
Chapter II

Himachal Pradesh Compensatory Afforestation Funds Management and Planning Authority (State Authority)

Chapter II

Himachal Pradesh Compensatory Afforestation Funds Management and Planning Authority (State Authority¹)

2.1 Introduction

The Hon'ble Supreme Court of India, in its order dated 3 April 2000, fixed the responsibility of ensuring the proper carrying out of compensatory afforestation on Ministry of Environment and Forests and said that it was for the Ministry to monitor the conditions stipulated at the time of grant of forest clearance.

On 9 May 2002, the Supreme Court ordered the setting up of the Central Empowered Committee (CEC) with explicit functions of monitoring the implementation of the Court's orders, look into cases of non-compliance including those related to encroachments, implementation of working plans, compensatory afforestation, plantation and other conservation issues. The Supreme Court of India in November 2001 had observed that there was poor utilisation of funds deposited for compensatory afforestation and also that a large amount of money for compensatory afforestation was not realised by the State Governments from user agencies. This issue was examined by the CEC and it is observed that in some of the States, the funds were deposited by the user agency as 'Forest Deposit' which were readily made available to the concerned division for afforestation. In some other States, the funds were deposited as revenue receipts of the State Government and could be made available to the Forest Department only through the budgetary provisions. It is therefore recommended that unless the system of release of funds through budgetary provisions is changed, the pace and quality of compensatory afforestation cannot be increased significantly. It was, therefore, desirable to create a separate fund for compensatory afforestation, wherein all the monies received from the user agencies would be deposited and subsequently released directly to the implementing agencies as and when required. The funds received from a particular State would be utilised in the same State. This system would help undertake compensatory afforestation in a planned manner on a continuous basis.

Based on the recommendations of the CEC, the Supreme Court of India in October 2002 directed the creation of a 'Compensatory Afforestation Fund', in which all the monies received from the user agencies towards compensatory afforestation, additional compensatory afforestation, penal compensatory afforestation, Net Present Value (NPV) of forest land, Catchment Area Treatment Plan Funds, etc. were to be deposited. The Supreme Court of India further observed that there was also consensus amongst the States and the Union Territories that the funds for compensatory afforestation which were to be recovered from the user agencies as well as the unutilised funds lying with the States would be transferred to such a fund. The fund would not be part of general revenues of the Union, of the States or part of the

¹ Earlier called State CAMPA as per July 2009 notification and presently named State Authority as per February 2019 notification.

Consolidated Fund of India. It also proposed that there would be a body for the management of the Compensatory Afforestation Fund. Supreme Court directed that the user agency would also pay into the fund the net value of the forest land being diverted for non-forest purpose. The fund was to be utilised for undertaking assisted natural regeneration, protection of forests, infrastructure development, wildlife protection and other related activities. Further, an independent system of concurrent monitoring and evaluation was to be evolved and implemented through the Compensatory Afforestation Fund to ensure effective and proper utilisation of funds.

As the Supreme Court Order ordered creation of a separate fund and a body for managing the fund, a separate structure for management of this fund under the overall supervision of the State Forest Department was created in August 2009. Further, as per directions of the Supreme Court, all proposals for diversion of forests get approved by the Central Government through Ministry of Environment, Forests and Climate Change (MOEF&CC).

Table 2.1: Fact sheet of events regarding constitution of *Ad hoc* CAMPA/State CAMPA/National Authority/State Authority

Date	Event
29 October 2002	The Supreme Court of India directed that a 'Compensatory Afforestation Fund' was to be created, in which all the monies received from the user agencies towards compensatory afforestation, additional compensatory afforestation, penal compensatory afforestation, NPV of forest land, Catchment Area Treatment Plan Funds, etc. were to be deposited under the Forest (Conservation) Act, 1980.
23 April 2004	Compensatory Afforestation Fund Management and Planning Authority (CAMPA) was notified by the Ministry of Environment and Forests.
5 May 2006	The Supreme Court of India constituted <i>Ad hoc</i> -CAMPA ² .
13 March 2007	Ministry of Environment, Forest and Climate Change (MoEF&CC) CAMPA (Amendment) notification envisaged that CAMPA should have Corporate Accounting based double entry system and auditing of its accounts should be conducted by the Comptroller and Auditor General of India.
10 July 2009	Guidelines on State CAMPA were approved by Supreme Court of India.
15 July 2009	State CAMPA guidelines were circulated to all States/UTs.
3 August 2009	Government of Himachal Pradesh constituted the State CAMPA.
3 August 2016	Compensatory Afforestation Fund (CAF) Act, 2016 was notified vide which National Compensatory Afforestation Fund (National Fund) and a National CAMPA (National Authority) were constituted.
10 August 2018	The Central Government in consultation with the State Governments made the Compensatory Afforestation Fund Rules, 2018 under the CAF Act, 2016.
2 February 2019	In compliance to the Compensatory Afforestation Fund (CAF) Act, 2016, the Himachal Pradesh State CAMPA (State Authority) was constituted. State Compensatory Afforestation Fund (SCAF) (State Fund) under interest bearing section of Public Account of the State was also established. The State Authority is responsible for the management of the State Fund.

Source: Chronology of constitution of CAMPA as per CAF Act 2016

² An Ad hoc body constituted to act as repository of all the monies recovered on behalf of the 'CAMPA', which were lying with the various officials of the State Government and to exercise effective checks and balances for its utilisation till CAMPA becomes operational.

2.1.1 Organisational Set-up of State CAMPA Authority

Ministry of Environment, Forests and Climate Change (MoEF&CC) notified the Compensatory Afforestation Management and Planning Authority (CAMPA) in April 2004 for the management of the compensatory afforestation funds. Ad hoc CAMPA was constituted by the Supreme Court in May 2006 for the intervening period till CAMPA became operational. In compliance to the Supreme Court directives, the Government of Himachal Pradesh constituted State CAMPA in August 2009 and the compensatory afforestation activities were being undertaken by the said body. The said authority was working as an organ of the State Forest Department.

A new Act in the form of Compensatory Afforestation Fund (CAF) Act, 2016 was enacted by the Parliament. In compliance to the Compensatory Afforestation Fund (CAF) Act, 2016, the Himachal Pradesh State CAMPA (State Authority³) was constituted in February 2019. The State Compensatory Afforestation Fund (SCAF) (State Fund) under interest bearing section of Public Account of the State was also established in 2019. The State Authority is responsible for the management of the State Fund. An officer not below the rank of Chief Conservator of Forests is appointed as the Chief Executive Officer of the State Authority. The State Authority has a three-tier structure and functions through a Governing Body, a Steering Committee and an Executive Committee as given in the following **Chart 2.1**.

³ Earlier State CAMPA

Chart 2.1: Structure of State Authority



Source: CAF Act 2016

The Additional PCCF (CAMPA) is the CEO of the State Authority. The governing body of the State Authority may with the prior concurrence of the State Government create posts in the State Authority at the level of Assistant Conservator of Forests and other officials to assist the steering committee and executive committee in performance of its functions under the Act. After the creation of the State Authority, separate posts of Chief Executive Officer (CEO), Joint CEO, and Deputy CEO were proposed and filled up by deputing officials from the State Forest Department.

The Principal Chief Conservator of Forests (PCCF), Head of Forest Force (HoFF), as Head of the Department, controls all forest affairs and issues such instructions, as they may consider necessary, on the administration and working of the forests. They also chairs the meeting of the Executive Committee meeting of the State Authority. Under them, APCCF (FCA) and APCCF (CAMPa) play crucial roles in compensatory afforestation (CA).

2.1.2 Role of APCCF (FCA) in compensatory afforestation

APCCF (FCA) is the first point of contact for User Agencies (UAs) in the State Forest Department for the purposes of diversion of forests for non-forest purposes. All the proposals are received by the APCCF (FCA), also called the Nodal Officer from UAs. After ensuring completeness of information, he sends the proposal to the DFO concerned. The DFO prepares the project specific report and sends it to the Nodal Officer. The proposal *inter alia* includes the cost of raising CA and its maintenance, which is charged from the UA. The Nodal Officer forwards the report to the State Government who in turn, sends it to the Regional Office of MOEF&CC.

The Central Government grants approval in two stages. Stage-I approval (In-principle Approval) is granted to the UA once the Central Government is satisfied with the necessity of the project. After this approval, the UA deposits the funds required as per detailed report of concerned DFO with the National CAMPa and submits the proof to the Nodal Officer. After this, Stage-II approval (Final Approval) is granted by the Central Government through MOEF&CC, on the basis of the State Government's certificate regarding compliance to the conditions prescribed by MoEF&CC.

A detailed Annual Plan of Operations (APO) is prepared by the State CAMPa based on the Stage-II approvals received in the Forest Division. This forms the basis of all subsequent actions. Thus, APCCF (CAMPa) comes into the picture once the final approval for a project is received and money is already deposited with the National CAMPa.

2.1.3 Role of APCCF (CAMPa) in compensatory afforestation

The Additional PCCF (CAMPa) is the CEO of the State CAMPa, now known as the State Authority. The State CAMPa is primarily a Fund Management Authority. The actual works are carried out by the field formations of Forest Department, who are designated as the Implementing Agencies. The National CAMPa releases funds to the State Authority based upon its Annual Plan of Operations (APOs) approved by the Steering Committee.

Based on the number of projects approved in the Division, an APO is prepared by the Division concerned which is sent to the Circle. An Annual Plan of Operation means the annual plan for physical activities and financial provisions approved by the National Authority or State Authority. The APO contains proposals of site-specific plans of compensatory afforestation (CA), catchment area treatment plans (CAT Plans), integrated wildlife management plans stipulated in the approved FCA cases of diversion of forest land for non-forestry purposes for their implementation during the financial

year. The CA works include ANR/RDF⁴ works, Block Plantation, Advance Work, Nursery Development, Soil Conservation Work, Maintenance of old plantation and Contingencies. The APOs of all Divisions are consolidated at the respective circles and put up as a consolidated APO to the Steering Committee of the State Authority. After approval by the Steering Committee, the APO is sent as demand of funds to the National CAMPA which releases the funds to the State Authority. The State Authority thereafter utilises the funds received against APOs for compensatory activities through its Field Units/Forest Divisions.

2.2 Audit Findings

2.2.1 Shortfall in meetings of Committees

As per the notification of 2009 reconstituting State CAMPA and the constitution of the State Authority in February 2019, six meetings⁵ of the Governing Body were required to be held during the audit period 2016-22; however, no meetings of the Governing Body were held. Similarly, against the prescribed 17 meetings⁶ to be held by the Steering Committee during the same period, only eight meetings⁷ were held. Seven meetings of the Executive Committee were held during the same period as against a minimum of 12 meetings required to be held. As the committees were not meeting as envisaged, the effectiveness of CAMPA activities could not be monitored and were open to deficiencies as pointed out subsequently in this report. Further, as files pertaining to agenda and meetings of Steering Committee and Executive Committee were not produced to Audit, the efficacy of these committees in supervising the implementation of CA works and monitoring the progress of utilisation of funds could not be assessed.

The issue of non-holding of Governing Body meetings and prescribed number of Steering Committee meetings was also pointed out in **Paras 2.1.6.1** and **2.1.12.1** respectively, of the Report of the Comptroller and Auditor General of India on Social, General and Economic Sectors for the year ended 31 March 2013 (Government of Himachal Pradesh). The Public Accounts Committee (PAC), while discussing the report in August 2019, wanted to know the steps proposed by the Department to ensure that the prescribed number of Governing Body and Steering Committee meetings are held. However, it was noticed that shortfall in Steering Committee meetings during the period covered under audit continued to persist, while Governing Body meetings were not held at all.

The reasons for shortfall in meetings of the Committees were not furnished by the Department (November 2023).

⁴ Assisted Natural Regeneration/Rehabilitation of Degraded Forest

⁵ Before February 2019, the number of meetings were not fixed. Hence, no target considered for that period.

⁶ Before February 2019, two meetings in a year; after that, four meetings every year.

⁷ Steering Committee met twice only during 2017-18 and 2021-22, once in other years.

2.2.2 Financial position of the State Authority

As per practice, before the establishment of SCAF (State Fund) in February 2019 (**Table 2.1**), all the moneys received from the User Agencies (UA) including the CA charges, NPV and additional charges (except the departmental charges which are to be deposited with the state government) were sent to the National Authority which, based on Annual Plan of Operations (APO⁸) sent the fund to the State CAMPA (now called the State Authority). The same practice continued even after the establishment of SCAF which has been separately commented upon in **Para 2.3.1**.

The overall financial position of the State Authority for the period 2016-17 to 2021-22 has been given in the **Table 2.2**. The year-wise details of funds demanded by the State Authority, through the APOs, funds received from the National Authority and funds released to Implementing Agencies⁹ (IAs) vis-à-vis utilisation of funds during 2016-17 to 2021-22 are given in the **Table 2.2**.

Table 2.2: Details of year-wise funds demanded through APOs and received from National Authority for the years 2016-22

(₹ in crore)

Year	Funds demanded through APOs	Amount of APO approved by National Authority	Opening balance	Amount received from National Authority	Total funds	Funds released to and utilised by Forest Divisions	Balance Funds (State Authority)
2016-17	137.73	136.88	14.16	132.82	146.98	128.48	18.50
2017-18	133.94	124.80	18.50	120.00	138.5	109.01	29.49
2018-19	128.72	127.72	29.49	133.32 ¹⁰	162.81	121.76	41.05
2019-20	156.91	145.82	41.05	1,660.72 ¹¹	1,752.03 ¹²	88.48	1,660.72
2020-21	158.39	158.39	1,660.72	0	1,768.22 ¹³	119.48	1,648.73
2021-22	138.10	138.10	1,648.73	0	1,702.89	94.77	1,608.12
Total	853.79	831.71		2,046.86		661.98	

Source: CEO, State Authority

⁸ APO is prepared in four parts:

Part-I of APO contains brief description of forests and forestry sector in the State.

Part-II of APO contains activities to be undertaken for CA, CAT plan and for any other site-specific scheme submitted by the State along with the approved proposals for diversion of forest land under the Forest (Conservation) Act, 1980.

Part-III Activities to be undertaken from net present value and interest component.

Part-IV Physical and financial targets of each activity along with the estimated cost.

⁹ Circles and Divisions

¹⁰ Against approved APO of ₹ 127.72 crore, an amount of ₹ 133.32 crore was released by Ad hoc CAMPA during the year 2018-19 as per details given below:

a) ₹ 127.72 crore against the current year i.e. 2018-19

b) ₹ 4.80 crore balance amount APO for the year 2017-18.

c) ₹ 0.80 crore released against Nangger Van Udyan Yojna.

¹¹ This huge surge in amount received shows the amount received by the State Authority after reconciliation of old arrears of the State Fund received from the National fund.

¹² In the year 2019-20, ₹ 91.31 crore (including OB of ₹ 41.05 crore) amount was available with the bank including FDs/unspent amount etc. (1,660.72 + 91.31 = 1,752.03). Annual statement of accounts for the year 2019-20 in under preparation and balance shown above are subject to reconciliation and audit.

¹³ Figure includes adjustment of interest paid by State Government of ₹ 107.49 crore.

As can be seen from **Table 2.2**, the State Authority has a huge surplus of funds which could have been utilised for CAMPA activities, however, it is yet to utilise the funds. The situation should be viewed in light of the fact that against the legally classified forest area of 68.16 *per cent* of the geographical area of this state, the actual area as in 2021 was only 27.73 *per cent*¹⁴, and further, the State Government aims to bring 30 *per cent*¹⁵ of the geographical area under forest cover by 2030. There has also been a decline in the very dense forest cover of the State from the position a decade ago as indicated in **Para 1.1**.

As evident from **Table 2.2**, against the demand of ₹ 853.79 crore during 2016-17 to 2021-22 through APOs, money to the tune of ₹ 831.71 crore was approved by the National Authority, against which only ₹ 661.98 crore (80 *per cent*) was released to Forest Divisions. Thus, the State Authority was not able to utilise even the funds which it was projecting to spend on CAMPA activities. The shortfall in utilisation of funds approved by the National Authority was to the tune of ₹ 169.73 crore. This indicated that the pace of execution of CA was not on par with that proposed to the National Authority through the APOs.

Out of the overall CAMPA activities, the year-wise details of expenditure incurred on compensatory afforestation (including maintenance of CAs carried out in previous years) on CA for the period 2016-17 to 2021-22 is given in **Table 2.3**.

Table 2.3: Details of CA targets and CA carried out as per APOs during 2016-22

Year	Forest area diverted (In ha)	Area of CA to be done as per APOs (In ha)	Funds demanded through APOs for CA (₹ in crore)	Funds Received (₹ in crore)	Area of CA done as per APOs (In ha)	Expenditure incurred (₹ in crore)
2016-17	109.78	1,270	14.60	14.60	1,245.49	14.21 ¹⁶
2017-18	466.17	1,405	16.25	16.25	1,382.75	15.35
2018-19	739.44	873	11.00	11.00	581.69	9.67
2019-20	391.48	618.32	13.70	12.61	568.32	11.02
2020-21	397.68	974.89	21.50	21.50	876	14.63
2021-22	493.70	1,032	17	17	954.36	16.35
Total	2,598.25	6,173.21	94.05	92.96	5,608.61	81.23

Source: CEO State Authority and Nodal Officer FCA

The APO for CA shown in **Table 2.3** was a part of the overall APO approved by the State Authority as given in **Table 2.2** which included CAT Plans, Net Present Value, Integrated Wildlife Management Plans and others. It may be seen that there was a shortfall in achievement of CA against the targets. Reasons for shortfall in achievement of CA have been analysed in **Chapter IV**.

¹⁴ Source: ISFR 2021

¹⁵ As per reply of the HP State Forest Department.

¹⁶ Figures of expenditures for 2016-17 to and 2018-19 are based on certified annual accounts while for 2019-20 to 2021-22, it is based on Department's reply due to pending annual accounts.

In reply to the audit observation, the Chief Executive Officer¹⁷ (CEO), State Authority stated that no reasons were provided by National Authority for reducing the APOs for the period 2016-17 to 2018-19 and for the year 2019-20, the APO was reduced due to non-approval of salary component under NPV. No reasons were provided by the State Authority for short utilisation of funds for the period 2016-17 to 2018-19. However, for financial year 2019-20, CEO State Authority stated that no funds were released by National Authority and during FY 2020-21, funds were transferred to the Consolidated Fund of the State from the bank accounts and allotment of budget and Standard Objects of Expenditure (SOEs) took time and later money had to be re-appropriated to the relevant SOEs.

The reply was not acceptable as the entire funds available with the National Authority (till February 2019) were transferred to the State Fund in August 2019 as arrears; and still, there was shortfall in utilisation of funds on CAMPA activities.

2.3 Irregularities in financial management

A number of irregularities were noticed in the area of financial management by the State Authority which have been discussed subsequently.

2.3.1 Continued remittance of funds of ₹ 358.56 crore to National Authority

As per the provisions of Section 3 (iii) of the Compensatory Afforestation Fund Act, 2016, after establishment of State Fund, all money realised from user agencies (UAs) by such State towards compensatory afforestation, additional compensatory afforestation, penal compensatory afforestation, net present value, catchment area treatment plan or any other money for compliance of conditions stipulated by the Central Government under the provisions of the Forest (Conservation) Act, 1980 (69 of 1980) were required to be credited to the State Fund.

Audit noticed that the UAs continued to deposit the funds in the National CAMPA even after the creation of the State Fund (February 2019). Therefore, during the period February 2019 to March 2022, funds amounting to ₹ 358.56 crore were remitted by UAs into the bank account of the National Authority instead of into the State Fund as given in the **Table 2.4**.

Table 2.4 Details of funds remitted to the National Authority

Sr. No.	Period	Amount remitted to National Authority (₹ in crore)
1	08/02/2019 to 31/03/2019	15.48
2	01/04/2019 to 31/03/2020	88.83
3	01/04/2020 to 31/03/2021	63.42
4	01/04/2021 to 31/03/2022	190.83
Total		358.56

Source: Nodal Officer FCA

The Department replied (December 2023) that due to ambiguity over the process of operating the account of State Authority, the existing process of depositing the

¹⁷ An officer not below the rank of CCF appointed by the State Government.

compensatory levies in the account maintained by the National Authority is being continued till a robust online mechanism is developed.

However, the fact remains that the above remittance of funds into the bank account of the National Authority was contrary to the provisions of the Compensatory Afforestation Fund Act, 2016.

2.3.2 Irregular utilisation of ‘Net Present Value’ Funds on development of Eco Parks/Nature Parks

Annual Plan of Operations (APOs) for the years 2019-20 and 2020-21 were to be formulated in accordance with the provisions of CAF Act and CAF Rules notified by MoEF&CC in 2016 and 2018 respectively. Rule 5 of CAF Rules 2018 stipulates that the monies received towards Net Present Value (NPV) and Penal NPV shall be used for artificial regeneration, assisted natural regeneration, forest management, forest protection, forest and wildlife related infrastructure development (construction of residential and official buildings in forests for front line staff deployed for protection of forest and wildlife) wildlife protection and management, supply of wood and other forest produce saving devices and other allied activities. There was no provision for utilisation of NPV funds or other State Funds (except one *per cent* from CAT plans) for development of nature parks/eco parks.

Audit noticed that during the years 2019-20 and 2020-21, an expenditure of ₹ 6.51 crore was incurred on development of Nature/ Eco parks under the component “Development of degraded forest land” as shown in **Table 2.5**.

Table 2.5: Details of expenditure incurred on development of Nature/ Eco Parks

Component	Year	No. of Eco/ Nature parks	Expenditure (₹ in crore)
Development. of degraded forest land	2019-20	9	2.24
Development of degraded forest land	2020-21	16	4.27
Total		25	6.51

Source: APO’s and QPR’s of State Authority

The above expenditure of ₹ 6.51 crore was irregular and contrary to the provisions of CAF rules.

The Department stated (February 2023) that the expenditure was incurred on execution of plantation and various types of soil and moisture conservation works for development of degraded forest land. The reply was not acceptable as the expenditure was incurred on development of 25 Eco/Nature Parks instead of development of degraded forest land.

2.3.3 Non-preparation of APOs for utilisation of funds realised from UAs of ₹ 6.26 crore

Scrutiny of files of the Nodal Officer, the State Authority showed that in two cases, namely (i) diversion of 81.7916 ha of forest land in favour of Director, Higher Education, HP (UA) (December 2018) for establishment of Satellite Campus of Central

university of HP at Dehra and (ii) diversion of 40.5084 ha of forest land in favour of ADM-cum-Deputy Director Admn. AIIMS Bilaspur (UA) (March 2019) for the construction of AIIMS at Bilaspur, additional conditions were imposed on the UAs by MoEF&CC while granting final approval. Against these additional conditions, both the user agencies deposited funds to the tune of ₹ 6.26 crore as detailed in **Table 2.6**.

Table 2.6: Funds deposited by UAs

(₹ in crore)

Name of FCA proposal	Date of deposit of funds by UAs	Details of condition imposed by MoEF&CC	Particulars of work	Cost of works
Satellite campus of Central University	06/11/2018	Maintenance of green cover in the diverted area and execution of site-specific soil and water conservation plan at the project cost.	Site specific soil and water conservation	3.51
			Maintenance of green cover	2.09
Construction of AIIMS at Bilaspur	06/02/2019	Management of unused area within the diverted forest area as green cover, reclamation and maintenance (as green cover) of dumping sites.	Site specific soil and water conservation	0.39
			Green cover over reclamation site	0.27
Total				6.26

Source: Nodal Officer FCA

Audit noticed that these works were not included in any APOs submitted by the Divisions concerned although funds were deposited by the UAs in respect of these works. Resultantly, the entire amount of ₹ 6.26 crore remained idle with the State Authority. Thus, non-inclusion of these works in the APOs resulted in non-compliance with the additional conditions stipulated in the MoEF&CC approval. Thus, though the money was demanded and collected for specific measures, no work was undertaken even after funds were received.

The Department stated (December 2023) that the above works were not included in earlier APOs. However, work against Satellite campus of the Central University has been included in the APO for the year 2023-24 and the Circle/division, responsible for APOs for construction of AIIMS at Bilaspur, have been directed to expedite the matter of including the work in future APOs.

2.3.4 Pending annual accounts

Para 8 of State Authority notification (July 2009) stipulates that the State Authority shall maintain proper accounts and other relevant records and prepare an annual statement of accounts in such form as may be prescribed in consultation with the Accountant General concerned. Further, the accounts of the State Authority, as certified by the Accountant General or any other person appointed by him in this behalf together with the audit report thereon and annual report, shall be forwarded annually to the State Government, the MoEF&CC and the National Authority by the State Authority.

In view of the above, the Accountant General, Himachal Pradesh suggested the State Authority to prepare their accounts on the “Uniform Format of Accounts” applicable to

Central Autonomous Bodies, as the Uniform format of accounts prescribed for autonomous organisations was based on the double entry system of accounting. The Steering Committee decided (October 2012) that accounts of the State Authority would be maintained on double entry system.

Audit noticed that the accounts upto the year 2018-19 were converted into double entry system while accounts for the years 2019-20 onwards were still pending for conversion into double entry system.

It was also noticed that annual financial statements of the State Authority for the years 2019-20 to 2020-21 had not been finalised. In the absence of the financial statements, the accuracy of the funds received, utilised and the financial position of the State Authority could not be verified in audit.

The PAC, while discussing (August 2019) the report of the Comptroller and Auditor General of India on Social, General and Economic Sectors for the year ended 31 March 2013 (Government of Himachal Pradesh), stated that as the annual accounts and financial statements were not prepared in time, the monitoring of working of the State Authority could not be carried out. The Department also intimated (August 2019) the PAC that a customised software was being prepared for conversion of accounts into double entry and after its operationalisation, CAMPA accounts would be prepared timely. However, it was noticed that the annual accounts of the State Authority were still not being prepared timely and conversion of accounts into double entry system was still pending (as of November 2023).

The Department stated (February 2023) that accounts for the financial years 2019-20 to 2020-21 are being converted into double entry system of accounting and the annual financial statements for these years will be finalised shortly and submitted to the Accountant General, Himachal Pradesh for certification. In further reply (December 2023), the Department stated that the annual accounts for the financial year 2019-20 have been converted into double entry system and submitted to the Accountant General's Office and observations of the AG are being attended to. The annual accounts for 2019-20 were awaited (December 2023).

2.3.5 Non preparation of Annual reports as per the CAF Act/Rules

Section 28 of the Compensatory Afforestation Fund Act, 2016 provides that the State Authority shall prepare its annual report, giving a full account of its activities during the previous financial year and forward a copy thereof to the State Government concerned, in such form and at such time, for each financial year, as may be prescribed. The annual report of a State Authority shall, *inter alia*, provide for -

- (i) the number/location of each reforestation, afforestation and conservation activity;
- (ii) the amount and location of lands in hectares, cleared, conserved and planted in connection with the activity; and
- (iii) the amount of afforestation money collected and expended.

Further, Section 29 provides that the State Government shall cause the annual report and the audit report together with a memorandum of action taken on the recommendations contained therein to be laid as soon as may be after the reports are received before each House of the State Legislature.

Audit noticed that the State Authority failed to prepare the annual report and present the same to the State Legislature from 2015-16 onwards, which was contrary to the provisions of the Compensatory Afforestation Fund Act, 2016.

The Department stated (December 2023) that the annual reports upto the year 2016-17 had been laid before the State Assembly and reports for the years 2017-18 and 2018-19 had been sent to the Government of Himachal Pradesh for laying before the State Assembly.

2.4 Conclusion

The meetings of the State Authority were not held at prescribed intervals and the authority could not execute the CAs in the APOs as proposed, which resulted in backlog in carrying out of CA. Non-inclusion of two FCA cases in the APOs by the concerned divisions resulted in non-utilisation of funds realised from UAs. Despite the constitution of State Fund, the funds were still being remitted by UAs into the bank account of National Authority. Irregular expenditure was incurred on development of Nature/ Eco parks from NPV funds. Further, the Annual Accounts and Annual reports were in arrears.

2.5 Recommendations

The Department may consider

- *Holding the prescribed meetings of the State Authority and preparing APOs to ensure optimum utilisation of funds and timely execution of works under the State Authority.*
- *Timely finalisation of Annual Accounts and Reports and maintenance of records prescribed under CAF Act and Rules.*

