

OVERVIEW

The Report includes two Chapters containing observations on Finance and Appropriation Accounts of the Government of Haryana for the year 2004-05 and three others comprising 4 reviews and 20 paragraphs dealing with the results of performance audit of selected programmes and schemes as well as audit of the financial transactions of Government.

The audit has been conducted in accordance with the Auditing Standards prescribed for the Indian Audit and Accounts Department. Audit samples have been drawn based on statistical sampling methods as well as on judgement basis. The specific audit methodology adopted for programmes and schemes has been mentioned in the reviews. The audit conclusions have been drawn and recommendations made taking into consideration the views of the Government.

A summary of the financial position of the State and the audit findings as well as recommendations are given below:

Finances position of the State Government

The plan expenditure was only 21 *per cent* of total expenditure while the share of capital expenditure was only seven *per cent*. Salaries, pensions, interest payments and subsidies consumed 72 *per cent* of the revenue receipts of the year. The arrears of revenue were increasing year by year. Fiscal liabilities had been steadily rising and so were its ratios to Gross State Domestic Product and revenue receipts endangering the debt sustainability.

Return on Government's investments in statutory corporations, companies, cooperative banks and societies was negligible and the Government continued to invest in loss making corporations and companies.

In addition to investment, the Government has also provided loans and advances as well as subsidies to many of these companies, besides giving guarantees for loans raised by them. During 2000-05, the gap between the interest on capital borrowed for investments and returns therefrom has increased.

2 Development of Urban Estates

Audit findings

Haryana Urban Development Authority (HUDA) was established with the main objective to develop urban estates in a planned manner and to provide modern

Recommendations

The State Government should issue instructions to all Departments/Bodies to ensure that acquisition of

living environment. A review of the activities relating to development of urban estates at Faridabad and Gurgaon brought out significant weaknesses in planning, financial management, execution of works and maintenance of amenities involving blocking of funds and avoidable expenditure. Acquisition and development of land in Reserve Forest Area in Faridabad for development of urban estate led to blocking of funds of Rs 62.37 crore upto March 2005. Similarly, expenditure of Rs 47.37 lakh, incurred on construction of a road on Reserve Forest land in Gurgaon, had also remained blocked as of March 2005. Land acquired at a cost of Rs 6.30 crore during 1998-2001 for development of Sector 62, Faridabad was awaiting development due to slackness in planning. An extra expenditure of Rs 11 crore was incurred due to delay in making payment of enhanced compensation to land owners and delay in sending of land owners' objections to courts and not depositing enhanced compensation in court. Rupees 72.47 crore had to be spent on maintenance of 36 developed sectors as these sectors were not transferred to Municipal Bodies. Avoidable payment of interest of Rs 2.20 crore was made to 136 allottees due to delay in handing over possession of plots to them. Lack of internal control system led to double deposit of amount in land acquisition cases. Rupees 1.20 crore were lying outstanding for the last 1 to 11 years in miscellaneous Public Works advances as of March 2005.

Reserve Forest Land takes place only with the prior approval of Central Government. HUDA should ensure that land acquired by Land Acquisition Collectors is expeditiously developed. HUDA should evolve a foolproof system of transfer of funds by the Bank branches to their Head Office Account. Adequate checks and balances should be devised so as to prevent avoidable payments of interest on enhanced land compensation.

3. Water management for irrigation

Audit findings

The objective of irrigation schemes was to manage water available in the State for irrigation in an efficient manner. Against the cultivable area of 38.21 lakh hectares, 20.54 lakh to 21.35 lakh hectares were actually irrigated during 2001-05.

Recommendations

The Department should formulate schemes after ensuring availability of water at off take points of the channels so that infrastructure created is

Construction of 39 irrigation channels at a cost of Rs 21.30 crore proved unfruitful, as these were either non-functional or were of negligible usage. Irrigation potential was created far in excess (by 157 *per cent*) of the availability of water, even if, the share of water from Ravi-Beas rivers is taken into consideration. Construction of Kisanpur Minor without taking into consideration the availability of water led to unfruitful expenditure of Rs 1.31 crore. Avoidable payment of surcharge of Rs 7.39 crore was made due to delay in making payment of energy charges. Failure to install shunt capacitor at a pump house to regulate power factor led to payment of penalty of Rs 2.15 crore. Besides, minimum energy charges of Rs 1.01 crore were paid for non-functional pump houses.

optimally utilised. Even for the works which have been taken up in anticipation of receipt of water from Ravi-Beas through SYL, a considered decision should be taken by Government to go ahead with the works or otherwise till the stalemate is resolved. Government should evolve a proper system for making timely release of funds so as to avoid payment of surcharge and penalty on energy charge.

4. Implementation of Acts and Rules relating to Consumer Protection

Audit findings

The Consumer Protection Act, 1986 was enacted for providing better protection of interest of consumers and to provide speedy and simple redressal to consumer disputes. Sample check of State Commission and five District Forums revealed that out of the 76,783 complaint cases filed, 26,140 (34 *per cent*) cases were disposed of. Further, against 4,389 cases filed for execution of orders, only 2,387 (54 *per cent*) cases were disposed of. Three posts of Presidents and seven posts of Members were lying vacant as on 31 March 2005. Similarly, against the sanctioned strength of 29 supporting staff, only 9 were filled and 20 posts were lying vacant. State Consumer Protection Council and District Consumer Protection Councils though formed, remained non-functional as no meetings of these councils were held during 2000-05. Schemes relating to setting up of District Consumer Information Centres, Consumer Clubs in schools and

Recommendations

Government may consider creating adjudication mechanism commensurate with work load and pendency of cases so that cases are disposed of expeditiously. The State Government may consider filling up the vacant posts of Presidents and Members of State Commission and the District Forums. The State Consumer Protection Council and District Consumer Protection Councils should be made effective to watch the interests of consumers and to strengthen the mechanism of promotion of consumer awareness and empowerment.

involvement of research institutions/universities/colleges for the information and education of consumers were not implemented.

5. Internal control system of Police Department

Audit findings

A built-in Internal Control System and strict adherence to statutes, codes and manuals minimise the risk of errors and irregularities and helps to protect resources against loss due to waste, abuse and mismanagement. Three offices did not reconcile the treasury schedules with the cash-book during 2000-05 to ensure that all the drawals from treasury were recorded in the cash-book. The system of Petrol, Oil and Lubricants (POL) coupons evolved by Finance Department to control the expenditure on POL was not followed properly. As a result, Rs 9.67 crore (22 per cent) were spent on POL during 2000-2005 in excess of prescribed limits. Director General of Police did not evolve any system to have a control over spending on execution of works by Haryana Police Housing Corporation (HPHC). As a result, HPHC took up construction of 97 buildings at an estimated cost of Rs 75.15 crore, without approved budget allotments and spent Rs 33.25 crore on these works by diverting funds from other sanctioned works. Internal Audit of 71 per cent units was in arrears.

Recommendations

The Department should consider appropriate measures to ensure the effectiveness of internal control system evolved through rules, manuals and codes by way of regular reconciliation of drawal of funds with treasury to avoid chances of misappropriation of funds and effective implementation of coupon system for controlling the expenditure on POL. System should be evolved to ensure that construction works are not commenced by HPHC without allotment of funds and sanction of the Government. Proper internal audit plan should be drawn, so that internal audit does not remain pending.

6. Results of transaction audit

Audit of financial transactions, subjected to test-check, in various departments of the Government and their field functionaries revealed instances of losses or wasteful spending of over Rs 32.44 crore as mentioned below:

There was misappropriation of wheat amounting to Rs 1.19 crore in Rural Development Department (District Rural Development Agencies). This was facilitated due to disregard of rules relating to issue and distribution of wheat.

Overpayment/wasteful and infructuous expenditure of Rs 8.76 crore¹ was noticed in Audit.

These cases of wasteful expenditure included a case of non-availment of Central Excise Duty exemption in purchase of pipes for water works due to delay in issuance of instructions.

There were violations of contractual obligations and avoidable expenditure amounting to Rs 2.73 crore² was incurred.

These included a case of avoidable expenditure of Rs 60.43 lakh on land compensation solely on account of delay in the demarcation of land.

Audit also came across instances of idle investment and blocking of funds involving Rs 7.84 crore³.

Besides, there was regulatory issue of unauthorised use of PF subscriptions involving Rs 11.92 crore in Agriculture Department (Chaudhary Charan Singh Haryana Agricultural University, Hisar).

¹ Town and Country Planning Department (Haryana Urban Development Authority): Rs 31 lakh; Public Works Department–Public Health Branch: Rs 1.42 crore; Agriculture Department (Haryana State Agricultural Marketing Board): Rs 46.17 lakh, (Chaudhary Charan Singh Haryana Agricultural University, Hisar): Rs 47.05 lakh; Transport Department: Rs 81.30 lakh; Rural Development Department (Chief Planning and Development Officers): Rs 4.73 crore; and Finance Department: Rs 55.94 lakh.

² Public Works Department (Buildings and Roads Branch): Rs 60.43 lakh, (Public Health Branch): Rs 52.56 lakh; Technical Education Department: Rs 34.19 lakh; Forest Department: Rs 15.22 lakh; and Food and Supplies Department: Rs 1.11 crore.

³ Rural Development Department (District Rural Development Agencies): Rs 21.81 lakh; Transport Department: Rs 4.93 crore; and Public Works Department (Irrigation Branch): Rs 2.69 crore.