

CHAPTER-I

1.1 Introduction

The audit of 58 Departments of Government of Uttar Pradesh along with 392 Public Sector Undertakings (PSUs) and 806 other entities (Autonomous Bodies/Authorities, *etc.*) including ULBs/PRI's thereunder, comes under audit jurisdiction of the Principal Accountant General (Audit-I), Uttar Pradesh. The details of Departments and respective entities are given in **Appendix-1.1**.

1.2 Audit Coverage

During the year 2019-21, the office of the Principal Accountant General (Audit-I), Uttar Pradesh conducted the compliance audit of 1,305 units out of total 1,907 units planned for audit against 6,192 auditable units under the 46 Departments of Government of Uttar Pradesh. This Report contains results of subject specific compliance audit of 'Housing and Construction Activities of Prayagraj Development Authority' and 16 audit paragraphs pertaining to 13 Departments¹.

1.3 Audit Process and Response of Government to Audit

Audit affords a four stage opportunity to the audited units/departments to elicit their views on audit observations, *viz.*

Audit Memos: Issued to the head of the audited unit during the field audit to be replied during the audit itself.

Inspection Reports (IR): Issued within a month of the completion of audit to be replied by the head of the audited unit within four weeks.

Draft Paragraphs: Issued to the heads of the Departments under whom the audited units function for submission of Departmental views within a period of six weeks for consideration prior to these being included in the CAG's Audit Report.

Exit Conference: Opportunity is given to the head of departments and State Government to elicit Government/Departmental views on the audit observations prior to finalisation of the Audit Report.

In all these stages, Audit strives to provide full opportunity to audited units/head of Departments/State Government to provide rebuttals and clarifications and only when the departmental replies are not received or are not convincing, the audit observations are processed for inclusion in the Inspection Report or CAG's Audit Report, as the case may be. However, in most of the cases, the audited entities do not submit timely and satisfactory replies as indicated below:

¹ Departments of Basic Education, Higher Education, Home, Housing and Urban Planning, Irrigation and Water Resources, Medical Education, Medical Health and Family Welfare, Minority Welfare and Waqf, Prison Administration and Reform Services, Social Welfare, Technical Education, Urban Development, Vocational Education and Skill Development.

• ***Status of Replies to Inspection Reports***

A detailed review of IRs issued up to March 2021 to 2,675 Drawing and Disbursing Officers (DDOs) pertaining to 58 Departments/PSUs/Autonomous Bodies (ABs) revealed that 49,841 paragraphs contained in 11,484 IRs were outstanding for settlement for want of convincing replies as on 31 March 2022. Of these, the DDOs submitted initial replies against 12,997 paragraphs contained in 2,806 IRs, while in respect of 36,844 paragraphs contained in 8,678 IRs, there was no response from DDOs. The status of outstanding IRs is given in **Table 1.1**.

Table 1.1: Outstanding IRs and Paragraphs (issued up to 31 March 2021) as on 31 March 2022

Sl. No.	Period	No. of outstanding IRs (per cent)	No. of outstanding Paras (per cent)
1	Upto one year	97 (1)	889 (2)
2	More than 1 year to 3 years	2468 (21)	13853 (28)
3	More than 3 years to 5 years	2355 (21)	10572 (21)
4	More than 5 years	6564 (57)	24527 (49)
Total		11484	49841

(Source: Information compiled by Audit)

During the period 2019-21, five meetings (Audit Committee Meetings) of Audit with the Departmental officers were held, in which 22 IRs and 309 Paras were settled.

• ***Status of Replies to Audit paragraphs included in the present Audit Report***

For the present Audit Report, subject specific compliance audit paragraphs on 'Housing and Construction Activities of Prayagraj Development Authority' and 17 audit paragraphs were forwarded to the Principal Secretaries/ Secretaries of the concerned administrative Departments to elicit their views on the audit observations.

Regulation 138 of the Regulations on Audit and Accounts, 2020 (Regulations, 2020) provides that the Secretary to Government of the concerned Department shall furnish the replies to the draft paragraph within the specified time. Replies/responses of the Government in respect of subject specific compliance audit paragraphs on 'Housing and Construction Activities of Prayagraj Development Authority' and thirteen audit paragraphs have been received. In case of four audit paragraphs replies were awaited (October 2022) despite reminders. However, the replies of the concerned audit units were received in respect of all paragraphs.

1.4 Follow up action taken on earlier Audit Reports

The Report of the Comptroller and Auditor General of India represents the culmination of the process of audit scrutiny. It is, therefore, necessary that it elicits appropriate and timely response from the executive. The Finance Department, Government of Uttar Pradesh issued (June 1987) instructions to

all the administrative Departments to submit replies/explanatory notes to paragraphs/performance audits included in the Audit Reports of the CAG of India within a period of two to three months of their presentation to the State Legislature. The position of replies/explanatory notes not received is given in **Table 1.2**.

Table 1.2: Explanatory notes not received (as on 31 July 2022)

Year of the Audit Report	Audit Report Number and year	Date of placement of Audit Report in the State Legislature	Total Performance Audit (PAs) and Compliance Audit (CAs) Paragraphs in the Audit Report		Number of PAs/CAs Paragraphs for which explanatory notes were not received	
			PAs	CAs	PAs	CAs
2012-13	5 of 2014	17.11.2014	5	28	1	22
2012-13	3 of 2014	01.07.2014	1	0	1	0
2013-14	3 of 2015	26.03.2015	6	31	3	18
2014-15	1 of 2016	08.03.2016	9	30	0	12
2014-15	3 of 2016	23.08.2016	1	0	1	0
2015-16	2 of 2017	18.05.2017	2	29	1	19
2015-16	3 of 2017	21.07.2017	1	0	1	0
2015-16	4 of 2017	27.07.2017	1	0	1	0
2016-17	3 of 2018	07.02.2019	0	10	0	1
2018-19	2 of 2021	19.08.2021	1	21	1	19
Total			27	149	10	91

(Source: Information compiled by Audit)

Discussion of Audit Reports by Public Accounts Committee (PAC)

During the years 2012-13 to 2018-19, 27 Performance Audits and 149 Compliance Audit Paragraphs related to Departments were reported in these Audit Reports. Of these, PAC had taken up 42 paragraphs (PAs/CAs) for discussion. The status of PAC discussion as on 31 July 2022 is detailed in **Table 1.3**.

Table 1.3: Status of PAC discussion, Uttar Pradesh, Vidhan Sabha (as on 31 July 2022)

Status	PAs/ CAs of Audit Report pertaining to General and Social Sector for the year 2012-13 to 2018-19
Number of total Audit Paras	176 (27 PAs + 149 CAs)
Taken up by PAC for discussion	42 (15 PAs + 27 CAs)
ATN Received	Nil

(Source: Information compiled by Audit)

1.5 Recoveries at the instance of Audit

Scrutiny of records (April 2021) of Irrigation and Water Resources Department, Rapti Canal Construction Division-2, Tulsipur, Balrampur (EE)

Audit Report (Compliance Audit-I) for the year ended 31 March 2021

revealed that an agreement for construction of Rapti Canal and its distributaries system including Earth Work and Pucca Work between km. 80.000 to Km. 114.000 of Rapti Main Canal in district Balrampur was executed (April 2013) with a contractor at a total cost of ₹ 360.89 crore.

Audit noticed that the Division instead of recovering the labour cess from the bills of the contractor, first added the labour cess and then deducted the same from the bills of the contractor. As a result, the actual burden of labour cess was borne by the Government instead of by the Contractor. This resulted in undue benefit of ₹ 4.86 crore to the contractor (upto 85th running bill paid in January 2022).

In reply, Government stated (August 2022) that the entire amount (₹ 4.86 crore) of labour cess had been recovered from 86th running bill (March 2022) of the contractor.

1.6 Conclusion

Not submitting replies to Audit adversely affects accountability and transparency in the Government and is therefore a cause of concern.