

## CHAPTER-I

### 1.1 Introduction

The audit of 55 Departments of Government of Uttar Pradesh along with 384 Public Sector Undertakings (PSUs) and 776 other entities (Autonomous Bodies/Authorities, *etc.*) including Urban Local Bodies (ULBs)/ Panchayati Raj Institutions (PRIs) 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 2021-22, the office of the Principal Accountant General (Audit-I), Uttar Pradesh conducted the compliance audit of 249 units out of total 870 units planned for audit against 6,537 auditable units under 55 Departments of Government of Uttar Pradesh. This Report contains results of Performance Audits of ‘Working of State Agricultural Produce Market Board and Market Committees’, ‘Activities of Sports Department’ and ‘Implementation of Deen Dayal Upadhyaya Gramin Kaushalya Yojana in Uttar Pradesh’ and 12 Compliance Audit Paragraphs pertaining to 12 Departments<sup>1</sup> and PSUs/Authorities thereunder.

### 1.3 Audit Process and Response of the 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 Performance Audit Report/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 performance audit/subject specific compliance 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

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<sup>1</sup> Departments of Agriculture Education and Research, Agricultural Marketing and Agriculture Foreign Trade, Housing and Urban Planning, Medical Education and Training, Medical Health and Family Welfare, Minority Welfare and Waqf, Prison Administration and Reform Services, Rural Development, Sports, Technical Education, Urban Development and Vocational Education and Skill Development.

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:

- **Status of Replies to Inspection Reports**

A detailed review of IRs issued up to March 2022 to 3,572 Drawing and Disbursing Officers (DDOs) pertaining to 55 Departments/PSUs/Autonomous Bodies (ABs) revealed that 53,024 paragraphs contained in 11,926 IRs were outstanding for settlement for want of convincing replies as on 31 March 2023. Of these, the DDOs submitted initial replies against 16,207 paragraphs contained in 4,141 IRs, while in respect of 36,817 paragraphs contained in 7,785 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 2022)  
as on 31 March 2023**

Sl. No.	Period	No. of outstanding IRs (per cent)	No. of outstanding Paras (per cent)
1	Upto one year	240 (2)	2478 (5)
2	More than 1 year to 3 years	1690 (14)	10073 (19)
3	More than 3 years to 5 years	2103 (18)	10626 (20)
4	More than 5 years	7893 (66)	29847 (56)
<b>Total</b>		<b>11926</b>	<b>53024</b>

*Source: Information compiled by Audit*

During the period 2021-22, two meetings (Audit Committee Meetings) of Audit with the Departmental officers were held, in which 106 Paras were settled.

- **Status of Replies to Performance Audits and Compliance Audit Paragraphs included in the present Audit Report**

Regulation 138 of the Regulations on Audit and Accounts, 2020 (Regulations, 2020) provides that the Secretary to Government of the concerned Department shall communicate the comments, observations and explanation of the Government on the draft audit report/ draft paragraph within the specified period.

For the present Audit Report 2022, Performance Audits of 'Working of State Agricultural Produce Market Board and Market Committees' 'Activities of Sports Department' and 'Implementation of Deen Dayal Upadhyaya Gramin Kaushalya Yojana in Uttar Pradesh' and 12 Compliance Audit Paragraphs were forwarded to the Additional Chief Secretaries/Principal Secretaries/Secretaries of the concerned administrative Departments to elicit their views on the audit observations.

Replies/responses of the Government in respect of all three Performance Audits and 11 Compliance Audit Paragraphs have been received. The replies of the Government in respect of remaining one audit paragraph was still awaited (December 2024) despite reminders. Not submitting replies to Audit adversely affects accountability and transparency in the Government and is therefore a cause of concern.

#### 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 December 2023)**

Year of the Audit Report	Audit Report No. and year	Date of placement of Audit Report in the State Legislature	Total Performance Audit (PAs) and Compliance Audits (CAs) Paragraphs in the Audit Report		Number of PAs/CAs Paragraphs for which explanatory notes were not received	
			PAs	CAs	PAs	CAs
2012-13	05 of 2014	17.11.2014	5	28	0	2
2012-13	03 of 2014	01.07.2014	1	0	0	0
2013-14	03 of 2015	26.03.2015	6	31	2	2
2014-15	01 of 2016	08.03.2016	9	30	4	2
2014-15	03 of 2016	23.08.2016	1	0	1	0
2015-16	02 of 2017	18.05.2017	2	29	0	11
2015-16	03 of 2017	21.07.2017	1	0	0	0
2015-16	04 of 2017	27.07.2017	1	0	0	0
2016-17	03 of 2018	07.02.2019	0	10	0	4
2017-18	02 of 2019	17.12.2019	1	0	1	0
2018-19	02 of 2021	19.08.2021	1	21	1	16
2019-20	06 of 2022	22.02.2023	1	0	1	0
2020-21	01 of 2023	28.02.2023	0	17	0	16
2020-21	02 of 2023	08.08.2023	1	0	1	0
<b>Total</b>			<b>30</b>	<b>166</b>	<b>11</b>	<b>53</b>

*Source: Information compiled by Audit*

- Discussion of Audit Reports by Public Accounts Committee (PAC)**

During the years 2012-13 to 2020-21, 30 Performance Audits and 166 Compliance Audit Paragraphs related to Departments were reported in these Audit Reports. Of these, PAC had taken up 91 paragraphs (PAs/CAs) for discussion. The status of PAC discussion as on 31 December 2023 is detailed in **Table 1.3**.

**Table 1.3: Status of PAC discussion, Uttar Pradesh, Vidhan Sabha  
(as on 31 December 2023)**

<b>Status</b>	<b>PAs/CAs of Audit Report for the year 2012-13 to 2020-21</b>
Number of total Audit Paras	196 (30 PAs + 166 CAs)
Taken up by PAC for discussion	91 (15 PAs + 86 CAs)
Recommendation made by PAC	Yet to be received
ATN received	Nil

*Source: Information compiled by Audit*