CHAPTER-I

Overview of Audit

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1.1 Introduction

This Report covers matters arising out of audit of State Government Departments and Autonomous Bodies (ABs) under the audit jurisdiction of the office of the Principal Accountant General (Audit-II), West Bengal.

As of 30 September 2023, there were 58 Administrative Departments headed by Additional Chief Secretaries/ Principal Secretaries/ Secretaries, who are assisted by Directors/ Commissioners/ Chief Engineers and other subordinate officers in the State of West Bengal. The jurisdiction of this office relates to functioning of 24 Departments ***(Appendix-1.1)*** and 34 ABs ***(Appendix-1.2)***.

Of the total expenditure of ₹ 46,687.22 crore incurred by these Departments during 2022-23, a major portion (83.73 *per cent*) was cumulatively incurred by Food and Supplies (31.13 *per cent*), Agriculture (17.12 *per cent*), Public Works (15.11 *per cent*), Public Health Engineering (7.81 *per cent*), Power (7.17 *per cent*) and Irrigation and Waterways (5.39 *per cent*) Departments. The comparative position of expenditure incurred by different Departments during the period 2020-21 to 2022-23 is given in **Table 1.1**.

Table 1.1: Trend of expenditure over three years

(₹ in crore)

Sl. No.	Name of the Department	2020-21	2021-22	2022-23	*Per cent* of total expenditure incurred in 2022-23
1.	**Agriculture**	**2,977.96**	**6,581.23**	**7,995.07**	**17.12**
2.	Agriculture Marketing	69.47	88.48	121.22	0.26
3.	Animal Resource Development	725.38	855.09	964.08	2.06
4.	Consumer Affairs	79.09	74.07	102.93	0.22
5.	Co-operation	412.25	608.32	540.33	0.16
6.	Environment	27.00	35.93	30.17	0.06
7.	Fisheries	241.78	207.63	235.42	0.50
8.	**Food & Supplies**	**9,624.41**	**13,393.60**	**14,533.33**	**31.13**
9.	Food Processing Industries and Horticulture	70.91	90.25	105.53	0.23
10.	Forest	589.29	622.86	636.42	1.36
11.	Industry, Commerce and Enterprises	14.11	394.33	274.39	0.59
12.	Information & Cultural Affairs	539.78	518.02	546.72	1.17
13.	Information Technology & Electronics	120.87	98.57	775.08	1.66
14.	**Irrigation & Waterways**	**1,845.72**	**2,255.66**	**2,514.95**	**5.39**
15.	Micro, Small & Medium Enterprises and Textiles	407.58	392.43	539.55	1.16
16.	Non-Conventional and Renewable Energy Sources	5.58	34.52	16.66	0.04
17.	**Power**	**2,019.74**	**3,404.26**	**3,349.65**	**7.17**

Sl. No.	Name of the Department	2020-21	2021-22	2022-23	*Per cent* of total expenditure incurred in 2022-23
18.	Public Enterprises & Industrial Reconstruction	188.44	34.28	30.20	0.06
19.	**Public Health Engineering**	**1,743.16**	**4,731.19**	**3,644.12**	**7.81**
20.	**Public Works**	**5,526.16**	**6,016.94**	**7,054.90**	**15.11**
21.	Science and Technology and Biotechnology	17.57	33.18	31.11	0.07
22.	Tourism	116.11	121.90	124.22	0.27
23.	Transport	1,475.33	1,570.63	1,428.01	3.06
24.	Water Resources Investigation & Development	930.90	990.90	1,093.16	2.34
	Total	**29,768.59**	**43,154.27**	**46,687.22**	

(Source: Appropriation Accounts of Government of West Bengal for the relevant years)

This chapter provides the audited entity's profile, planning for and extent of audit and response to Audit by various Departments.

1.2 About this Report

Audit findings arising from Compliance audit of eight Government Departments including one Corporation under the audit jurisdiction of this Office are included in this Report. Compliance Audit covers examination of transactions relating to expenditure of the audited entities to ascertain whether the provisions of applicable laws, rules, regulations and various orders and instructions issued by the competent authorities are being complied with.

1.3 Authority for Audit

The mandate for audit by the Comptroller and Auditor General of India (CAG) 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) (DPC) Act, 1971. The Audit of expenditure of the Departments of Government of West Bengal was conducted under Section 13[1] of the CAG's (DPC) Act. In addition, the CAG is the sole Auditor in respect of Autonomous Bodies which are audited under Sections19(2)[2], 19(3)[3] and 20(1)[4] of the CAG's (DPC) Act. Moreover, CAG also conducts audit of other Autonomous Bodies, under Section 14[5] of CAG's (DPC) Act, which are substantially funded by the Government.

[1] *Audit of (i) all transactions from the Consolidated Fund of the State, (ii) all transactions relating to the Contingency Fund and Public Accounts and (iii) all trading, manufacturing, profit and loss accounts, balance sheets and other subsidiary accounts.*

[2] *Audit of accounts of Corporation (not being companies) established by or under law made by Parliament in accordance with the provisions of the respective legislations.*

[3] *Audit of the accounts of corporations (not being companies) established by or under law made by the State Legislature at the request of the Governor.*

[4] *Audit of accounts of anybody or authority on the request of the Governor, on such terms and conditions as may be agreed upon between the CAG and the Government.*

[5] *Audit of (i) all receipts and expenditure of a body/authority substantially financed by grants or loans from the Consolidated Fund of the State and (ii) all receipts and expenditure of anybody or authority where the grants or loans to such body or authority from the Consolidated fund of the State in a financed year is not less than ₹ one crore.*

Principles and methodologies for various audits are prescribed in the Auditing Standards and the Regulations on Audit and Accounts issued by the CAG.

1.4 Planning and Conduct of Audit

The audit process starts with assessment of risks faced by various Departments of the Government based on expenditure incurred, criticality/ complexity of the activities, level of delegated financial powers, assessment of overall internal controls and concerns of the stakeholders. Previous audit findings are also considered in this exercise. Based on this risk assessment, the frequency and extent of audit are decided.

An Annual Audit Plan is formulated to conduct audit on the basis of such risk assessment. After completion of audit of each unit, Inspection Reports (IRs) containing audit findings are issued to the Heads of the entities. The entities are requested to furnish replies to audit findings within one month of receipt of the IRs. Wherever replies are received, audit findings are either settled or further action for compliance is advised. The important audit observations included in the IRs are processed for inclusion in the Audit Report.

1.5 Response to Audit

Fourteen Audit paragraphs and two[6] Subject Specific Compliance Audits (SSCAs) included in this Report, were forwarded (between March 2023 and February 2024) to Additional Chief Secretary/ Principal Secretaries/ Secretaries of the Departments concerned with a request to send their responses. Departmental replies in respect of ten audit paragraphs and two SSCAs were received till date (February 2025). The responses of concerned Departments as well as replies to initial audit memos, wherever received, have been suitably incorporated in the Report.

Audit Reports for the last five years i.e. 2018-19 to 2022-23 were sent to the State Government between May 2021 and November 2024 for tabling in the State Legislature. However, four reports pertaining to the year 2020-21 (one), 2021-22 (two) and 2022-23 (one) have not yet been (February 2025) laid. Details of the Reports handed over to the State Government for laying in the State Assembly are shown in ***Appendix-1.3***.

Though the Audit Reports for the year 2006-07 to 2019-20 were presented to the State Legislature between March 2008 and March 2022, replies for 191 paragraphs are yet to be received from 18 Departments under the audit jurisdiction of this office. Status of the pending replies as on 30 September 2023 is given in ***Appendix-1.4***.

As stipulated in the Rules of Procedure of the Committee on Public Accounts (PAC), the Administrative Departments are required to take suitable action on the recommendations made in the Reports of PAC presented to the State Legislature and submit comments on the action taken or proposed to be taken on those recommendations, within six months. Action Taken Notes on 12 paras contained in 11 Reports of the PAC presented to the Legislature between July

[6] *Upgradation and extension of Tourist facilities under Central/ State schemes by Department of Tourism, Government of West Bengal and e-procurement in Finance Department, Public Works Department and Public Health Engineering.*

1999 to June 2014 had not been submitted by four Departments[7] to the Assembly Secretariat as of 30 September 2023.

Inspection Reports issued till 30 September 2023 to 24 Departments were reviewed and it was observed that 4,317 paragraphs relating to 1,200 IRs remained outstanding at the end of September 2023 ***(Appendix-1.5)***.

1.6 Placement of Separate Audit Reports of Autonomous Bodies

Separate Audit Reports (SARs) are the audit reports of the CAG on accounts of ABs. These reports are to be laid before the State Legislature as per the provisions of the respective Acts.

The status of placement of SARs issued by the CAG (up to September 2023) on the accounts of ABs in the State Legislature is shown in ***Appendix-1.6***. 76 SARs in respect of the nine ABs were issued to Government during August 2011 to September 2023. These are yet to be placed in the State Legislature.

[7] *Food and Supplies Department, Public Works Department, Tourism Department and Transport Department.*