

CHAPTER-I

INTRODUCTION

CHAPTER - I

INTRODUCTION

1.1 About this Report

This report contains the results of Performance and Compliance Audits of various Departments under General, Social and Economic Sectors of the Government of Chhattisgarh conducted during 2016-17 in compliance with the CAG's audit mandate.

The report aims to assist the Chhattisgarh Legislative Assembly in ensuring executive accountability and improving the process of governance and improving public service delivery of various Departments.

This Report contains the following chapters:

- Chapter I:** General information about the auditee Departments
- Chapter II:** Performance Audit (PA) on (i) National Rural Health Mission; and (ii) National Food Security Mission.
- Chapter III:** Compliance Audit on (i) e-Procurement system in Chhattisgarh; (ii) Follow-up Audit of the PA on development of roads under Central Road Fund and Minimum Needs Programme; and (iii) seven Audit paragraphs.

1.2 Auditee Profile

Thirty-seven out of total 45 Departments in Chhattisgarh fall under the General, Social and Economic Sectors (GSES). These Departments are headed by Additional Chief Secretaries/Principal Secretaries/Secretaries, who are assisted by Commissioners/Directors and subordinate officers under them.

The State Government spent ₹ 60,471 crore against the budget of ₹ 80,202 crore during 2016-17 mainly due to decrease of revenue expenditure in education, sports, art and culture (₹ 2,230 crore), agriculture and allied services (₹ 2,129 crore) and pension and miscellaneous general services (₹ 1,697 crore). Similarly, there was decrease in capital expenditure in transport Department valued at ₹ 2,301 crore and rural development Department valued at ₹ 477 crore. Results of audit of the financial performance of the Government for 2016-17 are included in the Report (**Audit Report No. 1 of 2018**) on State Finances. The trend of budget estimates and actual expenditure during 2012-17 is depicted in **Chart 1** and details of major spending Departments are shown in **Table 1.1**.

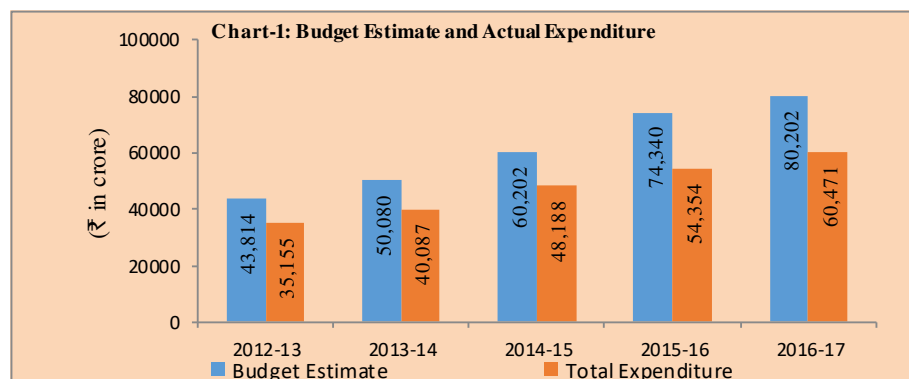


Table 1.1: Trend of expenditure in six major spending Departments during 2014-17

(₹ in crore)			
Name of Department	2014-15	2015-16	2016-17
Education, Sports, Arts and Culture	9,518.25	9,822.82	11,596.31
Health and Family Welfare	2,333.35	2,419.42	3,292.27
Water Supply, Sanitation, housing and Urban Development	2,257.81	1,413.26	5,201.09
Agriculture and Allied Services	7,784.11	8,324.55	6,860.73 ¹
Rural Development	4,045.22	2,966.18	4,665.81
Irrigation and Flood Control	1,990.54	2,226.25	2,412.95

1.3 Audit Coverage

Accountant General (Audit), Chhattisgarh conducted the compliance audit of 372 out of 3,622 auditee units under 26 Departments during 2016-17. Of these, 132 units (35 per cent) were from the six major Departments indicated in **Table No. 1.1**.

1.4 Response of the Government to Audit

Audit affords four stage opportunity to the auditee units/Departments to elicit their views on audit observations viz.,

- Audit Memos:** Issued to the head of the auditee unit during the field audit to be replied during the audit itself.
- Inspection Report (IR):** Issued within a month of the actual audit to be replied to by the head of the auditee unit within four weeks.
- Statement of Facts (SoF):** Issued to the heads of the Departments under whom the auditee units function for submission of departmental views within six weeks for consideration prior to these being included in the Audit Report.
- Exit Conference:** Final opportunity is given to the head of Departments and State Government to elicit departmental/Government views on the audit observations.

In all these stages, Audit strives to provide full opportunities to auditee units/heads of Departments/State Government to provide rebuttals and clarifications after which, the audit observations are considered for inclusion in the Inspection Report or Audit Report as the case may be.

Inspection Reports (IRs)

A detailed review of IRs issued up to March 2017 to 3,622 Drawing and Disbursing Officers (DDOs) pertaining to 37 Departments revealed that 16,057 paragraphs amounting to ₹ 31,237.76 crore contained in 3,793 IRs were

¹ The main reason for shortfall in expenditure over previous years was due to decrease in expenditure of ₹ 2063.38 crore in food subsidy under 2408-Food, Storage and Warehousing (Food, Civil Supplies and Consumer Protection Department). Against the budget estimate of ₹ 9053.53 crore, expenditure of ₹ 6860.73 crore was incurred. The savings occurred mainly in the Food and Civil Supplies Department (subsidy under Chief Minister Food Assistance Programme, Gram distribution under Antodaya Anna Yojana and construction of Godowns) and Forest Department (Timber, National Afforestation and National Forestation)

outstanding for settlement for want of convincing replies as on 31 March 2018². Of these, the DDOs submitted initial replies against 13,771 paragraphs contained in 3,436 IRs. The DDOs failed to furnish even initial replies in respect of 2,286 paragraphs contained in 357 IRs having overall money value of ₹ 7,355.24 crore.

Further, 62 *per cent* IRs and 48 *per cent* paragraphs were outstanding for more than five years and 10 *per cent* IRs and 16 *per cent* paragraphs pertain to current year (2016-17). Details are furnished in the **Table 1.2**.

Table 1.2: Outstanding IRs and Paragraphs issued up to 31 March 2017 as on 31 March 2018

Sl. No.	Period	No. of outstanding IRs (<i>per cent</i>)	No. of outstanding paragraphs (<i>per cent</i>)
1	2016-17	372 (10)	2,572 (16)
2	1 year to 3 years	680 (18)	3,798 (23)
3	3 years to 5 years	386 (10)	2,026 (13)
4	More than 5 Years	2,355 (62)	7,661 (48)
Total		3,793	16,057

During 2016-17, four Audit Committee meetings were held with departmental officers, in which 63 IRs and 311 Paragraphs were settled.

Statement of Facts (SoFs)

During 2016-17, 36 SoFs were issued by the Accountant General to heads of 13 Departments to elicit their views on the audit observations. Of these, only 24 replies were received from 10 Departments and no reply was furnished to the 12 SoFs³ till March 2018 as shown below:

No. of SoFs issued during 2016-17	Replies received till March 2018	Replies not received till March 2018
36	24	12

Non-production of records to Audit

Section 18 (1) (b) of the C&AG's (Duties, Powers and Conditions of Service) Act, 1971 stipulates that the C&AG has the authority in connection with the performance of his duties under the said Act to requisition any accounts, books and other documents which deal with or form the basis of or are otherwise relevant to the transactions to which his duties in respect of audit extends. This provision has been further amplified by Regulation 181 of the Regulation on Audit and Accounts 2007 which stipulates that every department or entity shall establish and implement a mechanism to ensure that data, information and documents that are required by Audit are made available to it in time.

Audit of the office of Secretary, Chhattisgarh, Vidhan Sabha Secretariat (CVSS) was conducted in February 2017. The records⁴ of appointments and promotions of the staff of CVSS, though requisitioned in Audit and reminded repeatedly, were not furnished by the Deputy Secretary (Accounts). The audit of the said

² Including IRs and paragraphs issued up to 31 March 2017 and outstanding as on 31 March 2018.

³ Public Works Department (three SoFs), Water Resources Department (four SoFs), Higher Education Department (five SoFs)

⁴ Service book, personal files of officials, appointment and promotion orders, gradation list etc.

unit was again conducted between 27 August 2018 and 07 September 2018. However, these records of appointment and promotions of the staff of CVSS were again not produced to Audit despite requisition and reminders. Such non-production of records severely limits the exercise of CAG's constitutional mandate and may result in possibility of wrong doing, wrong appointments etc. This is a red flag which should be investigated from vigilance angle and also considered for disciplinary action against the concerned Deputy Secretary (Accounts).

Recommendation

The State Government should direct Secretary, CVSS to examine the matter of non-production of records from a vigilance angle, and consider taking appropriate action against the Deputy Secretary (Accounts).

1.5 Performance and Compliance Audits

For the present Audit Report 2016-17, draft reports on two Performance Audits, two Compliance Audits and seven Audit Paragraphs were forwarded to the concerned Administrative Secretaries. These were replied to by the concerned Additional Chief Secretary/Principal Secretary/Secretary of the Departments in the Exit Conference. For the Audit paragraphs, reply has been received for three paragraphs while no replies were furnished by four Departments⁵ on the remaining four paragraphs despite repeated reminders.

1.6 Action taken on earlier Audit Reports

According to the rules of procedure for the internal working of the Committee on Public Accounts, Administrative Departments were to initiate, *suo motu* action on all Audit Paragraphs and Reviews featuring in the Comptroller and Auditor General's Audit Reports (ARs), regardless of whether these are taken up for examination by the Public Accounts Committee (PAC) or not. They were also required to furnish detailed Action Taken Notes (ATNs), duly vetted by Audit, indicating the remedial action taken or proposed to be taken by them. The Audit Reports on GSES for the years 2000-01 to 2015-16 have 357 outstanding paragraphs. The discussion status is mentioned in **Table 1.3** below:

Table 1.3: Status of PAC discussion, Chhattisgarh, Vidhan Sabha

Status	Audit Report (Civil) for the year 2000-01 to 2015-16
No. of outstanding Audit Paragraphs	357
Taken up by PAC for discussion	189
Not taken up for PAC discussion	168
Recommendation made by PAC	81 paragraphs
ATN received	68 paragraphs
Action taken by the Department	68 paragraphs

⁵ Tribal and Scheduled Caste Welfare Department, Public Works Department, Water Resources Department, Panchayat & Rural Development Department

1.7 Recoveries at the instance of Audit

The audit findings involving recoveries that came to notice in the course of test audit of accounts of Departments of the State Government are referred to various departmental DDOs for confirmation and further necessary action under intimation to Audit.

Against recovery of ₹ 576.88 crore pointed out in 75 cases during the year 2016-17, total recovery of ₹ 23.67 crore was made in 28 cases, as detailed in **Table 1.4** below:

Table 1.4: Recoveries pointed out by Audit and accepted/recovered by the Departments

(₹ in crore)

Name of Sector	Recoveries pointed out in Audit and accepted by the Departments during 2016-17		Recoveries effected during 2016-17 (includes recoveries pertaining to previous years)		Name of the Department	Particulars of recoveries
	Number of cases	Amount involved	Number of cases	Amount involved		
Social Sector	0	0	11	11.42	PHE, Panchayat & Rural Development, Health & family Welfare, School Education and Culture	Recovery of penalty, liquidated damages, excess payment from contractors, recovery of advances from officials and Sarpanch.
Economic Sector	75	576.88	17	12.25	PWD, WRD, Agriculture	Royalty, Mobilisation Advance, cost of hard rock obtained from excavation of work site, extra cost, penalty for delay, recovery from staff and contractors.
Total	75	576.88	28	23.67		

A case study of recovery at the instance of audit is given below:

Registrar, Pandit Ravishankar Shukla University (PRSU) Raipur made irregular and unauthorised payment of conveyance allowance of ₹ 1.70 crore to its employees (Group I to IV) between April 2000 and July 2017 in violation of the Rules of the State Government and without obtaining sanction from the State Government. On being pointed out (May 2016) in audit, Registrar, PSRU issued (August 2017) orders stopping the irregular payment at the higher rate to the Group III and IV employees and unauthorised payment to Group I and II employees. Moreover, the University initiated (between October 2017 and August 2018) recovery of excess payment and had recovered ₹ 29.44 lakh from the employees. The Registrar of the University also assured Audit that the remaining amount would be recovered in subsequent installments.