

## CHAPTER-I: General

### 1.1 Introduction

This part of the Report of the Comptroller and Auditor General of India (C&AG) relates to the matters arising from Compliance Audit of 16 Departments<sup>1</sup> of the Government of Rajasthan.

Compliance Audit refers to the examination of transactions relating to expenditure, receipts as well as assets and liabilities of audited entities to ascertain whether the provisions of the Constitution of India, applicable laws, rules, regulations and various orders and instructions issued by competent authorities are being complied with.

The primary purpose of the Report is to bring important results of the audit to the notice of the State Legislature. Auditing Standards require that the materiality level for reporting should be commensurate with the nature, volume and magnitude of transactions. The findings of audit are expected to enable the Executive to take corrective measures and also to frame policies and directives that will lead to improved financial management of the organisations, thus, contributing to better governance.

This chapter, in addition to explaining the planning and extent of audit, provides information on follow-up of previous Audit Reports.

### 1.2 Audited Entities Profile

The Departments are headed by Additional Chief Secretaries/Principal Secretaries/Secretaries, who are assisted by Commissioners/Director/Deputy Secretaries and subordinate officers. Audit observations on State Public Sector Enterprises are covered in Part -II of this Report.

A brief profile of the 16 Departments covered in this part of the report, is discussed in *Appendix-1*.

The summary of the fiscal operations of Government of Rajasthan during the year 2019-20 and 2020-21 is given in **Table 1.1** below:

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<sup>1</sup> Civil Aviation Department, Colonisation Department, Energy Department, Environment Department, Factory and Boilers Department, Forest Department, Industries Department, Department of Information Technology and Communication, Mines and Geology Department, Directorate of Petroleum, Public Health Engineering Department, Public Works Department, Science and Technology Department, State Enterprises Department, Rajasthan State Motor Garage Department and Transport Department.

**Table 1.1: Summary of Fiscal Operations**

(₹ in crore)

Receipts			Disbursements		
	2019-20	2020-21		2019-20	2020-21
<b>Section-A: Revenue Account</b>					
Tax Revenue	59,244.98	60,283.44	General Services	56,186.29	60,143.84
Non-Tax Revenue	15,714.16	13,653.02	Social Services	68,313.23	74,009.59
Share of Union Taxes/Duties	36,049.14	35,575.77	Economic Services	51,985.51	44,155.91
Grants-in-aid from Government of India	29,105.53	24,795.65	Grants-in-aid and Contributions	0.07	0.07
<b>Total Section-A Revenue Receipts</b>	<b>1,40,113.81</b>	<b>1,34,307.88</b>	<b>Total Section-A Revenue Expenditure</b>	<b>1,76,485.10</b>	<b>1,78,309.41</b>
<b>Section-B: Capital Account and others</b>					
Miscellaneous Capital Receipts	20.42	14.08	Capital Outlay	14,718.05	15,270.49
Recoveries of Loans and Advances	15,669.75	373.52	Loans and Advances disbursed	2,255.18	491.01
Public Debt Receipts	46,173.72	89,964.01	Repayment of Public Debt	20,032.69	41,022.99
Contingency Fund	-	-	Contingency Fund	-	-
Public Account Receipts	1,93,165.05	2,08,446.75	Public Account Disbursements	1,79,741.07	1,99,229.24
Opening Cash Balance	5,793.75	7,704.41	Closing Cash Balance	7,704.41	6,487.51
<b>Total Section-B Receipts</b>	<b>2,60,822.69</b>	<b>3,06,502.77</b>	<b>Total Section-B Disbursements</b>	<b>2,24,451.40</b>	<b>2,62,501.24</b>
<b>Grand Total (A +B)</b>	<b>4,00,936.50</b>	<b>4,40,810.65</b>	<b>Grand Total (A+B)</b>	<b>4,00,936.50</b>	<b>4,40,810.65</b>

Source: Finance Accounts of the respective years.

### 1.3 Authority for Audit

The authority for audit by the C&AG is derived from Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

The Accountant General (Audit-II), Rajasthan, Jaipur conducts audit of receipts and expenditure of Departments, including Public Sector Undertakings and Autonomous Bodies of the Government of Rajasthan under the provisions of the C&AG's (Duties, Powers and Conditions of Service) Act, 1971. The principles and methodologies for various audits are prescribed in the Regulations on Audit and Accounts, 2020 and Auditing Standards, 2017 issued by the C&AG.

### 1.4 Planning and conduct of audit

Audit process started with the assessment of risk of various Government Departments/Organisations/Autonomous Bodies and schemes/projects, etc. Risk assessments were based on quantum of expenditure, criticality of activities, position of overall internal control systems and the concerns of stakeholders. Previous audit findings were also considered in this exercise. During 2020-21, audit of 158 units of 16 Departments was carried out.

Inspection Reports containing audit findings were issued to the head of the units after completion of audit of each unit. The units were requested to furnish replies to the audit findings within one month of receipt of the Inspection Reports. Whenever replies were received, audit findings were either settled or further compliance was advised. The important audit observations arising out of these Inspection Reports were processed for inclusion in the Audit Reports.

**1.5 Response of the Government/Departments to Audit observations**

The Accountant General (Audit-II), Rajasthan, Jaipur audits the Government/Departments to test-check the transactions and verify the maintenance of important accounts and other records as prescribed in the rules and procedures. These inspections are followed by Inspection Reports (IRs) which incorporate irregularities detected during the audit and not settled on the spot.

Analysis of IRs issued upto March 2021 disclosed that 17,146 paragraphs involving ₹ 30,571.57 crore relating to 3,729 IRs issued for these Departments remained outstanding at the end of September 2021.

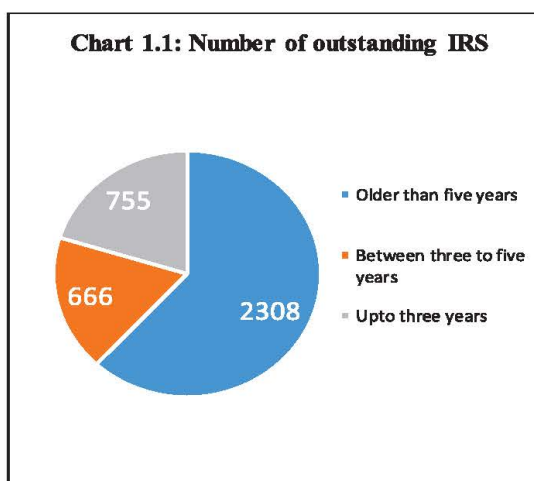
**1.5.1** The Department-wise details of the IRs and audit paragraphs outstanding as on 30 September 2021 and the amount involved are given in the **Table 1.2** below:

**Table 1.2: Department-wise details of IRs and audit paragraphs**

Sl. No.	Name of the Department	Number of outstanding IRs	Number of outstanding audit paragraphs	Amount involved (₹ in crore)
1	Civil Aviation	7	26	51.89
2	Colonisation	14	27	69.10
3	Energy	5	15	4.14
4	Environment	10	70	640.74
5	Factory & Boilers	7	22	1.81
6	Forest	409	1,756	1,813.7
7	Industries	41	144	167.66
8	Information Technology & Communication	11	46	1,642.43
9	Mines & Geology	347	1,476	2,426.35
10	Petroleum	4	8	137.64
11	Public Health Engineering	1,166	5,065	16,476.61
12	Public Works	1,385	7,054	6,989.48
13	Rajasthan State Motor Garage	6	25	18.91
14	Science and Technology	16	45	37.30
15	State Enterprises	4	10	22.09
16	Transport	297	1,357	71.72
<b>Total</b>		<b>3,729</b>	<b>17,146</b>	<b>30,571.57</b>

Source: Information compiled on the basis of Inspection Reports issued and replies received thereon.

As can be seen from the Table, the pendency in terms of outstanding IRs and outstanding paragraphs is highest in the Public Works Department. Age wise analysis of outstanding IRs and audit paragraphs is detailed in **Appendix-2**, which reveals that 2,308 IRs (61.89 per cent of total outstanding IRs) were outstanding for more than five years.



Source: Compiled by Audit.

The pendency is indicative of the fact that the Heads of Offices and the Departments need to take effective action timely to rectify the defects and irregularities pointed out by Audit through the IRs.

### 1.5.2 Departmental Audit Committee Meetings

The Government constituted Audit Committees<sup>2</sup> to monitor and expedite the progress of the settlement of the paragraphs in the IRs. The details of the Audit Committee/Audit sub-Committee Meetings held during the year 2020-21 and the paragraphs settled therein are given in **Table 1.3** below:

**Table 1.3: Details of Audit Committee and Audit sub-Committee Meetings**

Sl. No.	Name of the Department	Number of Audit Committee Meetings held	Number of Audit sub-Committee Meetings held	Number of paragraphs settled	Amount (₹ in crore)
1	Civil Aviation	2	0	0	0
2	Colonisation	1	0	0	0
3	Energy	3	0	0	0
4	Environment	0	0	0	0
5	Factory and Boilers	2	0	0	0
6	Forest	1	2	11	8.71
7	Industries	2	1	5	0.01
8	Information Technology and Communication	1	0	0	0
9	Mines and Geology	3	3	46	92.45
10	Petroleum	3	0	0	0
11	Public Health Engineering	1	0	0	0

<sup>2</sup> Audit Committees, *inter alia*, comprising of Secretary of Department concerned and Accountant General/his representative, were formed as per Circular No. 1/2005 dated 18 January 2005 of Government of Rajasthan and it was decided by the Government that one Audit Committee meeting shall be held in each quarter. In addition to this, Audit sub-Committees comprising of officers of the Departments and representative of Accountant General, are also formed.

Sl. No.	Name of the Department	Number of Audit Committee Meetings held	Number of Audit sub-Committee Meetings held	Number of paragraphs settled	Amount (₹ in crore)
12	Public Works	3	1	65	52.93
13	Rajasthan State Motor Garage	2	0	0	0
14	Science and Technology	1	0	0	0
15	State Enterprises	2	0	0	0
16	Transport	3	0	0	0
<b>Total</b>		<b>30</b>	<b>7</b>	<b>127</b>	<b>154.10</b>

Source: Compiled by Audit.

It can be seen from Table that the minimum requirement of four Audit Committee Meetings was not fulfilled in respect of any of the Departments during the year 2020-21. Further, in respect of Environment Department, no Audit Committee Meeting was held during 2020-21. Audit sub-Committee Meetings were held in four Departments only, *i.e.* Forest, Industries, Mines and Geology and Public Works, where 127 paragraphs involving ₹ 154.10 crore were settled. Departments may organise more Audit Committee/Audit sub-Committee Meetings to settle these outstanding paragraphs expeditiously.

### **1.5.3 Response of the Departments to the draft audit paragraphs**

Factual statements followed by draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India are forwarded to the Principal Secretaries/Secretaries of the five Departments<sup>3</sup> concerned, drawing their attention to the audit findings and requesting them to send their responses within six weeks.

A total of 13 draft paragraphs (combined into eight paragraphs of this Report) were sent to the Principal Secretaries/Secretaries of the respective Departments between September 2021 and March 2022. Replies to all the draft paragraphs have been received and suitably incorporated in the Report.

### **1.6 Follow-up on Audit Reports**

The Finance Department of the State Government decided (December 1996) that explanatory notes on all Performance Audits/paragraphs that have appeared in Audit Reports be submitted to the Public Accounts Committee (PAC), duly vetted by Audit, within three months from the date of laying of the Reports in the State Legislature. No explanatory note on Performance Audits/paragraphs was pending as of 31 July 2022.

#### **Discussion of Audit Reports by PAC**

The status of discussion of Performance Audits and paragraphs which

<sup>3</sup> Forest, Mines and Geology, Public Health Engineering, Public Works and Transport.

appeared in Audit Reports (Revenue Sector/Economic Sector/Revenue and Economic Sectors/General and Social Sector) by the PAC as of 31 July 2022 is given in Table 1.4 below:

**Table 1.4: Performance Audits/paragraphs appeared in Audit Reports vis-a-vis discussed**

Period of Audit Report		Number of Performance Audit/paragraphs			
		Appeared in Audit Report		Paragraphs discussed	
		Performance Audit	Paragraphs	Performance Audit	Paragraphs
2016-17	Revenue Sector	-	7	-	4
	Economic Sector	1	9	1	9
	General and Social Sector	1	2	1	2
2017-18	Revenue Sector	-	7	-	3
	Economic Sector	2	5	2	5
	General and Social Sector	-	3	-	3
2018-19	Revenue and Economic Sectors	1	12	-	-
	General and Social Sector	-	3	-	-
2019-20	Compliance	-	7	-	-

Source: Compiled by Audit.

The discussion on Performance Audits and paragraphs which appeared in Audit Reports (Revenue Sector/Economic Sector/General and Social Sector) upto 2015-16 have been completed.

## **1.7 Coverage of this part of the Report**

This part of the Report contains eight paragraphs. The total financial impact of the paragraphs is ₹ 41.19 crore. These are discussed in Chapters II. The Departments/Government have accepted audit observations involving ₹ 40.38 crore (as of December 2023). Out of the accepted audit observations, the Departments had recovered ₹ 2.03 crore upto December 2023 which was in addition to the recoveries (₹ 5.14 crore) made in response to Audit findings in the local audit inspection reports during the year 2020-21. Further, the Departments concerned recovered ₹ 30.22 crore during the year 2020-21 in respect of objections raised in previous Audit Reports. Thus, total recoveries made at the instance of Audit during the year aggregated to ₹ 37.39 crore.