

OVERVIEW

This Report contains two Chapters on the observations of Audit on the State's Finance and Appropriation Accounts for the year 2004-05 and three other Chapters comprising four reviews and 21 paragraphs (including one general paragraph) based on the audit of certain selected programmes and activities and financial transactions of the 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 judgment basis. The specific audit methodology adopted for programmes and schemes has been mentioned in the reviews. The audit conclusions have been drawn and the recommendations made taking into consideration the views of the Government.

A summary of the financial position of the State and the audit findings is given below:

1. Financial Position of the State Government

During the year, revenue receipts were Rs 17,763 crore constituting only 25 *per cent* of total receipts. Salaries, Interest Payments and Pensions alone consumed 72 *per cent* of total revenue receipts. The direct fiscal liabilities of the State have grown much faster as compared to its rate of growth of Gross State Domestic Product (GSDP). The weighted interest rate is higher than the rate of growth of GSDP indicating unsustainability of the State's fiscal liability.

After providing for the interest and repayment of Public Debt only nine *per cent* funds were available during the year.

Return on the Government's investment in Statutory Corporations, Rural Banks, Government Companies, Joint Stock Companies, Partnership Concerns and Cooperative Banks/Societies was only 0.91 *per cent*.

As of 31 March 2005, Rs 2,877 crore were blocked in 373 incomplete projects.

Against the total budget provision of Rs 38,931.46 crore, the expenditure was Rs 31,639.12 crore. The overall savings were Rs 7,292.34 crore. Rupees 7,369.92 crore were surrendered on the last working day of the financial year.

2. Performance Audit Reviews

Implementation of Acts and Rules for Consumer Protection

The implementation of Consumer Protection Act in the State was not effective. Mechanism for enforcement of Consumer Protection Act and other

Acts was not adequate. Incomplete construction of building resulted in blocking of funds of Rs 13.33 lakh and there was also avoidable expenditure of Rs 10.06 lakh on rent of buildings, District Consumer Information Centres were not set up in the State and State Commission and District Forums in the State suffered owing to vacancies of Presidents and Members, inadequate staff, funds and infrastructure.

Performance Audit of Jail Department

During performance audit of Jail Department it was noticed that only Rs 9.92 crore (28 *per cent*) out of Rs 35.83 crore transferred by State Government for modernisation of Jail administration were utilised. There was shortage of 660 to 868 personnel during 2000-05. While capacity of imparting training to 120 jail personnel per day in Jail Training Institute, Ajmer remained under-utilised, Head Warder was imparting training in squad drill, musketry, firing as the post of Instructor was lying vacant. Fifty five valuable and important medical equipment were lying idle.

Integrated Water Supply, Sanitation and Health Education Programme- Aapni Yojna and Churu Bissau Project

The Projects of *Aapni Yojna* and Churu Bissau to be completed by 1999 and 2001 respectively were still incomplete (March 2005). There was no co-ordination between authorities of Project Management Cell and Community Participation Unit which led to reluctance in availment of water that was made available from the project by several villages and ultimately resulted in unfruitful expenditure of Rs 4.75 crore. Occurring of abnormal bursts and leakages in Asbestos Cement pipeline laid in rising main of cluster 33A indicated execution of sub-standard work amounting to Rs 36.12 lakh.

Internal Control System in Cooperative Department

A built in Internal Control System and proper adherence to Statutes, Codes and manuals minimises the risk of errors and irregularities and helps to protect resources against loss due to waste abuse and mismanagement etc. Study of the Cooperative Department revealed that Internal Control System in the Department was weak and the in built controls were inadequate when compared to the range of activities of the Department. There were persistent savings ranging from 8.48 to 16.14 *per cent* (Non-plan) and 8.14 to 38.41 *per cent* (Plan and Centrally Sponsored Schemes) which is indicative of lack of budgetary control. There was no effective monitoring of expenditure leading to surrender of savings. Loans totalling Rs 2.26 crore advanced to societies were pending adjustment for period upto ten years. Four thousand nine hundred nine cases of theft, embezzlement, misappropriation of Societies funds amounting to Rs 16.88 crore were pending for finalisation. Liquidation proceedings of 531 Societies were pending for periods from one year to 50 years. Elections of the Working Committees of the Societies were not held in any of the Societies since 1993 which weakened the control environment in the Societies. Chief Auditor responsible for conducting audit

of societies works under the administrative control of Registrar as such the impartiality and independence of audit could not be ensured.

3. Audit of Transactions

Besides the above, audit of financial transactions, subjected to test-check in various Departments of the Government and their field functionaries revealed instances of wasteful/infructuous expenditure, non-recovery and other irregularities involving Rs 18.12 crore as mentioned below:

Wasteful expenditure of Rs 81.10 lakh in Irrigation Department and Rs 40.78 lakh in Department of Personnel was noticed in addition to infructuous expenditure of Rs 38.62 lakh in Irrigation Department and Rs 98.46 lakh in Disaster Management and Relief Department and nugatory expenditure of Rs 3.11 crore in Public Works Department.

Avoidable/excess/unfruitful expenditure of Rs 3.62 crore was noticed in Education (Rs 79.47 lakh), Indira Gandhi Nahar (Rs 85.59 lakh), Irrigation (Rs 71.92 lakh), Medical and Health (Rs 58.28 lakh) and Public Works (Rs 66.26 lakh) Departments.

Idle investment/idle establishment/blockage of funds of Rs 2.30 crore were noticed in Public Health Engineering (Rs 35.91 lakh), Irrigation (Rs 1.28 crore), and Public Works and Parliamentary Affairs (Rs 66.55 lakh) Departments. These cases of blockage of funds included a case where Rs 66.55 lakh were spent on construction of staff quarters lying incomplete for more than three and half years.

Apart from these, there were regularity issues and other points involving Rs 6.50 crore in Finance (Rs 62.66 lakh), Medical and Health (Rs 1.95 crore), Social Welfare (Rs 99.08 lakh) and Rural Development and Panchayati Raj (Rs 2.68 crore) Departments. Further, non-recovery of rent of Rs 25.12 lakh from occupants of Government quarters was also noticed in Irrigation Department.