

## CHAPTER-I

### 1. Functioning of State Public Sector Undertakings

#### Introduction

**1.1** The State Public Sector Undertakings (PSUs) consist of State Government companies and Statutory Corporations. The State PSUs are established to carry out activities of a commercial nature while keeping in view the public welfare of people and occupy an important place in the State economy. As on 31 March 2016, in Chhattisgarh there were 22 PSUs including one Statutory Corporation as detailed in *Annexure - 1.1*. None of these PSUs was listed in any of the stock exchanges. During the year 2015-16, one PSU i.e. Kerwa Coal Limited was established and no PSU/ Statutory corporation was closed down. The details of the State PSUs in Chhattisgarh as on 31 March 2016 are given in **Table - 1.1**.

**Table - 1.1: Total number of PSUs as on 31 March 2016**

Type of PSUs	Working PSUs	PSUs not working	Total
Government companies <sup>1</sup>	21	-	21
Statutory corporation	1	-	1
<b>Total</b>	<b>22</b>	<b>-</b>	<b>22</b>

(Source : Data compiled from the Information furnished by the PSUs)

The working PSUs registered a turnover of ₹ 21579.75 crore as per their latest finalised accounts as of 30 September 2016. This turnover was equal to 8.58 *per cent* of State Gross Domestic Product (GDP) for 2015-16. The working PSUs incurred loss of ₹ 1108.05 crore as per their latest finalised accounts as of 30 September 2016. They had employed 20317 employees as on 31 March 2016.

State PSUs do not include the Chhattisgarh State Electricity Regulatory Commission (CSERC), an autonomous body, of which the Comptroller and Auditor General of India (CAG) is the sole auditor.

#### Accountability framework

**1.2** The process of audit of Government companies is governed by respective provisions of Section 139 and 143 of the Companies Act, 2013 (Act). According to Section 2 (45) of the Act, “Government company” means any company in which not less than fifty one *per cent* of the paid-up share capital is held by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments and includes a company which is a subsidiary company of such a Government company.

Further, as per sub-Section 7 of Section 143 of the Act, the CAG may, in case of any company covered under sub-Section (5) or sub-Section (7) of Section 139, if considers necessary, by an order, cause test audit to be conducted of the accounts of such Company and the provisions of Section 19 A of the Comptroller and Auditor General’s (Duties, Powers and Conditions of Service) Act, 1971 shall apply to the report of such test Audit. Thus, a Government Company or any other Company owned or controlled, directly or

<sup>1</sup> Government Companies include other Companies referred to in Section 139(5) and 139 (7) of the Companies Act, 2013.

indirectly, by the Central Government, or by any State Government or Governments or partly by the Central Government and partly by one or more State Governments is subject to audit by the CAG. An audit of the financial statements of a Company in respect of the financial years that commenced on or before 31 March 2014 shall continue to be governed by the provisions of the Companies Act, 1956.

### **Statutory Audit**

**1.3** The financial statements of the Government companies (as defined in Section 2(45) of the Companies Act, 2013) are audited by Statutory Auditors, who are appointed by CAG as per the provisions of Section 139(5) or (7) of the Act who shall submit a copy of the Audit Report to the CAG which, among other things, includes financial statements of the Company under Section 143 (5) of the Act. These financial statements are subject to supplementary audit conducted by CAG within sixty days from the date of receipt of the audit report under the provisions of Section 143 (6) of the Act.

Audit of Chhattisgarh State Warehousing Corporation (CSWC), a Statutory Corporation, is governed by the Warehousing Corporation Act, 1962. The audit of CSWC is conducted by Chartered Accountants and supplementary audit is done by CAG.

### **Role of Government and Legislature**

**1.4** The State Government exercises control over the affairs of these PSUs through its administrative departments. The Chief Executive and Directors to the Board are appointed by the Government.

The State Legislature also monitors the accounting and utilisation of Government investment in the PSUs. For this, the Annual Reports together with the Statutory Auditors Reports and Comments of the CAG, in respect of State Government companies and Separate audit Reports in case of Statutory Corporation is to be placed before the Legislature under Section 394 of the Act or as stipulated in the respective Act. The Audit Reports of CAG are submitted to the Government under Section 19A of the CAG's (Duties, Powers and Conditions of Service) Act, 1971.

### **Stake of Government of Chhattisgarh**

**1.5** The State Government has huge financial stake in these PSUs. This stake is of mainly three types:

- **Share Capital and Loans** - In addition to the share capital contribution, State Government also provides financial assistance by way of loans to the PSUs from time to time.
- **Special Financial Support** - State Government provides budgetary support by way of grants and subsidies to the PSUs as and when required.
- **Guarantees** - State Government also guarantees the repayment of loans with interest availed by the PSUs from Financial Institutions.

### **Investment in State PSUs**

**1.6** As on 31 March 2016, the investment (capital and long-term loans) in 22 State PSUs was ₹ 27881.71 crore as detailed in **Table - 1.2**.

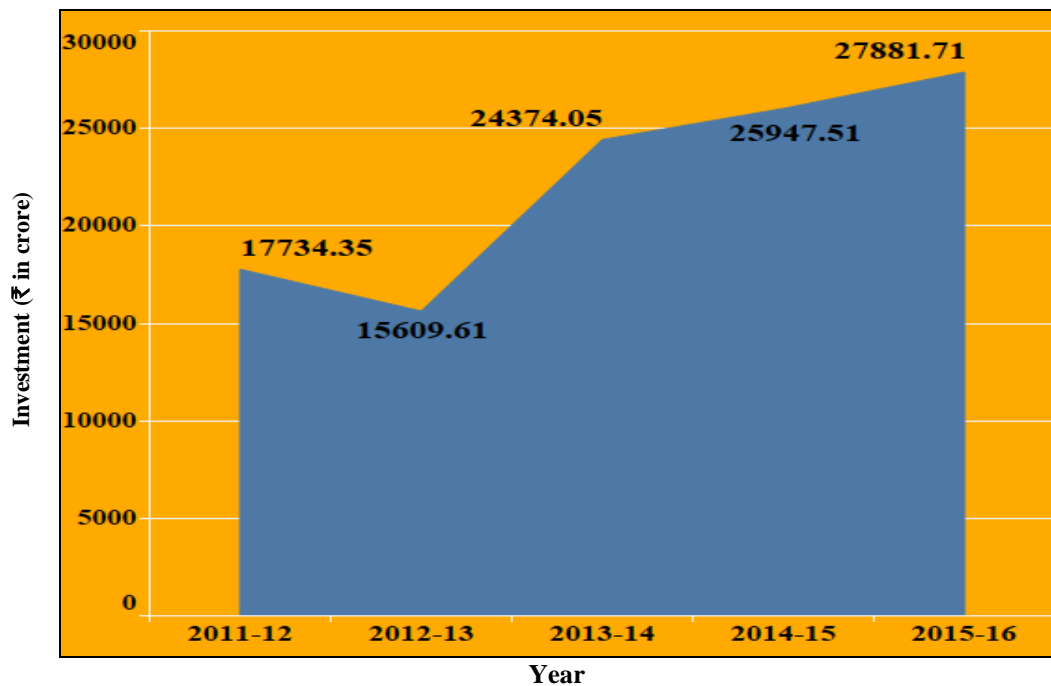
**Table - 1.2: Total investment in PSUs**

(₹ in crore)

Government companies			Statutory corporation			Grand Total
Capital	Long term loans	Total	Capital	Long term loans	Total	
12342.36	15426.01	27768.37	4.04	109.30	113.34	27881.71

(Source: Data compiled from the Information furnished by the PSUs)

As on 31 March 2016 of the total investment in State PSUs, 44.28 per cent was towards Capital and 55.72 per cent towards Long-term loans. The investment has grown by 57.22 per cent from ₹ 17734.35 crore in 2011-12 to ₹ 27881.71 crore in 2015-16 as shown in **Chart - 1.1**.

**Chart 1.1: Total investment (Capital and Long-term loans) in PSUs**

**1.7** The sector wise summary of investments in the State PSUs as on 31 March 2016 is given in **Table - 1.3**.

**Table - 1.3: Sector-wise investment in PSUs**

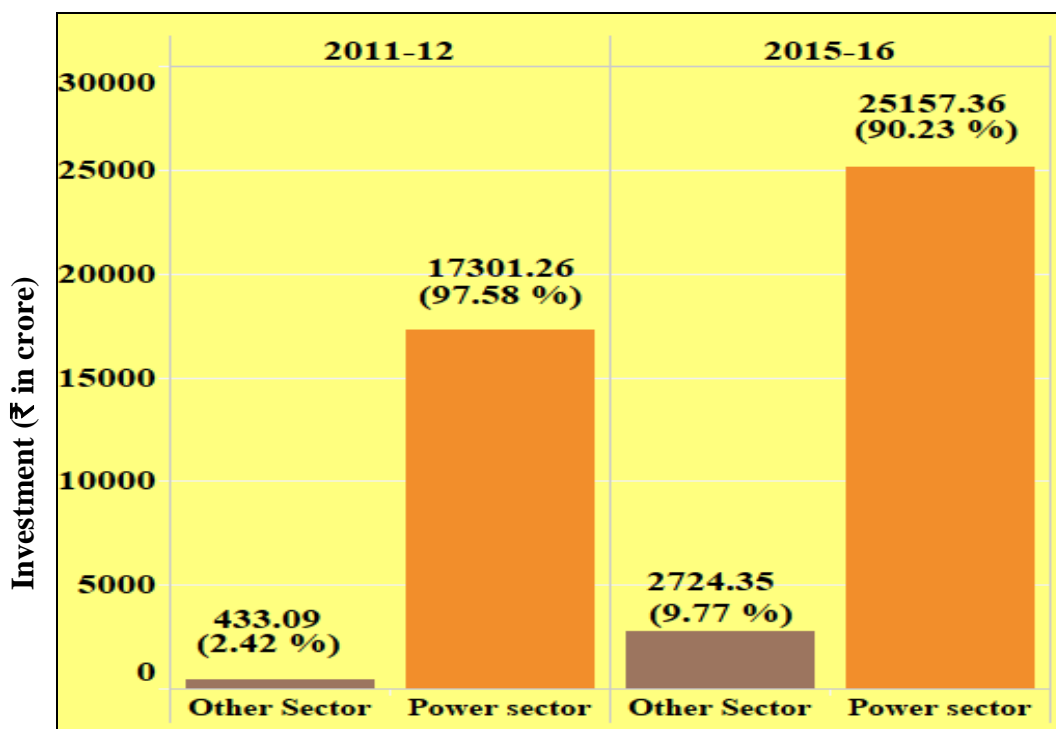
(₹ in crore)

Name of Sector	Government companies	Statutory corporation	Total	Investment
Agriculture and allied	2	-	2	27.15
Finance	1	-	1	5.00
Infrastructure	3	-	3	10.70
Mining	5	-	5	108.08
Power	5	-	5	25157.36
Services	5	1	6	2573.42
<b>Total</b>	<b>21</b>	<b>1</b>	<b>22</b>	<b>27881.71</b>

(Source: Data compiled from the Information furnished by the PSUs)

The investment in important sectors and the percentage thereof as of 31 March 2012 and 31 March 2016 are indicated in the **Chart - 1.2**.

**Chart-1.2: Investment in important sectors**



The thrust of PSU investment was mainly in power sector which was 90.23 *per cent* of total investment as of 31 March 2016. During the past five years the investment in this sector is showing an increasing trend. It grew by 45.41 *per cent*, from ₹ 17301.26 crore in 2011-12 to ₹ 25157.36 crore in 2015-16. This increment was mainly due to the investment made by the Government in equity and loan obtained by PSUs of power sector from Power Finance Corporation Limited/ Rural Electrification Corporation Limited for their new projects and up gradation works.

### Special support and returns during the year

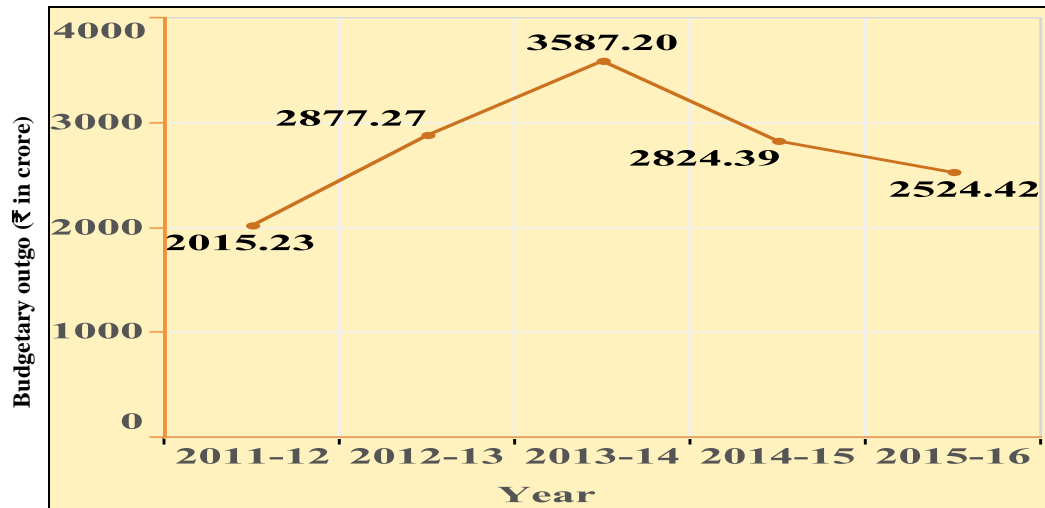
**1.8** The State Government provides financial support to PSUs in various forms through annual budget. The summarised details of budgetary outgo towards equity, loans, grants/ subsidies, loans written off and interest waived in respect of State PSUs for the three years ended 2015-16 are given in the **Table - 1.4**.

**Table - 1.4: Details regarding budgetary support to PSUs**

SN	Particulars	2013-14		2014-15		2015-16	
		No. of PSUs	Amount (₹ in crore)	No. of PSUs	Amount (₹ in crore)	No. of PSUs	Amount (₹ in crore)
1.	Equity Capital outgo from budget	2	22.45	1	4.90	-	-
2.	Loans given from budget	3	556.78	1	16.87	4	531.71
3.	Grants/ Subsidy received	8	3007.97	9	2802.62	8	1992.71
<b>4.</b>	<b>Total Outgo (1+2+3)</b>	<b>11<sup>2</sup></b>	<b>3587.20</b>	<b>11<sup>2</sup></b>	<b>2824.39</b>	<b>9<sup>2</sup></b>	<b>2524.42</b>
5.	Waiver of loans and interest	-	-	-	-	-	-
6.	Guarantees issued	1	500.00	2	526.00	1	1000
7.	Guarantee commitment	3	867.70	3	744.73	3	1353.46

(Source : Data compiled from the Information furnished by the PSUs)

The details regarding budgetary outgo towards equity, loans and grants/ subsidies for the past five years are given in the **Chart - 1.3**.

**Chart - 1.3: Budgetary outgo towards Equity, Loans and Grants/ Subsidies**

The budgetary outgo towards equity, loans and grants/subsidies increased from ₹ 2015.23 crore in 2011-12 to ₹ 3587.20 crore in 2013-14 and thereafter it declined to ₹ 2824.39 crore in 2014-15 and further to ₹ 2524.42 crore in 2015-16. The budgetary outgo of ₹ 2524.42 crore during 2015-16 included support of ₹ 1848.27 crore extended to two PSUs viz. Chhattisgarh State Power Distribution Company Limited and Chhattisgarh State Industrial Development Corporation Limited by way of subsidy and grants of ₹ 1763.73 crore and ₹ 84.54 crore respectively.

<sup>2</sup> These represent actual number of PSUs which received budgetary support . Some PSUs fall in more than one category.

The guarantees outstanding increased from ₹ 867.70 crore in 2013-14 to ₹ 1353.46 crore in 2015-16. None of the PSUs had paid any guarantee fee/commission to the State Government during 2015-16.

### Reconciliation with Finance Accounts

**1.9** The figures in respect of equity, loans and guarantees outstanding as per records of the State PSUs should agree with that of the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the concerned PSUs and the Finance Department should carry out reconciliation of the differences. The position in this regard as at 31 March 2016 is stated in the **Table - 1.5**.

**Table - 1.5: Equity, loans, guarantees outstanding as per Finance Accounts vis a vis records of PSUs**

(₹ in crore)			
Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity	5969.83	8225.08	2255.25
Loans	257.48	531.71	274.23
Guarantee	857.76	1353.46	495.70

(Source: State Finance Accounts for the year 2015-16 and information furnished by PSUs)

Audit observed that the differences occurred in respect of ten PSUs<sup>3</sup> and some differences were pending reconciliation since 2004-05. Though the differences between the amounts reflected in the Finance Accounts and as per the records of the PSUs were reported in the Audit Reports of earlier years, no corrective action was taken by the State Government. The Government and the PSUs should take concrete steps to reconcile the differences in a time bound manner.

### Arrears in finalisation of accounts

**1.10** The financial statements of the companies for every financial year are required to be finalised within six months from the end of the relevant financial year i.e. by September end in accordance with the provisions of Section 96 (1) read with Section 129 (2) of the Companies Act, 2013 (Act). Failure to do so may attract penal provisions under Section 99 of the Act which provides that every officer of the Company who is in default shall be punishable with fine which may extend to one lakh rupees and in case of continuing default, with a further fine which may extend to five thousand rupees for every day during which such default continues. As such Management of the Government companies, whose accounts are in arrears, are liable for default. Similarly, in case of Statutory Corporations, their accounts are finalised, audited and presented to the Legislature as per the provisions of their respective Acts.

**Table - 1.6** provides the details of progress made by PSUs in finalisation of accounts as of 30 September 2016.

<sup>3</sup> CRVVNL, CSIDC, CSPDCL, CSPGCL, CSPHCL, CSPTCL, CIDC, CSCSCL, CNJVAVN and CSWC.

**Table - 1.6: Position relating to finalisation of accounts of working PSUs**

SN	Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
1.	Number of PSUs	20 <sup>4</sup>	19	20	21	22
2.	Number of accounts finalised during the year	16	24	21	24	23
3.	Number of accounts in arrears	41	36	37	34	33 <sup>5</sup>
4.	Number of PSUs with arrears in accounts	15	15	15	17	15
5.	Extent of arrears	1 to 6 years	1 to 7 years	1 to 7 years	1 to 6 years	1 to 5 years

(Source : Data compiled from the Information furnished by the PSUs)

It can be observed that the number of accounts in arrears of the PSUs had decreased over the years from 41 accounts in respect of 15 PSUs in 2011-12 to 33 accounts in respect of 15 PSUs in 2015-16. Out of 34 accounts in arrears as of 30 September 2015 only 23 accounts were finalised during the current year. The extent of arrear was ranging from one to five years.

The administrative departments have the responsibility to oversee the activities of these entities and to ensure that the accounts are finalised and adopted by these PSUs within the stipulated period. We informed the concerned administrative departments and officials of the Government of the arrears in finalisation of accounts. In addition, the Accountant General took up the matter with the Chief Secretary twice during the current financial year (June 2016 and November 2016) for clearance of the arrears of accounts. However, no significant improvement has been noticed.

**1.11** The State Government had invested ₹ 1892.45 crore in five PSUs (Loans: ₹ 530.92 crore in two PSUs and Grants: ₹ 1361.53 crore in three PSUs) during the years for which accounts have not been finalised as detailed in *Annexure - 1.2*. In the absence of finalisation of accounts and their subsequent audit, it could not be ensured whether the investments and expenditure incurred have been properly accounted for and the purpose for which the amount was invested was achieved or not. Further, the present net worth of these PSUs could not be assessed in the absence of finalisation of accounts. Thus Government's investment in such PSUs remained outside the control of State Legislature.

### Placement of Separate Audit Reports

**1.12** The Separate Audit Reports (SAR) issued by the CAG on the annual accounts of Chhattisgarh State Warehousing Corporation (CSWC) are laid in the State Legislature. The SAR on the accounts of CSWC for the year ended 31 March 2014 was placed in the State Legislature on 16 March 2016.

<sup>4</sup> CSEB not considered as arrears of accounts and CPHCL incorporated on 14 December 2011 is also not considered to be in arrears as their first accounts were prepared for 15 months period. However, in respect of CMSCL two accounts have been considered as arrears because the Company has prepared two accounts separately - one for the period from 7 October 2010 to 31 March 2011 and another for the period from 1 April 2011 to 31 March 2012.

<sup>5</sup> Five accounts for the years 2011-12 to 2015-16 are yet to be received from RNNLT.

### Impact of Accounts not finalised

**1.13** As pointed out above (Paragraph 1.10 and 1.11), the delay in finalisation of accounts may also result in risk of fraud and leakage of public money apart from violation of the provisions of the relevant Statues. In view of the above state of arrears of accounts, the actual contribution of PSUs to the State GDP for the year 2015-16 could not be ascertained and their contribution to State exchequer was also not reported to the State Legislature.

It is, therefore, recommended that:

- The Government may set up a cell to oversee the clearance of arrears and set the targets for individual companies/ corporation which would be monitored by the cell.
- The Government may consider outsourcing the work relating to preparation of accounts wherever the staff is inadequate or lacks expertise.

### Performance of PSUs as per their latest finalised accounts

**1.14** The financial position and working results of Government companies and Statutory Corporation are detailed in *Annexure - 1.1*. A ratio of PSU turnover to State GDP shows the extent of PSU activities in the State economy. **Table - 1.7** provides the details of PSU turnover and State GDP for a period of five years ending 2015-16.

**Table - 1.7: Details of working PSUs turnover vis-a-vis State GDP**

Particulars	(₹ in crore)				
	2011-12	2012-13	2013-14	2014-15	2015-16
Turnover <sup>6</sup>	14200.21	11776.04	13734.46	15510.96	21579.75
State GDP	158074	177511	206786	236318	251447
Percentage of Turnover to State GDP	8.98	6.63	6.47	6.56	8.58

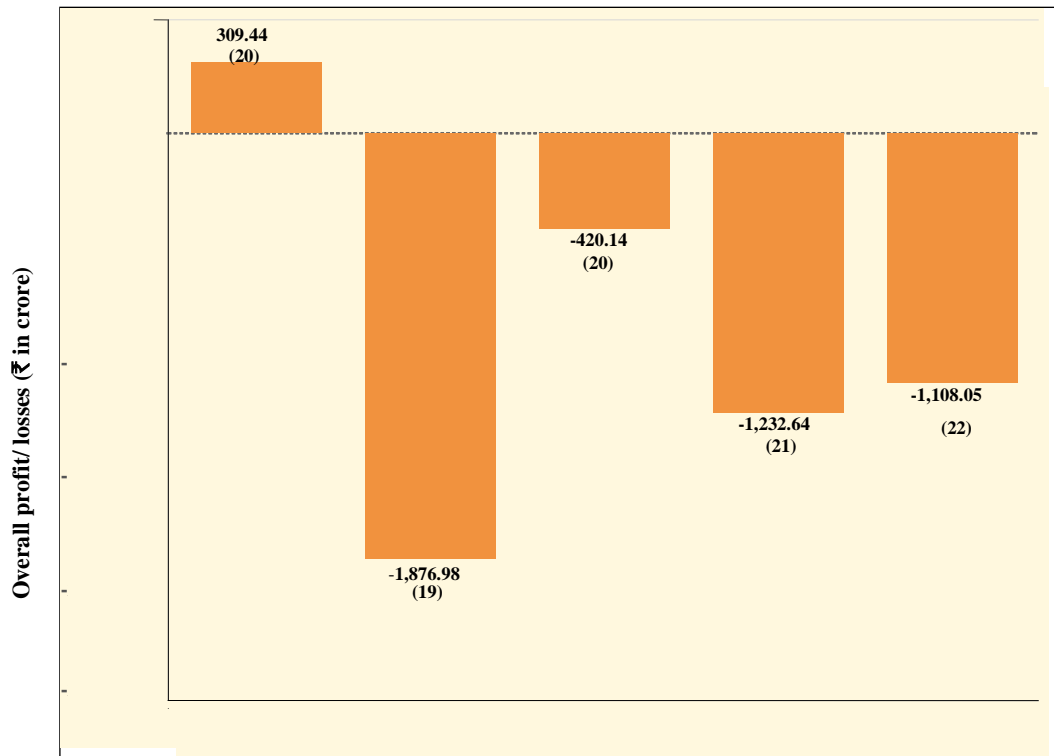
(Source: Website of Ministry of Statistics and Programme Implementation, Government of India and Information furnished by the PSUs)

The percentage of turnover of the PSUs to the State GDP had decreased from 8.98 in 2011-12 to 8.58 in 2015-16. The turnover of ₹ 21579.75 crore in 2015-16 does not include turnover of one PSU (RNNTL) in the absence of finalisation of their first accounts.

**1.15** Overall profit/ losses earned/ incurred by State PSUs during 2011-12 to 2015-16 as per their latest financial accounts as on 30 September 2016 is given in the **Chart - 1.4**.

<sup>6</sup> Turnover as per the latest finalised accounts as of 30 September.



**Chart - 1.4: Overall profit/losses incurred during the year by working PSUs**

(Figures in brackets show the number of working PSUs in respective years)

The aggregate profit of ₹ 309.44 crore earned by the State PSUs in 2011-12 turned into aggregate loss of ₹ 1876.98 crore in 2012-13 due to heavy loss (₹ 2012.27 crore) incurred by Chhattisgarh State Power Distribution Company Limited. In 2015-16 there was an aggregate loss of ₹ 1108.05 crore. During the year, out of 22 working PSUs, 12 PSUs<sup>7</sup> earned total profit of ₹ 488.93 crore and eight PSUs<sup>8</sup> incurred total loss of ₹ 1596.98 crore. One PSU<sup>9</sup> earned neither profit nor loss. The remaining one PSU<sup>10</sup> did not finalise their first accounts. The major contributors to profit were Chhattisgarh State Power Generation Company Limited (₹ 354.15 crore), Chhattisgarh State Warehousing Corporation (₹ 44.33 crore), Chhattisgarh Rajya Van Vikas Nigam Limited (₹ 37.52 crore) and Chhattisgarh Rajya Beej Evam Krishi Vikas Nigam Limited (₹ 25.99 crore). Losses were mainly incurred by Chhattisgarh State Power Distribution Company Limited (₹ 1554.17 crore) and Chhattisgarh State Power Transmission Company Limited (₹ 40.32 crore).

<sup>7</sup> CRBEKVNL, CRVVNL, CNJVAVN, CIDC, CSPGCL, CSPHCL, CSBCL, CSCSCL, CMSCL, CPHCL, CMDC and CSWC

<sup>8</sup> CSIDC, CSCCL, CAPCL, CSPDCL, CSPTCL, CRDCL and KCL

<sup>9</sup> CICL

<sup>10</sup> Raipur Nagar Nigam Transport Limited

**1.16** Some other key parameters of PSUs are given in the **Table - 1.8**.

**Table - 1.8: Key parameters of State PSUs**

Particulars	(₹ in crore)				
	2011-12	2012-13	2013-14	2014-15	2015-16
Return on Capital Employed ( <i>Per cent</i> )	5.59	-	-	-	-
Debt	8576.28	3156.39	12033.56	13602.11	15535.31
Turnover <sup>11</sup>	14200.21	11776.04	13734.46	15510.96	21579.75
Debt/ Turnover Ratio	0.60	0.27	0.88	0.88	0.72
Interest Payments	618.38	395.46	415.87	697.83	1009.99
Accumulated Profit /(-)Loss	2002.78	(-)3136.26	(-)3627.12	(-) 4780.58	(-) 5879.98

(Source: Data compiled from the Information furnished by the PSUs)

Return on Capital Employed during 2011-12 was 5.59 *per cent* and in the subsequent years there was no return as the PSUs suffered losses. The accumulated profit of the State PSUs of ₹ 2002.78 crore in 2011-12 has turned into accumulated loss of ₹ 5879.98 crore in 2015-16 which was mainly due to losses incurred by Chhattisgarh State Power Distribution Company Limited and Chhattisgarh State Power Transmission Company Limited. This indicated the deteriorating operational performance of PSUs. The Debt turnover ratio increased from 0.60:1 in 2011-12 to 0.72:1 in 2015-16 showing that turnover has not increased in the proportion in which debt has increased during this period.

**1.17** The State Government had not formulated any dividend policy for payment of minimum return on the paid-up share capital contributed by it. As per their latest finalised accounts, 12 PSUs earned profit aggregating ₹ 488.93 crore of which only two PSUs (Chhattisgarh Rajya Van Vikas Nigam Limited and Chhattisgarh State Warehousing Corporation) declared dividend of ₹ 4.53 crore.

### Accounts Comments

**1.18** Nineteen companies forwarded their 22 audited accounts to the Accountant General during the period from 1 October 2015 to 30 September 2016. Of these, 21 Accounts of 19 companies<sup>12</sup> were selected for supplementary audit. The audit reports of Statutory Auditors appointed by CAG and the supplementary audit of CAG indicate that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of comments of Statutory Auditors and CAG are given in **Table - 1.9**.

<sup>11</sup> Turnover of PSUs as per their latest finalised accounts as of 30 September 2016.

<sup>12</sup> CRBEKVN, CRVNL, CIDC, CSIDC, CMDC, CIDL, CSCCL, CAPCL, CSPDCL, CSPGCL, CSPHCL, CSPTCL, CSPTCL, CSBCL, CSCSCL, CMSCL, CPHCL, CRDCL and KCL

**Table - 1.9: Impact of audit comments on working Companies**

SN	Particulars	2013-14		2014-15		2015-16	
		No. of accounts	Amount (₹ in crore)	No. of accounts	Amount (₹ in crore)	No. of accounts	Amount (₹ in crore)
1.	Decrease in Profit	7	3.70	9	26.35	8	31.09
2.	Increase in Loss	3	216.54	4	6.09	3	7.94
3.	Increase in Profit	4	0.90	5	150.74	4	177.42
4.	Decrease in Loss	4	1448.49	1	360.86	4	26.58
5.	Material facts not disclosed	3	1065.51	6	527.54	6	581.49
6.	Error in classification	1	34.01	6	77.76	3	17.12

(Source: Figures worked out by Audit)

During the year, the Statutory Auditors had given unqualified certificates for six accounts and qualified certificates for 16 accounts. The compliance of companies with Accounting Standards remained poor as there were 26 instances in 15 PSUs accounts where compliance of accounting standards was not made.

**1.19** Similarly, the Chhattisgarh State Warehousing Corporation forwarded its accounts for the year 2014-15 to the Accountant General during the year 2015-16. The Statutory Auditors have given qualified certificate on the accounts and the accounts of the Corporation was selected for supplementary audit. The details of aggregate money value of comments of Statutory Auditor and CAG on the Corporation is given in **Table - 1.10**.

**Table - 1.10: Impact of audit comments on Statutory Corporation**

SN	Particulars	2013-14		2014-15		2015-16	
		No. of accounts	Amount (₹ in crore)	No. of accounts	Amount (₹ in crore)	No. of accounts	Amount (₹ in crore)
1	Increase in profit	-	-	1	0.53	Under finalisation	
2	Decrease in profit	1	0.20	1	0.82		

(Source: Figures worked out by Audit)

## Response of the Government to Audit

### Performance Audits and Paragraphs

**1.20** For the Report of the CAG for the year ended 31 March 2016, one performance audit on Implementation of Restructured Accelerated Power Development and Reforms Programme in Chhattisgarh, audit on Mining and Marketing of Minerals by Chhattisgarh Mineral Development Corporation Limited and nine compliance audit paragraphs involving six departments were issued to the Additional Chief Secretaries/ Principal Secretaries/ Secretaries of the respective Departments with request to furnish replies within six weeks. The State Government had furnished all the replies.

## Follow up action on Audit Reports

### Replies outstanding

**1.21** The Report of the CAG represents the culmination of the process of audit scrutiny. According to the Rules of procedure for the internal working of the Committee on Public Undertakings (COPU), the Administrative Departments were to initiate, *suo moto* action on all Audit Paragraphs and performance audits featuring in the Comptroller and Auditor General's Audit Report regardless of whether these are taken up for examination by COPU or not. They were also to furnish explanatory notes, indicating the remedial action taken or proposed to be taken by them within six months of the presentation of the Audit Reports to the State Legislature. The replies/explanatory notes awaited as on 30 September 2016 are given in **Table – 1.11**.

**Table – 1.11: Explanatory notes not received (as on 30 September 2016)**

Year of the Audit Report (Commercial/PS U)	Date of placement of Audit Report in the State Legislature	Total Performance Audits (PAs) and Paragraphs in the Audit Report		Number of PAs/Paragraphs for which explanatory notes were not received	
		PAs	Paragraphs	PAs	Paragraphs
2008-09	26 March 2010	1	5	-	2
2014-15	31 March 2016	1	13	1	4
<b>Total</b>		<b>2</b>	<b>18</b>	<b>1</b>	<b>6</b>

(Source: Information compiled by Audit)

From the above, it could be seen that out of 20 paragraphs/ performance audits, explanatory notes to seven paragraphs/ performance audit in respect of three departments ( Energy Department, Home Department and Commerce & Industries Department), which were commented upon, were awaited (September 2016).

### Discussion of Audit Reports by COPU

**1.22** The status as on 30 September 2016 of performance audits and paragraphs that appeared in Audit Reports (Civil & Commercial) and Audit Reports (PSUs) and discussed by COPU is as given in **Table - 1.12**.

**Table - 1.12: Performance Audits/ Paragraphs appeared in Audit Reports vis-à-vis discussed as on 30 September 2016**

Period of Audit Report	Number of Performance Audits (PAs)/ Paragraphs					
	Appeared in Audit Report		Paras discussed		Paras pending for discussion	
	PAs	Paragraphs	PAs	Paragraphs	PAs	Paragraphs
2008-09	1	5	1	3	-	2
2010-11	1	8	1	5	-	3
2011-12	1	10	-	3	1	7
2012-13	1	9	1	4	-	5
2013-14	1	11	-	5	1	6
2014-15	1	13	-	1	1	12
<b>Total</b>	<b>6</b>	<b>56</b>	<b>3</b>	<b>21</b>	<b>3</b>	<b>35</b>

(Source: Information compiled by Audit)

### Compliance to Reports of Committee on Public Undertakings (COPU)

**1.23** Action Taken Notes (ATN) of the Government Departments to seven paragraphs pertaining to seven Reports of the COPU presented to the State Legislature between July 2008 and March 2012 have not been received (September 2016) as indicated in **Table - 1.13**.

**Table - 1.13: Compliance to COPU Reports**

Year of the COPU Report	Total number of COPU Reports	Total number of recommendations in COPU Report	Number of recommendations for which ATN not received
2008-09	2	3	1
2009-10	1	1	1
2010-11	3	4	3
2011-12	1	2	2
<b>Total</b>	<b>7</b>	<b>10</b>	<b>7</b>

(Source: Information compiled by Audit)

These Reports of COPU contained recommendations in respect of paragraphs pertaining to three departments (Food Department, Energy Department and Commerce & Industries Department), which appeared in the Reports of the CAG for the years 2002-03 to 2008-09.

It is recommended that the Government may ensure:

- sending of replies/ explanatory notes to IRs/draft paragraphs/performance audits and ATNs on the recommendations of COPU as per the prescribed time schedule;
- recovery of loss/ outstanding advances/ overpayments within the prescribed period; and
- revamping of the system of responding to audit observations.