

CHAPTER I: INTRODUCTION

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1.1 About this Report

This Report of the Comptroller and Auditor General of India (C&AG) relates to matters arising from the Performance Audit, Subject Specific Compliance Audit and test audit of transactions of various departments of the Government of Tripura pertaining to Social, Economic, Revenue and General Sectors.

The primary purpose of this Report is to bring to the notice of the State Legislature, significant results of audit. The findings of audit are expected to enable the Executive to take corrective actions, to frame appropriate policies as well as to issue directives that will lead to improved financial management and contribute to better governance. Auditing standards require that the materiality level for reporting should be commensurate with the nature, volume and magnitude of transactions.

In addition to outlining the scope and methodology of the audit, this chapter provides a synopsis of significant instances of non-compliance with applicable laws, rules, regulations, various orders and instructions issued by the competent authorities.

1.2 Authority for Audit

The office of the Accountant General (Audit) functioned as a Branch Office of the Accountant General, Assam from 1967. Since 18 November 1974, it has been functioning as an independent office. Following a restructuring of cadres in 1984, the audit functions were entrusted to the office of the Accountant General (Audit), Tripura and the Accounts and Entitlement functions were entrusted to the office of the Accountant General (A&E), Tripura.

Under the guidance of the C&AG, the office of the Principal Accountant General (Audit), Tripura conducts audits of government departments, public sector undertakings, autonomous bodies and other institutions¹ under Social, Economic, Revenue and General Sectors, which are located throughout the State. The Principal Accountant General (Audit) is assisted by one Senior Deputy Accountant General.

The authority for our audit is derived from the Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 (C & AG's (DPC) Act). Under Section 13 of the C & AG's (DPC) Act, the office of the Principal Accountant General (Audit) has been entrusted with the audit of all expenditure incurred from the Consolidated Fund of Government of Tripura. Section 16 of the Act mandates this office to audit revenue receipts of the Government of Tripura. Additionally, under Section 143 (6) (a) of the Companies Act, 2013, the office conducts supplementary audits of the balance sheets of all State Government companies.

¹ World Bank assisted projects, Asian Development Bank assisted projects, *etc.*

This office is also responsible for auditing the accounts of autonomous bodies and authorities falling under Section 14, 15, 19 (2), 19 (3) and 20 (1) of the C&AG's (DPC) Act.

In addition to the above, this office is also responsible for auditing the accounts of the Tripura Tribal Areas Autonomous District Council (TTAADC), constituted under the provisions of the Sixth Schedule of the Constitution. The Audit Report on the accounts of the Council is prepared separately and laid before the Council. The C&AG prescribes the principles and methodologies for various audits in the Auditing Standards and the Regulations on Audit and Accounts (Amendments), 2020.

1.3 Planning and conduct of Audit

The audit process commences with a risk assessment of the departments based on the expenditure incurred, criticality/ complexity of activities, priority accorded for the activity by the Government, level of delegated financial powers, assessment of internal controls, concerns of stakeholders, past audit findings, *etc.* Based on this risk assessment, the frequency and the extent of audits are decided and an annual audit plan is formulated accordingly.

Upon completion of each audit, an Inspection Report (IR) containing audit findings is issued to the Head of the audited unit, with a request to furnish replies within one month of its receipt. Wherever replies are received, audit findings are either settled or further action for compliance is advised. Significant audit observations pointed out in these IRs, requiring the attention of the highest levels of the Government are processed for inclusion in the Audit Report, which is submitted to the Governor of Tripura under Article 151 of the Constitution of India for causing them to be laid on the Table of the State Legislature.

Our Audit Plan is formulated to align with both the long term and short term goals of audit, in consonance with the overall "Vision and Mission" of the Supreme Audit Institution of India. It is formulated after carrying out the risk assessment and with due consideration of the available manpower. While framing the plan, key elements of the Audit Quality Management Framework (AQMF) such as materiality, inputs from Voucher Level Computerisation (VLC), financial size of the units, data from various e-governance initiatives taken by government, flagship programme undertaken by auditees, press criticism/ electronic media coverage, expected audit impact and continuous improvement based on past experience, *etc.* are taken into account to the extent possible. In addition, a sector wise analysis of government expenditure, the government's investment policy in infrastructure development, industrialisation and socio-economic activities along with due consideration of possible audit impact are taken into account in prioritising auditee units for inclusion in the audit plan.

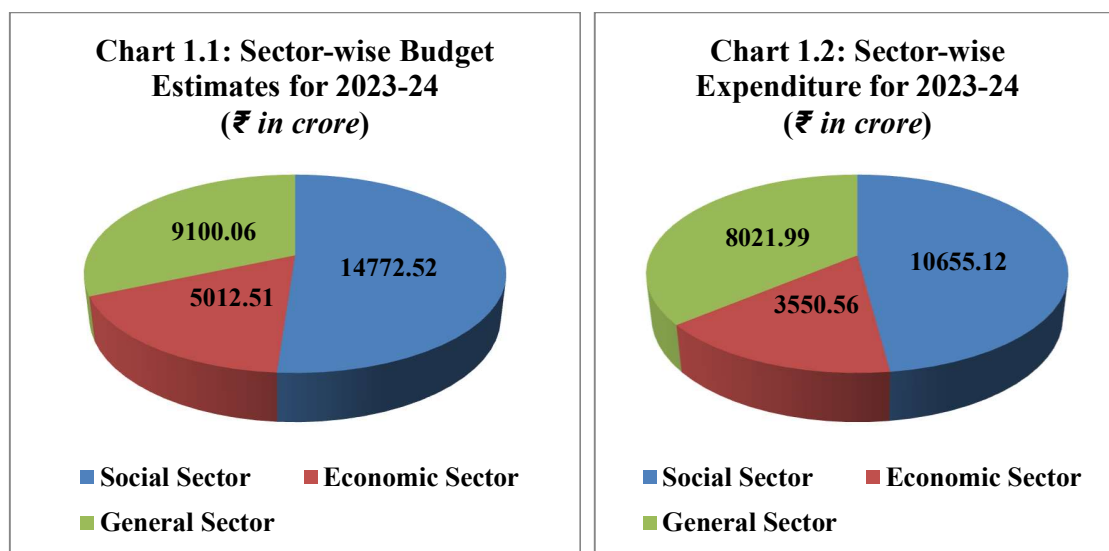
Considering the availability of resources, we have focused on areas with higher financial risk, rather than to thinly dispersed resources across all the Government activities. This

targeted approached aims to achieve a more significant socio-economic impact and add value to governance.

Out of 1,682² auditee units, we planned 89³ units for audit during the financial year 2023-24. After conducting a risk assessment and with the manpower available, we audited 41⁴ units involving an expenditure of ₹ 3,522.72 crore.

1.4 Significant Audit Observations

During the year 2023-24, the State Government incurred an expenditure of ₹ 22,227.67 crore against a budget provision of ₹ 28,885.09 crore under the Social, Economic and General Sectors. The sector-wise budget and expenditure for the year 2023-24 are depicted in the **Charts 1.1** and **1.2**.



Source: Appropriation Accounts 2023-24

This Report, *inter alia*, contains three Performance Audits titled “Mahatma Gandhi National Rural Employment Guarantee Act”, “Jal Jeevan Mission” and “Functioning of District Transport Offices” under the Rural Development, Public Works (Drinking Water and Sanitation) Department and Transport Department respectively. In addition, this report contains two Subject Specific Compliance Audit titled “Collection of Stamp Duty and Registration Fee from Deed Registration” and “Department’s Oversight on GST Payments and Return Filing (Phase-II)” under Revenue and Finance (Excise and Taxation) Department and seven Compliance Audit paragraphs on major findings of audit from test

² As on 31 March 2023 {excluding Local Bodies (PRIs and ULBs), units under Central Government and Banks}

³ Social Sector: 33 units, Economic Sector: 36 units, Economic Sector (SPSE): three units, Revenue Sector: 12 units and General Sector: five units

⁴ Social Sector: 21 units, Economic Sector: seven units, Economic Sector (SPSE): four units, Revenue Sector: six units and General Sector: three units

check of the transactions of 41 units in the Social, Economic, Revenue and General Sectors involving an expenditure of ₹ 3,522.72⁵ crore during 2023-24. Significant audit findings are discussed in the respective succeeding chapters.

⁵ Social Sector: ₹ 1,524.93 crore, Economic Sector: ₹ 1,298.90 crore, Economic Sector (SPSE): ₹ 443.21 crore, Revenue Sector: ₹ 26.78 crore and General Sector: ₹ 228.90 crore