

Chapter 1

Introduction

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1.1 Budget profile

There are 56 departments and 30 autonomous bodies functioning under the Government of Haryana. The position of budget estimates and actual expenditure thereagainst by the State Government during 2013-18 is given in **Table 1.1**.

Table 1.1: Budget and actual expenditure of the State during 2013-18

(₹ in crore)

Expenditure	2013-14		2014-15		2015-16		2016-17		2017-18	
	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals
General Services	14,481	13,597	16,639	16,765	19,668	18,713	21,663	21,631	24,379	26,699
Social Services	18,563	15,414	21,498	19,120	25,015	21,539	29,403	25,473	31,404	28,061
Economic Services	13,000	12,740	14,372	13,088	16,549	18,691	23,482	20,875	23,752	18,107
Grants-in-aid and Contributions	179	136	194	145	213	293	248	424	401	390
Total (1)	46,223	41,887	52,703	49,118	61,445	59,236	74,796	68,403	79,936	73,257
Capital Outlay	5,766	3,935	5,747	3,716	5,904	6,908	8,817	6,863	11,122	13,538
Loans and Advances Disbursed	1,084	776	1,001	843	1,367	13,250	4,729	4,515	1,326	1,395
Repayment of Public Debt	13,105	7,968	13,850	8,227	10,036	7,215	9,677	5,276	9,945	6,339
Contingency Fund	-	-	-	-	-	63	-	80	-	27
Public Accounts disbursements	94,863	24,560	52,478	25,609	84,833	28,650	96,756	29,276	2,04,107	31,171
Closing Cash balance	-	6,007	-	6,508	-	6,218	-	5,658	-	4,417
Total (2)	1,14,818	43,246	73,076	44,903	1,02,140	62,304	1,19,979	51,668	2,26,500	56,887
Grand Total (1+2)	1,61,041	85,133	1,25,779	94,021	1,63,585	1,21,540	1,94,775	1,20,071	3,06,436	1,30,144

Source: Annual Financial Statements and Explanatory Memorandum of the Budget of the State Government.

1.2 Application of resources of the State Government

As against the total budget outlay of ₹ 3,06,436 crore, the application of resources was ₹ 1,30,144 crore during 2017-18. The total expenditure¹ of the State increased by 89 per cent from ₹ 46,598 crore to ₹ 88,190 crore during the period 2013-14 to 2017-18 while the revenue expenditure increased by 75 per cent from ₹ 41,887 crore to ₹ 73,257 crore during the same period. The revenue expenditure constituted 75 to 92 per cent of the total expenditure while capital expenditure was seven to 15 per cent during the period from 2013-14 to 2017-18.

¹ Total of Revenue Expenditure, Capital Outlay and Loans and Advances.

During the period from 2013-14 to 2017-18, total expenditure increased at an annual average rate of 16 per cent whereas revenue receipts grew at an annual average growth rate of 13 per cent.

1.3 Persistent savings

During the last five years, 15 grants and one appropriation showed persistent savings of more than ₹ 10 crore and which were also 10 per cent or more of the total grants (Table 1.2).

Table 1.2: Grants indicating persistent savings

(₹ in crore)

Sr. No.	Number and name of the grant	Amount of savings				
		2013-14	2014-15	2015-16	2016-17	2017-18
Revenue (Voted)						
1.	07-Planning and Statistics	280.85 (51)	333.58 (81)	237.74 (58)	283.17 (62)	10.76 (26)
2.	09-Education	1,818.31 (21)	1,369.49 (14)	2,317.26 (20)	3,436.36 (25)	2,345.71 (17)
3.	11-Sports and Youth Welfare	56.33 (31)	58.82 (25)	84.43 (27)	105.84 (25)	211.20 (46)
4.	13-Health	279.74 (14)	576.18 (21)	547.14 (18)	595.38 (18)	434.07 (12)
5.	14-Urban Development	118.37 (62)	32.64 (24)	63.06 (37)	12.47 (13)	53.95 (51)
6.	15-Local Government	589.57 (27)	584.00 (28)	1,407.70 (43)	879.77 (25)	1,462.93 (27)
7.	17-Employment	25.61 (33)	25.15 (31)	29.62 (38)	16.12 (23)	56.52 (24)
8.	18-Industrial Training	24.32 (13)	24.00 (11)	30.39 (12)	52.67 (19)	122.11 (29)
9.	19-Welfare of SCs, STs, Other BCs and Minorities	140.96 (30)	95.10 (26)	323.20 (49)	213.79 (27)	357.63 (47)
10.	21-Women and Child Development	157.81 (22)	195.08 (22)	268.23 (27)	368.88 (33)	232.26 (22)
11.	23-Food and Supplies	185.52 (51)	166.43 (45)	122.74 (33)	115.61 (14)	311.20 (54)
12.	27-Agriculture	256.92 (24)	473.74 (37)	374.19 (27)	826.91 (43)	648.44 (34)
13.	32-Rural and Community Development	345.36 (16)	580.95 (23)	815.54 (28)	366.90 (10)	1,193.68 (26)
Capital (Voted)						
14.	21-Women and Child Development	193.87 (99)	163.97 (74)	168.82 (79)	37.37 (34)	110.87 (64)
15.	38-Public Health & Water Supply	137.28 (11)	146.74 (13)	323.70 (28)	310.50 (25)	273.98 (19)
Capital (Charged)						
16.	Public Debt	5,027.64 (38)	5,622.44 (41)	2,820.83 (28)	4,401.67 (45)	3,606.12 (36)

Note: Figures in parenthesis show percentage of savings to total provision
(Source: Appropriation Accounts of concerned years)

1.4 Grants-in-aid from Government of India

Grants-in-aid from GOI decreased by ₹ 492.46 crore in 2017-18 over the previous year as shown in **Table 1.3**.

Table 1.3: Grants-in-aid received from GOI

Particulars	(₹ in crore)				
	2013-14	2014-15	2015-16	2016-17	2017-18
Non-Plan Grants	2,256.17	1,723.20	3,744.39	3,078.49	-
Grants for State Plan Schemes	856.66	2,815.36	2,268.18	2,327.52	-
Grants for Central Plan Schemes	62.99	24.57	27.53	34.50	-
Grants for Centrally Sponsored Schemes	951.36	439.75	338.66	237.07	2,326.62
Finance Commission Grants	-	-	-	-	1,316.68
Other Transfer/Grants to States	-	-	-	-	1,541.82
Total	4,127.18 (76)	5,002.88 (21)	6,378.76 (28)	5,677.58 (-11)	5,185.12 (-9)

(Source: Finance Accounts for respective years.)

In addition to above, GoI had been transferring sizeable funds directly to the State implementing agencies for implementation of various schemes. GoI decided to route these funds through State Budget from 2014-15 onwards. However, during 2017-18, the GoI transferred ₹ 3,226.60 crore directly to various implementing agencies/Non-Governmental Organisations of the State.

1.5 Planning and conduct of audit

The audit process commences with risk assessment of various departments, autonomous bodies and schemes/projects which involves assessing the criticality/complexity of activities, the level of delegated financial powers, internal controls and concerns of stakeholders and previous audit findings. Based on the risk assessment, the frequency and extent of audit are decided and an Annual Audit Plan is formulated.

After completion of audit, an Inspection Report containing audit findings is issued to the head of the office with the 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 Governor of Haryana under Article 151 of the Constitution of India.

During 2017-18, compliance audit of 1,095 drawing and disbursing officers of the State and 19 autonomous bodies under sections 19(2), 19(3) and 20(1) of Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act 1971, was conducted by the office of the Principal Accountant General (Audit),

Haryana. In addition, one performance audit on “Working of Chaudhary Charan Singh Haryana Agricultural University” were also conducted.

1.6 Significant audit observations and response of Government to audit

In the last few 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 have negative impact on the success of programmes and functioning of the departments. The focus was on offering suitable recommendations to the Executive for taking corrective action and improving service delivery to the citizens. The departments are required to send their responses to draft performance audit reports/draft paragraphs proposed for inclusion in the Comptroller and Auditor General of India’s Audit Reports within six weeks.

This Audit Report contains one Performance Audit and 23 compliance audit paragraphs which were forwarded to the concerned Administrative Secretaries. Replies from the administrative Departments have been received for only five compliance audit paragraphs which have been suitably incorporated in the Audit Report.

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 Government departments were referred to the various departmental Drawing and Disbursing Officers (DDOs) for confirmation and further necessary action under intimation to audit. An amount of ₹ 1.31 crore was recovered in 60 cases during 2017-18 by various departments after being pointed out by the Audit through Inspection Reports.

1.8 Lack of responsiveness of Government to Audit

After periodical inspection of the Government departments, the Principal Accountant General (Audit) issues the Inspection Reports (IRs) to the head of offices audited with copies to the next higher authorities. The executive authorities are expected to promptly rectify the defects and omissions pointed out and report compliances to the Principal Accountant General (Audit) within four weeks. Half yearly reports of IRs pending for more than six months are also sent to the concerned Administrative Secretaries of the departments to facilitate monitoring and compliance of the audit observations in the pending IRs. As of September 2018, 25,419 paragraphs pertaining to 8,176 IRs having money value of ₹ 1,68,048.92 crore were outstanding against various auditable units pertaining to Social, General and Economic Sectors (Non Public Sector Undertakings).

A review of Inspection Reports audited up to March 2018 relating to various offices of Police Department revealed that 522 paragraphs of 163 IRs with money value of ₹ 531.32 crore remained outstanding at the end of September 2018 as indicated in the **Table 1.4**:

Table 1.4: Year wise breakup of outstanding Inspection Reports and paragraphs

(₹ in crore)

Year	Number of IRs	Number of paragraphs	Amount
1997 to 2013	64	116	138.34
2013-14	18	33	53.12
2014-15	22	67	21.30
2015-16	34	138	21.02
2016-17	20	130	221.16
2017-18	05	38	76.38
Total	163	522	531.32

{Source: Information derived from IR Registers maintained in PAG (Audit) Office}.

Category-wise details of irregularities pointed out through these IRs which had not been settled as of September 2018 are indicated in **Appendix 1.1**

1.9 Follow-up on Audit Reports

According to the instructions issued (October 1995) by the Government of Haryana, Finance Department and reiterated in March 1997 and July 2001, the administrative departments were to initiate *suo motu* action on all audit paragraphs and performance audits featuring in the Comptroller and Auditor General's Audit Reports (ARs) regardless of whether the cases were taken up for examination by the Public Accounts Committee or not. The administrative departments were required to furnish Action Taken Notes (ATNs) indicating the remedial action taken or proposed to be taken by them within three months of the presentation of the ARs to the Legislature.

A review of the position of the paragraphs included in the ARs for the period 2015-16 and 2016-17, revealed that 33 paragraphs (including performance audits) pertaining to 21 administrative departments (**Appendix 1.2**) were yet to be discussed in Public Accounts Committee (June 2018). Out of these 33 paragraphs, ATNs on 25 paragraphs were not submitted by 16 administrative departments as per details given in the **Appendix 1.3**.

Fourteen administrative departments had not taken any action to recover the amount of ₹ 1,714.39 crore in respect of 31 paragraphs and performance audits as per details given in the **Appendix 1.4**.

Further, the response of the administrative departments towards the recommendations of the Public Accounts Committee was not encouraging as

824 recommendations relating to Audit Reports for the period from 1971-72 to 2014-15 were still awaiting final action by the concerned administrative departments as per details given in (*Appendix 1.5*).

1.10 Status of placement of Separate Audit Reports of autonomous bodies in the State Assembly

Several autonomous bodies have been set up by the Government in the fields of Urban Development, Housing, Labour Welfare and Agriculture. The audit of accounts of 30 bodies in the State has been entrusted to the CAG. The status of entrustment of audit, rendering of accounts to audit, issuance of Separate Audit Reports (SARs) and its placement in the Legislature is indicated in *Appendix 1.6*.

District Legal Services Authority, Jhajjar had not submitted its annual accounts for the years 1996-97 to 2010-11. Delay in respect of 14 autonomous bodies ranged between one year and three years. Delay in finalization of accounts carries the risk of financial irregularities going undetected and, therefore, the accounts need to be finalized and submitted to Audit at the earliest.

SARs in respect of Haryana Labour Welfare Board, Chandigarh (2009-10 to 2016-17) and Haryana Building and Other Construction Workers Welfare Board, Chandigarh (2009-10 to 2015-16) have not been placed before the State Legislature.

1.11 Year-wise details of performance audits and paragraphs appeared in Audit Report

The year-wise details of performance audits and paragraphs that appeared in the Audit Report for the last two years along with their money value are given in **Table 1.5** below.

Table 1.5: Details regarding of performance audits and paragraphs that appeared in the Audit Report during 2015-17

Year	Performance Audit		Paragraphs		Replies received	
	Number	Money value (₹ in crore)	Number	Money value (₹ in crore)	Performance Audit	Draft paragraphs
2015-16	3	201.80	20	545.36	-	9
2016-17	2	72.08	23	609.18	-	4

During 2017-18, one performance audit (₹ 65.98 crore) and 23 paragraphs (₹ 16,649.91 crore) involving ₹ 16,715.89 crore have been included in this Report.