Chapter 1

Introduction

CHAPTER-1

INTRODUCTION

1.1 About the Report

There are 48 Departments and 41 Autonomous bodies functioning under the Government of Haryana as detailed in ***Appendix 1.1***. The primary purpose of this report is to bring important results of 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 actions, and also to frame policies and directives that will lead to improved operational efficiency and financial management of the organisations, thus, contributing to better governance.

This chapter explains the authority for audit, planning and extent of audit and responsiveness of Government to audit. Chapter 2 contains Performance Audit, Chapter 3 contain observations of the Subject Specific Compliance Audit and Chapter 4 contains observations emanating from compliance audit of Government Departments.

1.2 Budget profile

The position of budget estimates and actual expenditure by the State Government during 2019-24 is given in ***Table 1.1***.

Table 1.1: Budget and actual expenditure of the State during 2019-24

(₹ in crore)

Expenditure	2019-20		2020-21		2021-22		2022-23		2023-24	
	Budget Estimates	Actual	Budget Estimates	Actual	Budget Estimates	Actual	Budget Estimates	Actual	Budget Estimates	Actual
General Services	35,358	31,884	37,228	34,734	39,680	37,948	44,001	42,069	46,245	45,398
Social Services	36,114	33,726	43,090	36,164	43,293	40,928	47,255	43,680	49,328	43,778
Economic Services	22,770	19,238	25,020	19,048	33,954	19,549	24,943	20,657	30,499	24,020
Grants-in-aid and Contributions	0	0	0	0	0	0	0	0	0	0
Total (1)	**94,242**	**84,848**	**1,05,338**	**89,946**	**1,16,927**	**98,425**	**1,16,199**	**1,06,406**	**1,26,072**	**1,13,196**
Capital Outlay	16,260	17,666	13,201	5,870	9,318	11,046	22,344	11,665	18,460	15,921
Loans and Advances Disbursed	1,407	1,309	1,213	926	1,239	966	3,662	2,462	4,198	4,055
Repayment of Public Debt	20,257	15,776	22,592	29,498	28,161	25,473	35,052	53,021	55,220	59,194
Contingency Fund	-	-	-	-	-	-	-	-	-	-
Appropriation to Contingency Fund	-	-	-	800	-	-	-	-	-	-
Public Accounts disbursements	1,41,707	42,171	51,356	50,245	59,394	51,728	55,066	67,825	69,355	74,037
Closing Cash balance	-	3,999	-	3,148	-	4,946	-	3,834	-	5,438
Total (2)	**1,79,631**	**80,921**	**88,362**	**90,487**	**98,112**	**94,159**	**1,16,124**	**1,38,807**	**1,47,233**	**1,58,645**
Grand Total (1+2)	**2,73,873**	**1,65,769**	**1,93,700**	**1,80,433**	**2,15,039**	**1,92,584**	**2,32,323**	**2,45,213**	**2,73,305**	**2,71,841**

Source: Annual Financial Statements and Explanatory Memorandum of the Budget of the State Government.

1.3 Application of resources of the State Government

As against the total budget outlay of ₹ 2,73,305 crore, the application of resources was ₹ 2,71,841 crore during 2023-24. The total expenditure[1] of the State increased by 28 *per cent* from ₹ 1,03,823 crore[2] to ₹ 1,33,172 crore[3] during the period 2019-20 to 2023-24 while revenue expenditure increased by 33 *per cent* from ₹ 84,848 crore to ₹ 1,13,196 crore and capital expenditure decreased by 10 *per cent* from ₹ 17,666 crore to ₹ 15,921 crore during the same period. Revenue expenditure ranged between 82 to 93 *per cent* of the total expenditure while capital expenditure was between six to 17 *per cent* during the period from 2019-20 to 2023-24.

1.4 Planning and conduct of audit

The audit process commences with risk assessment of various departments, autonomous bodies and schemes/projects which involves assessing the criticality/complexity of activities, the level of delegated financial powers, internal controls and concerns of the stakeholders and the previous audit findings. Based on the risk assessment, the frequency and extent of audit are decided and an Annual Audit Plan is formulated.

After completion of audit, an Inspection Report containing audit findings is issued to the head of the office with a request to furnish replies within four weeks. Whenever replies are received, audit findings are either settled or further action for compliance is advised. Important audit observations pointed out in these Inspection Reports are processed for inclusion in the Audit Reports of the Comptroller and Auditor General of India, which are to be submitted to the Governor of Haryana under Article 151 of the Constitution of India.

During 2023-24, compliance audit of 999 auditee units of departments under Section 13 and 38 auditee units of autonomous bodies under Sections 14, 19(2), 19(3) and 20(1) of Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, was conducted by the office of the Principal Accountant General (Audit), Haryana as a field formation of the Comptroller and Auditor General of India.

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1 Total of Revenue Expenditure, Capital Outlay and Loans and Advances.

2 ₹ 1,03,823 crore = Revenue Expenditure: ₹ 84,848 crore + Capital Outlay: ₹ 17,666 crore + Loans and Advances: ₹ 1,309 crore.

3 ₹ 1,33,172 crore = Revenue Expenditure: ₹ 1,13,196 crore + Capital Outlay: ₹ 15,921 crore + Loans and Advances: ₹ 4,055 crore.

1.5 Significant audit observations and response of Government to audit

In the last few years, Audit had reported on several significant deficiencies in implementation of various programmes/activities as well as on the quality of internal controls in the selected departments, which adversely affect the success of programmes and functioning of the departments. The focus was on offering suitable recommendations to the Executive/ Management for taking corrective action and improving service delivery to the citizens. The Departments are required to send their responses to the draft paragraphs proposed for inclusion in the Reports of Comptroller and Auditor General of India within six weeks.

This Audit Report contains one Performance Audit and 10 compliance audit paragraphs[4] which were forwarded to the Administrative Secretaries concerned. Exit conference in respect of Performance Audit (PA) and Subject Specific Compliance Audit (SSCA) had been conducted with the Administrative Secretary. The replies of nine paragraphs were awaited from the concerned Administrative Secretaries (February 2026).

1.6 Government response to Inspection Reports

After periodical inspection of the Government departments/PSUs, the Principal Accountant General (Audit) issues the Inspection Reports (IRs) to the head of the offices audited with copies to the next higher Authority/Management. The executive authorities/managements are expected to promptly rectify the defects and omissions pointed out and report compliances to the Principal Accountant General (Audit) within four weeks. Half yearly reports of Inspection Reports (IRs) pending for more than six months are also sent to the concerned Administrative Secretaries of the departments to facilitate monitoring and compliance of the audit observations in the pending IRs.

A total of 26,651 paragraphs pertaining to 8,135 IRs were outstanding as of 31 March 2024, against various auditee units pertaining to different Departments, Public Sector Undertakings and Autonomous bodies in the State as detailed in ***Table 1.2***.

[4] Including one SSCA.

Table 1.2: Year-wise breakup of outstanding Inspection Reports and paragraphs

Year	Number of IRs	Number of paragraphs
Prior to 2017-18	5,989	14,296
2018-19	570	2,155
2019-20	454	1,789
2020-21	280	1,224
2021-22	228	1,324
2022-23	237	1,891
2023-24	377	3,972
Total	**8,135**	**26,651**

Source: Information derived from IR Registers maintained in the O/o the PAG (Audit).

Category-wise details of irregularities pointed out through these IRs which had not been settled as of March 2024 are indicated in ***Appendix 1.2***.

1.7 Follow-up on Audit Reports

Discussion in Public Accounts Committee (PAC)

1.7.1 Compliance to Audit Reports

According to the instructions issued (October 1995) by the Government of Haryana, Finance Department and reiterated in March 1997 and July 2001, the administrative departments were to initiate *suo motu* action on all audit paragraphs featuring in the Comptroller and Auditor General's Audit Reports regardless of whether the cases were taken up for examination by the Public Accounts Committee (PAC) or not. The Administrative Departments were required to furnish Action Taken Notes (ATNs) indicating the remedial action taken or proposed to be taken by them within three months of the presentation of the Audit Reports to the Legislature.

Details of Audit Reports placed in the State Legislature during 2020-25 is given in ***Table 1.3***.

Table 1.3: Status of discussion on Audit Reports Laid in State Legislature during 2020-25

Sr. No.	Name of Compliance/Performance Audit Report	Date of placement of Audit Reports in the State Legislature	Committee in which Compliance/PA Report are to be discussed	Status of discussion as of March 2024
1.	Compliance Audit Report- Non-PSU (Social, General and Economic Sectors) – 2019 (Report No. 3 of 2020)	16 March 2021	PAC	Discussed during 2021-22
2.	Compliance Audit Report on Social, General and Economic Sectors – 2020 (Report No. 4 of 2021)	22 December 2021	PAC/COPU	Discussed during 2022-23 & 2023-24
3.	Performance Audit on Direct Benefit Transfer (Report No. 2 of 2022)	8 August 2022	PAC	Discussed during 2023-24
4.	Performance Audit of Functioning of Transport Department (Report No. 4 of 2022)	8 August 2022	PAC	Discussed during 2023-24
5.	Compliance Audit of Energy & Power, Industries & Commerce and Urban Development clusters for the year ended 31 March 2021 (Report No. 7 of 2022)	10 August 2022	PAC[5] and COPU[6]	Discussed during 2023-24
6.	Compliance Audit Report-2 for the year ended 31 March 2021 (Report No. 1 of 2023)	22 March 2023	PAC and COPU[7]	Discussed during 2023-24
7.	Performance Audit on Rural and Urban Water Supply Schemes (Report No. 3 of 2023)	25 August 2023	PAC	Discussed during 2024-25
8.	Performance Audit on Public Health Infrastructure and Management of Health Services (Report No. 2 of the year 2024)	13 November 2024	PAC	Under discussion
9.	Composite Audit Report – Civil and PSUs (Report No. 2 of 2025)	27 August 2025	PAC[8] and COPU[9]	ATNs awaited

1.7.2 Action awaited for recovery pointed out in Audit reports

Action for recovery of ₹ 1,961.17 crore pointed out through 33 audit paragraphs appeared in Audit Reports for the years 2000-01 to 2019-20 was awaited as of March 2025. The details of outstanding recoveries pointed out by Audit is given in ***Appendix 1.3***. PAC has also recommended the departments concerned to recover this amount.

1.7.3 Compliance to Reports of PAC

Final action on 649 recommendations contained in 16th to 91st Reports of PAC for the years 1979-80 to 2024-25 was awaited as per details given in ***Appendix 1.4***. Department-wise details of the pending recommendations of the Public Accounts Committee is given in ***Appendix 1.5***.

[5] Three paragraphs of the Compliance Audit Report (4.1, 4.2 and 4.3).

[6] Six paragraphs of the Compliance Audit Report (2.1 to 2.3 and 3.1 to 3.3).

[7] One paragraph of the Compliance Audit Report (5.17).

[8] Eleven paragraphs of the Composite Audit Report (Three PAs, One SSCA and 6.1, 6.2, 6.3, 6.4, 6.5, 6.6 and 6.7)

[9] Four paragraphs of the Composite Audit Report (7.1, 7.2, 7.3 and 7.4)