

CHAPTER-I
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1.1 About this Report

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

The report aims to assist the Jharkhand 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:

1. **Chapter I:** General information about the auditee departments
2. **Chapter II:** Compliance Audits on (i) execution of dairy development schemes in Jharkhand, (ii) Pre-conception and Pre-natal Diagnostic Techniques (Prohibition of sex selection) Act, 1994 (PCPNDT Act), (iii) management of forest lands in Jharkhand, and eight Audit paragraphs.

1.2 Auditee Profile

Twenty-seven out of total 31 departments in Jharkhand fall under the General, Social and Economic Sectors (GSES). These departments are headed by Additional Chief Secretaries / Principal Secretaries / Secretaries, who are assisted by Commissioner/Directors and subordinate officers under them.

The State Government spent only ₹ 59,363 crore against the budget of ₹ 72,966 crore during 2016-17. 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**

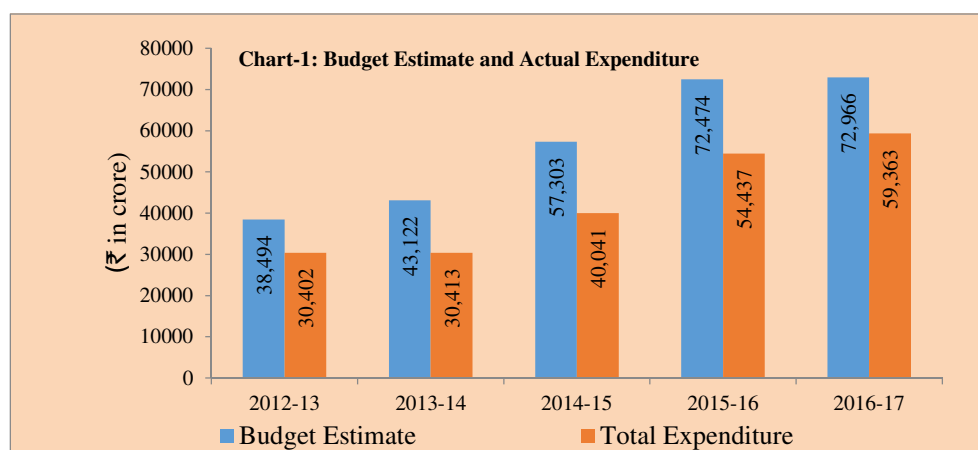


Table 1.1: Statement of expenditure of six major departments

Department	(₹ in crore)		
	2014-15	2015-16	2016-17
School Education & Literacy Development	4,824	5,524	6,637
Rural Development	2,782	4,001	3,470
Health, Medical Education & Family Welfare	1,609	2,159	2,469
Women, Child Development & Social security	865	1,957	2,532
Food, Public Distribution & Consumer Affairs	842	779	1,121
Water Resources	704	1,415	1,777

1.3 Audit Coverage

Accountant General (Audit), Jharkhand conducted audit of 535 units out of total 6,760 units under 27 departments during 2016-17. Of these, 384 units (69 per cent) were from the six major departments indicated in Table no 1.1 besides the Compliance Audit on execution of schemes as mentioned in Chapter II.

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.,

1. **Audit Memos:** Issued to the head of the auditee unit during the field audit to be replied during the audit itself.
2. **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.
3. **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.
4. **Exit Conference:** Final opportunity is given to the head of departments and State Government to elicit views on the audit observations.

In all these stages, Audit strives to provide full opportunity 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 1,793 Drawing and Disbursing Officers (DDOs) pertaining to 31 departments revealed that 24,976 paragraphs amounting to ₹ 51,179 crore contained in 4,256 IRs were outstanding for settlement for want of convincing replies as on 31 March

2018¹. Of these, the DDOs submitted initial replies against 18,713 paragraphs contained in 2,996 IRs while, in respect of 6,263 paragraphs contained in 1,260 IRs there was no response from DDOs.

Further, age analysis of the pendency revealed that 58 *per cent* IRs and 52 *per cent* paras were outstanding for more than five years of which, 10 *per cent* IRs and 13 *per cent* paras 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 paras (<i>per cent</i>)
1	2016-17	454 (10)	3,277 (13)
2	1 year to 3 years	759 (18)	4,605 (19)
3	3 years to 5 years	584 (14)	4,089 (16)
4	More than 5 Years	2,459 (58)	13,005 (52)
Total		4,256	24,976

During 2016-17, 20 (Audit Committee Meetings) meetings of Audit with departmental officers were held, in which 61 IRs and 673 paras were settled.

Statement of Facts (SoF)

During 2016-17, 75 SoFs were issued by the Accountant General to heads of 12 departments to elicit their views on the audit observations. Of these, only three replies were received from two departments and no reply was furnished to 72 SoFs² till March 2018 as shown below.

No. of SoFs issued during 2016-17	Replies received till March 2018	Replies not received till March 2018
75	03	72

1.5 Compliance Audits

For the present Audit Report 2016-17, draft reports on three Compliance Audits and eight Audit Paragraphs were forwarded to the concerned Administrative Secretaries. For the Compliance Audit on execution of dairy development schemes in Jharkhand, Secretary to Government has given reply in the Exit Conference while for the other two Compliance Audits Government reply has been received. However, for the Audit Paragraphs, reply has been received only for one paragraph while no replies were

¹ Including IRs and paragraphs issued up to 31 March 2017 and outstanding as on 31 March 2018.

² Drinking water and Sanitation-03, Health, Medical Education and Family Welfare-02, Labour, Employment and Skill Development-01, Rural Development-41, Revenue, land reforms and Registration-02, Road Construction-06, Home (Police), Jail and Disaster Management-03, Water Resources-05, Forest, Environment and Climate Change-02, Agriculture, Animal Husbandry and Co-operative -04, Information and Public relation-01 and Building Construction-02

furnished by the departments³ on the remaining seven 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, the Administrative departments were to initiate, *suo moto* 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 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 2008-09 to 2015-16 have 191 outstanding paragraphs. Of these, PAC has taken up 55 paragraphs for discussion and made one recommendation in respect of one sub-paragraph pertaining to the Audit Report 2008-09 (sub-para 1.3.6.1). However, no ATN on this sub-paragraph has been received.

Further, the Audit Reports of 2000-01 to 2007-08 which were left to the Departments for follow-up, had 201 outstanding paragraphs of which 94 paragraphs were taken up for discussion by PAC. Against this, PAC had made recommendations in respect of seven paragraphs and eight sub-paragraphs of which, ATNs were received in respect of two paragraphs and six sub-paragraphs as detailed in **Table 1.3** below:

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

Status	Audit Report (Civil) for the year 2000-01 to 2007-08	Audit Report (Civil) for the year 2008-09 to 2015-16
No. of outstanding Audit paras	201	191
Taken up by PAC for discussion	94	55
Not taken up for PAC discussion	107	136
Recommendation made by PAC	7 paras & 8 sub-paras	1 sub-para
ATN received	2 paras & 6 sub-paras	Nil
Action taken by the department	2 paras & 6 sub-paras	Nil

³ Rural Development (01), Road Construction (02), Home (Police), Jail and Disaster Management (02), Health, Medical Education and Family Welfare (01), Drinking Water and Sanitation (01)