

Chapter 1

Overview of the General and Social Sector

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1.1 About this Report

This Report covers matters arising out of audit of State Government Departments and Autonomous Bodies under the General and Social Sector. The primary purpose of this Report is to bring to the notice of the Legislature important results of audit. Auditing Standards require that the materiality level for reporting should be commensurate with the nature, volume and magnitude of transactions. The findings of audit are expected to enable the Executive to take corrective action as also to frame policies and directives that will lead to improved financial management of the organisations, thus, contributing to better governance.

The Report has been organised in three chapters as under:

- Chapter 1, in addition to explaining the authority, audit jurisdiction, planning and extent of audit, provides a brief analysis of the expenditure of the Departments under the General and Social Sector for the last five years, response of Government to draft paras/ Performance Audits and follow up action on Audit Reports.
- Chapter 2 of this Report contains observations of Performance Audit on Social/ General Sector activities. This year, Performance Audits on Working of Correctional Homes, Medical Education in West Bengal, Implementation of Pradhan Mantri Gram Sadak Yojana (PMGSY) and Working of West Bengal State Warehousing Corporation, all covering a period from 2010-11 to 2014-15, have been included in the Report.
- Chapter 3 contains significant observations arising out of Compliance Audit of various Departments and their functionaries. Apart from individual Paragraphs, this chapter includes reports on certain themes like Creation and utilisation of assets under Swarnajayanti Gram Swarajgar Yojana (SGSY), Deficiencies in tender/ contract management under Public Health Engineering (PHE) Department and Promotion of sports and creation/ utilisation of sports infrastructure in West Bengal. Besides, a report on an Information Technology (IT) based audit on Computerisation of Salary Accounts (COSA) has also been included in this Chapter.

1.2 Profile of the General and Social Sector and audit jurisdiction

There are 61 Departments in the State, headed by Additional Chief Secretaries/ Principal Secretaries/ Secretaries, who are assisted by Directors/ Commissioners and subordinate officers. Office of the Principal Accountant General (General & Social Sector Audit), West Bengal conducts audit of 2259 units of various levels in 34 Departments under General and Social Sectors. Besides, this office audits 125 bodies/ authorities under these two sectors either substantially financed from the Consolidated Fund of the State or audit of which have been entrusted by the Government under various sections of the C&AG's DPC (Duties, Powers and Conditions of Service) Act, 1971. List of the Departments, autonomous bodies and companies under the audit

jurisdiction of the office of the Pr. AG (G&SS Audit), West Bengal is shown in *Appendix 1.1*.

Trend of expenditures in major Departments under the audit jurisdiction of Pr. AG (G&SS Audit), West Bengal during 2010-15 is shown in **Table 1.1**.

Table 1.1: Trend of expenditures of the Departments under the audit jurisdiction of Pr AG (G&SS Audit), WB with annual expenditure exceeding ₹ 100 crore

(₹ in crore)

Name of the Department	2010-11	2011-12	2012-13	2013-14	2014-15
Backward Classes Welfare	581.93	798.86	917.58	914.16	645.44
Correctional Administration	157.21	155.06	165.92	186.42	206.38
Planning	414.39	368.89	284.24	271.87	294.00
Disaster Management	457.96	1367.55	478.17	493.58	530.63
Finance	49233.02	55517.95	55038.79	66944.10	67013.18
Fire & Emergency Services	178.78	180.41	194.33	225.29	199.19
Food & Supplies	1738.14	2327.77	3004.44	2707.30	1288.35
Health & Family Welfare	3340.46	3831.58	3901.64	4723.99	6252.44
Higher Education	1814.37	2014.74	2016.97	2444.05	2488.52
Home	3446.60	3637.03	3815.12	4398.54	4961.14
Housing	195.97	196.06	468.92	645.37	735.77
Informational & Cultural Affairs	101.65	92.44	133.91	152.72	230.19
Judicial	386.43	412.39	454.32	466.78	517.09
Labour	415.35	369.85	383.48	505.42	706.38
Mass Education Extension & Library Services	172.90	126.77	202.36	198.82	224.60
Minority Affairs & Madrasah Education	804.75	808.56	1356.33	1746.10	1973.57
Municipal Affairs	2649.81	2600.56	3046.66	3265.59	4051.33
Panchayat & Rural Development	3052.83	3750.38	5091.40	6605.50	13897.12
Public Health Engineering	480.41	630.76	1009.33	1354.22	1429.32
School Education	11608.73	12881.41	13849.86	14500.99	16592.53
Self-Help Group & Self-Employment	131.37	135.48	164.80	198.71	237.91
Technical Education & Training	293.73	322.83	366.21	468.12	641.51
Urban Development	1113.25	1399.03	1526.70	1823.64	1520.33
Others ¹	533.40	560.47	691.41	795.98	860.36
Total	83303.44	94486.83	98562.89	116037.26	127497.28

Source: Voucher Level Computerisation (VLC) database maintained by the Office of the Pr. AG (A&E), West Bengal

1.3 Authority for audit

Authority for audit by the C&AG is derived from articles 149 and 151 of the Constitution of India and the Comptroller & Auditor General's (Duties, Powers & Conditions of Service) Act, 1971 (DPC Act). C&AG conducts audit of expenditure of State Government Departments under Section 13² of the C&AG's DPC Act. C&AG is the sole auditor in respect of the Autonomous Bodies, which are audited under sections 19 (2), 19 (3)³ and

¹ Others include Civil Defence, Law, Parliamentary Affairs, Governor's Secretariat, Council of Ministers, Personnel & Administrative Reforms, Legislative Assembly Secretariat, Refugee Relief & Rehabilitation and Sports & Youth Services

² Audit of (i) all expenditure from the Consolidated Fund of State (ii) all transactions relating to Contingency Funds and Public accounts and (iii) all trading, manufacturing, profit & loss accounts, balance-sheets & other subsidiary accounts.

³ 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 or as per request of the Governor of the State in the public interest.

20 (1)⁴ of the DPC Act. In addition, C&AG also conducts audit of other autonomous bodies which are substantially financed by the Government under Section 14⁵ of DPC Act. Principles and methodologies for various audits are prescribed in the Regulation of Audit & Accounts, 2007, Auditing Standards and Performance Audit guidelines issued by the Indian Audit & Accounts Department.

1.4 Planning and conduct of Audit

Compliance Audit is conducted as per the annual audit plan. Units for audit are selected on the basis of risk assessment viz. basis of topicality, financial significance, social relevance, internal control system of the units, occurrence of defalcation/ misappropriation/ embezzlement as well as findings of previous Audit Reports. Apart from the above parameters, all departmental, important directorates and district level units are also audited annually so that funds flow to their subordinate formations comes to the notice of Audit.

Inspection Reports are issued to the heads of units after completion of audit. Based on replies received, audit observations are either settled or further action for compliance is advised. Important audit findings are processed further as draft paragraphs for inclusion in the Audit Report.

In case of Performance Audit, objectives and criteria are framed and discussed in Entry Conferences with the concerned organisation. After conducting audit, the draft report is issued to the concerned Department. Observations arising out of audit efforts are also discussed with the Departmental heads in Exit Conferences.

Formal replies furnished by the Department as well as views expressed by the Heads of Departments in Exit Conferences are carefully considered while finalising the material for inclusion in the Audit Report. Audit Reports are laid before the State Legislature under Article 151 of the Constitution of India.

1.5 Response of the Departments to draft audit paragraphs

Regulation of Audit & Accounts, 2007 stipulates that responses to draft audit paragraphs proposed for inclusion in the Report of the Comptroller & Auditor General of India should be sent within six weeks⁶.

Draft paragraphs are forwarded to the Secretaries of the concerned Departments drawing attention to the audit findings and requesting them to send their response within prescribed time frame. It is also brought to their personal attention that in view of likely inclusion of such paragraphs in the Audit Reports of the Comptroller & Auditor General of India, which are placed before the Legislature, it would be desirable to include their comments in the matter.

⁴ *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 C&AG and the Government.*

⁵ *Several non-Commercial Autonomous/ Semi-Autonomous Bodies, established to implement Schemes for employment generation, poverty alleviation, spread of literacy, health for all and prevention of diseases, environment, etc. and substantially financed by the Government, are audited under Section 14.*

⁶ *State Government's Finance (Budget) Department, in its order dated June 1982, however, directed all the Departments to submit their responses to proposed draft paragraphs within one month.*

Draft Paragraphs proposed for inclusion in this Report were forwarded to the Secretaries concerned between May 2015 and December 2015 through letters addressed to them personally. The Departments/ Directorates did not send replies to nine out of 17⁷ Paragraphs featured in Chapter 3.

The responses of concerned Departments/ Directorates as well as replies to initial audit memos, wherever received, have been suitably incorporated in the Report.

1.6 Follow up on Audit Reports

After tabling of the Reports of the C&AG of India in the State Legislature, the State Government Departments are required to submit *suo motu* replies to the audit observations within one month. Review of outstanding replies on paragraphs included in the C&AG's Reports on the Government of West Bengal up to 2012-2013 revealed that replies on 257 paragraphs pertaining to the period 1981-82 to 2012-13 involving 44 Departments (excluding synoptic paragraphs involving a number of Departments) remained outstanding as of December 2015 (*Appendix 1.2*). Out of 257 paragraphs, 10 paragraphs pertaining to 2011-12 and 2012-13 were selected for discussion by Public Accounts Committee (PAC), while remaining 247 paragraphs pertaining to the period 1981-82 to 2012-13 have not been selected.

As stipulated in the Rules of Procedure of the PAC, the administrative Departments were required to take suitable action on the recommendations made in the Reports of PAC presented to the State Legislature and submit comments on action taken or proposed to be taken on those recommendations within six months.

Action Taken Notes on 38⁸ numbers of paras contained in 33⁹ number of Reports of the PAC, presented between 1991-92 and 2015-16 to the Legislature had not been submitted by 19 Departments¹⁰ as of December 2015. These reports of the PAC had suggested recovery, disciplinary action, etc. A few significant cases are elaborated in *Appendix 1.3*.

Thus, action taken by administrative Departments on the recommendations of the PAC was found to be inadequate.

⁷ Excluding paragraphs of general nature each involving a number of Departments

⁸ 48th Report of PAC 2005-06 contained observation on three paras (para 4.3.3, 4.4.7 and 4.4.8 of Audit Report (2003-04) whereas 1st and 4th Report of PAC 2006-07 and 12th Report of PAC 2007-08 contained observations on two paras respectively.

⁹ 1st PAC Report 1991-92, 14th PAC Report 1993-94, 23rd PAC Report 1998-99, 36th PAC Report 1999-2000, 37th PAC Report 1999-2000, 3rd PAC Report 2001-02, 4th PAC Report 2001-02, 14th PAC Report 2002-03, 18th PAC Report 2003-04, 29th PAC Report 2004-05, 48th PAC Report 2005-06, 1st PAC Report 2006-07, 4th PAC Report 2006-07, 9th PAC Report 2006-07, 10th PAC Report 2007-08, 12th PAC Report 2007-08, 15th PAC Report 2007-2008, 16th PAC Report 2007-08, 19th PAC Report 2008-09, 21st PAC Report 2008-09, 27th PAC Report 2008-09, 32nd PAC Report 2010-11, 33rd PAC Report 2010-11, 34th PAC Report 2010-11, 36th PAC Report 2010-11, 38th PAC Report 2010-11, 29th PAC Report 2009-10, 3rd PAC Report 2012-13, 4th PAC Report 2012-13, 5th PAC Report 2012-13, 6th PAC Report 2012-13, 8th PAC Report 2013-14 and 9th PAC Report 2013-14.

¹⁰ Agriculture, Finance, Finance (Taxation), Fisheries, Home (Constitution/ Police/ Election), Housing, Higher Education, Irrigation and Waterways, Municipal Affairs, Panchayat and Rural Development, Public Health Engineering, Public Works, Public Works (Roads), School Education, Social Welfare, Transport, Urban Development, Health & Family Welfare and Co-operation Departments.