant No. 8: Social Welfare:5055 DD.1(3)(1)- Introduction of Electronic Trolley Buses- Alternative mode of Transport	10.00	240.75	8.39	97.21	3.00
6.	Grant No. 11:Urban Development and Public Works Depart:4202 BB.4(1)(4)(2)-Construction of Delhi Govt. sponsored College Buildings	8.16	23.32	19.54	20.18	17.17

Source: Appropriation Accounts

The 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 (GoI)

The grants-in-aid received from the GoI during the years 2010-11 to 2014-15 have been given in Table 1.3.

Table 1.3: Year-wise details of Grants-in-aid from GoI

(₹ in crore)					
Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
Non-Plan Grants	2,338.71	978.85	333.57	326.91	327.95
Grants for State Plan Schemes	1,888.30	814.76	919.73	717.81	1,467.35
Grants for Centrally Sponsored Schemes	130.39	167.03	249.22	358.14	552.84
Total	4,357.40	1,960.64	1,502.52	1,402.86	2,348.14
Percentage of increase (+)/decrease (-) over the previous year	(+) 23.23	(-) 55.00	(-) 23.37	(-) 6.63	(+) 67.38
Revenue Receipts	25,024.10	22,393.17	25,560.97	27,980.69	29,584.59
Percentage of Revenue Receipts	17.41	8.76	5.88	5.01	7.94

Total grants-in-aid from GoI decreased significantly from ₹ 4,357.40 crore to ₹ 1,402.86 crore during the period 2010-14. However, there was an increase of 33.89 *per cent* during the year 2014-15. Its percentage to revenue receipts ranged between 5.01 and 17.41 *per cent*.

1.5 Planning and conduct of audit

The audit process commences with risk assessment of various departments, autonomous bodies, schemes/projects, etc. and includes assessing the criticality/complexity of activities, the level of delegated financial powers, internal controls, 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 Section 48 of the Government of National Capital Territory of Delhi Act, 1991.

During 2014-15, compliance audit of 182 Drawing and Disbursing Officers (DDOs) of the State and seven autonomous bodies was conducted by the office of the Principal Accountant General (Audit), Delhi. In addition, four Performance Audits were also conducted.

1.6 Response of the Government to Audit Report

In previous 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 had negative impact on the success of programmes and functioning of the departments. The focus was on offering suitable recommendations to improve service delivery to the intended beneficiaries.

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 the 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. Four Performance Audits and 20 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 2015, were sent to the Principal Secretaries/Secretaries of the respective departments. Of these, replies in respect of three performance audits and 17 audit paragraphs were not received (February 2016).

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 ₹ 22.39 crore pointed out in 168 cases during 2014-15, the DDOs concerned had effected recovery of only ₹ 1.57 crore (including recovery of previous years) in 39 cases during 2014-15.

1.8 Lack of responsiveness of the 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), Delhi within four weeks of receipt of IRs.

Based on the results of test audit, 7,185 audit observations contained in 1,543 IRs remained outstanding as on 31 March 2015, as in **Table 1.4**.

Table 1.4: Details of Outstanding IRs and audit observations

(₹ in crore)

Name of sector	As on March 2013			As on March 2014			As on March 2015		
	IRs	Paras	Amount	IRs	Paras	Amount	IRs	Paras	Amount
Social Sector	709	2,910	89.27	774	3,129	219.56	843	3,551	99.19
General Sector	551	2,514	167.16	616	3,000	256.34	537	3,041	448.04
Economic Sector (Non PSUs)	160	527	4,653.81	158	550	4,682.75	163	593	6,821.38
	1,420	5,951	4,910.24	1,548	6,679	5,158.65	1,543	7,185	7,368.61

The significant increase in number of outstanding audit observations indicates the need for Government to take effective action to address the issues raised by Audit to improve financial management and accountability.

1.9 Follow-up on Audit Reports

1.9.1 Non-submission of suo-motu Action Taken Notes and discussion of paragraphs in Public Accounts Committee (PAC)

To ensure accountability of the executives to the issues dealt with in various Audit Reports, the administrative departments are to initiate *suo-motu* Action Taken Notes (ATNs) on all audit paragraphs and performance audits featuring in the Audit Reports irrespective of the fact whether 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.

Out of 34 performance audits and 102 audit paragraphs featuring in the civil chapters of Audit Reports from 2005-06 to 2013-14, *suo-motu* ATNs in respect of 10 performance audits and 36 audit paragraphs have not been received. Seven performance audits and 37 audit paragraphs have been discussed by the PAC/COGU, up to 31 December 2015.

1.10 Year-wise details of performance audits and audit paragraphs that appeared in Audit Report

The year-wise details of performance audits and audit paragraphs that appeared in the Audit Reports for the last three years along with their money value, are given in Table 1.5.

Table-1.5: Details of performance audits and audit paragraphs appearing in Audit Reports during 2011-14

Year	Performance Audit		Audit Paragraphs		Replies received	
	Number	Money value (₹ in crore)	Number	Money value (₹ in crore)	Performance Audit	Audit Paragraphs
2011-12	11 ²	8951.52	7	12.15	3	0
2012-13	5	94.77	10	226.57	4	5
2013-14	5	43.40	15	146.26	3	0

² Includes two performance audits, three CCO based audits and six thematic audits.

Fifteen performance audits and 38 audit paragraphs were issued to the State Government. However, replies in respect of 10 performance audits and only five audit paragraphs were received from the Government/departments.

Four performance audits involving money value of ₹ 240.04 crore and 16 audit paragraphs involving ₹ 1,711.58 crore have been included in this Report. Replies, wherever received, have been incorporated at appropriate places.