

**PART-A**  
**GENERAL AND SOCIAL SECTOR**



# **CHAPTER - I**

**INTRODUCTION**

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## CHAPTER I

### INTRODUCTION

#### 1.1 About this Report

This Report of the Comptroller and Auditor General of India (C&AG) relates to matters arising from Compliance audit of Government Departments and Autonomous Bodies falling under General and Social Sector and Public Sector Undertakings (PSUs) of the Government of Maharashtra (GoM).

Compliance Audit refers to examination of the expenditure of the audited entities to ascertain whether the provisions of the Constitution of India, applicable laws, rules, regulations and various orders and instructions issued by the competent authorities are being complied with.

The primary purpose of this Report is to bring to the notice of the State Legislature, important results of audit. 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 as 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, in addition to explaining the planning and extent of audit, provides a synopsis of the significant deficiencies in working of selected schemes/projects, significant audit observations made during the audit of transactions and follow-up on previous Audit Reports. Chapter II contains observations emanating from compliance audit in Government Departments, and on Autonomous Bodies.

#### 1.2 Audited Entity Profile

The Departments in the General and Social Sector in the State at the Secretariat level are headed by Additional Chief Secretaries/Principal Secretaries/Secretaries and assisted by Directors/Commissioners and subordinate officers.

A summary of the State Government's fiscal transactions during 2018-19 *vis-a-vis* the previous year is given in **Table 1.1**.

**Table 1.1: Summary of Fiscal operations during 2018-19**

(₹ in crore)

2017-18	Receipts	2018-19	2017-18	Disbursements	2018-19
<b>Section-A: Revenue</b>					<b>Total</b>
<b>243654</b>	<b>Revenue receipts</b>	<b>278996</b>	<b>241571</b>	<b>Revenue expenditure</b>	<b>267022</b>
167932	Tax revenue	187436	78535	General services	84765
16242	Non-tax revenue	15844	93054	Social services	109391
37219	Share of Union Taxes/Duties	42054	54189	Economic services	52759
22261	Grants from Government of India	33662	15793	Grants-in-aid and Contributions	20107
<b>Section B: Capital and Others</b>					
0	Miscellaneous Capital Receipts	0	26842	Capital Outlay	35049
1778	Recoveries of Loans and Advances	1604	979	Loans and Advances disbursed	1545
48075	Public debt receipts <sup>§</sup>	26025 <sup>§</sup>	15782	Repayment of Public Debt <sup>§</sup>	25116 <sup>§#</sup>
0	Appropriation from Contingency fund	1528	0	Appropriation to Contingency fund	3528
0	Contingency Fund	3528	0	Contingency Fund	1528
81877	Public Account Receipts	90665	70491	Public Account Disbursements	89758
27853	Opening Cash Balance a) Sinking Fund	33971	33971	Closing Cash Balance a) Sinking Fund	34488
40897	b) Cash balance	54498	54498	b) Cash balance	32781
<b>444134</b>	<b>Total</b>	<b>490815</b>	<b>444134</b>	<b>Total</b>	<b>490815</b>
<sup>#</sup> Lower Rounding <sup>§</sup> Excluding ways and means advances ( Receipt: nil and Disbursement: nil ) Source: Finance Accounts of respective years					

### 1.3 Authority for Audit

The authority for audit by the C&AG 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) Act, 1971. The C&AG conducts audit of expenditure of the Departments of GoM under the provisions of the C&AG's (DPC) Act, 1971 and Regulations on Audit and Accounts, 2007 issued by the C&AG.

### 1.4 Organisational Structure of the Offices of the Principal Accountant General (Audit)-I, Mumbai and the Accountant General (Audit)-II, Nagpur

Under the directions of the C&AG, the Offices of the Principal Accountant General (Audit)-I, Mumbai and the Accountant General (Audit)-II, Nagpur conduct the audit of various Government Departments and Offices/ Autonomous Bodies/Institutions under them. While 17 districts from Konkan and Western Maharashtra fall under the audit jurisdiction of the Principal Accountant General (Audit)-I, Mumbai, the remaining 19 districts from Vidarbha and Marathwada are under the audit jurisdiction of the Accountant General (Audit)-II, Nagpur.

## **1.5 Planning and Conduct of Audit**

The audit process starts with the assessment of risk faced by various Departments of the GoM, based on expenditure incurred, criticality/complexity of activities, the levels of delegated financial powers and assessment of overall internal controls and concerns of stakeholders. Previous audit findings are also considered in this exercise. Based on this risk assessment, the frequency and extent of audit are decided. During 2018-19, 5,335 party-days were used to carry out audit of 395 units (compliance and performance audits) of the various Departments, Organisations. The audit plan covered those units/entities which were vulnerable to significant risks as perceived by Audit.

After completion of audit of each unit, Inspection Reports (IRs) containing audit findings are issued to the Heads of the Departments. The Departments are requested to furnish replies to the audit findings within one month of receipt of the IRs. Whenever replies are received, audit findings are either settled or further action for compliance is advised. The important audit observations arising out of these IRs are processed for inclusion in the Audit Reports which are submitted to the Governor under Article 151 (2) of the Constitution of India.

## **1.6 Significant Audit Observations**

In the last few years, Audit has reported several significant deficiencies in implementation of various programmes/activities through performance audits, as well as on the quality of internal controls in selected Departments. Similarly, the deficiencies noticed during compliance audit of the Government Departments/Organisations were also reported upon.

### **1.6.1 Compliance Audit of Government Transactions**

There are 12 audit paragraphs (including three theme-based audit paragraphs) arising from compliance audits carried out. A significant audit findings are indicated below.

- The Jalyukt Shivar Abhiyan (Abhiyan) was implemented in the State with an overall objective of making the villages drought free through a combination of supply side interventions involving creation of storage structure to harvest maximum rainwater runoff and demand side interventions consisting of change in cropping pattern with focus on water efficient crops, improving water efficiency and increasing groundwater level and implementation of Maharashtra Groundwater (Development and Management) Act, 2009. There were deficiencies in the preparation of village plans leading to less storage being planned. The planned storage was also not constructed in many of the selected villages. The concurrent evaluation done to ensure quality of works was inadequate. The lack of funds hampered the repair and maintenance of works executed under the Abhiyan. The demand side interventions envisaged under the Abhiyan were not effective due to non-implementation of the Maharashtra Groundwater (Development and Management) Act, 2009 resulting in increase in the cultivation of cash crops. Despite spending an amount of ₹ 9,633.75 crore, the Abhiyan also had little impact in achieving water

neutrality and increasing groundwater level. Inadequate concurrent and third-party evaluation of works executed, incomplete uploading of photographs on website to ensure transparency in the execution of works and the significant number of villages not achieving water neutrality status indicated inadequate monitoring by the Department.

**(Paragraph 2.1)**

- The Sewerage Department had in-house cell for updating the maps but the extent to which the mapping was completed could not be ascertained in the absence of record of total sewer lines laid. The Hydraulic Engineering Department and Storm-Water Drain Department did not have updated maps and were dependent on outside agencies for updation of maps. GIS maps having greater accuracy were not utilised by the Sewerage Department and the Hydraulic Engineering Department as the validation of data/alignment testing was not completed. Water supply network with less than 100 mm diameter supplying water to individual buildings/establishments were not being mapped. Municipal Corporation of Greater Mumbai did not obtain maps for trenching done by external agencies for providing various underground utilities using open cut method while the GIS maps obtained for trenching done using horizontal directional drilling /micro trenching method was not put to any use.

**(Paragraph 2.2)**

- In the absence of direction and monitoring by the Directorate of Medical Education and Research and Government of Maharashtra (GoM), although proposals were sent to Government of India (GoI) but detailed plans for getting funds and prioritising expenditure were not prepared. There was absence of budgetary and expenditure controls. Though, matching grants were to be provided in the ratio of 75:25 by GOI and GoM, release of grants was not coordinated as such. No report of physical progress and achievement of set targets was ever prepared and submitted by the GoM, as prescribed. Even after seven years since the launch of the Scheme, including extended period of two years and after spending more than 91 *per cent* of the funds released, the Government Medical Colleges (GMCs) could only add 79 (11 *per cent*) Post-Graduates (PG) seats of the 692 seats targeted. Due to poor implementation of the Scheme, the objectives of upgrading the PG teaching facilities, increasing the intake capacity of the PG students, introducing new and higher courses, mitigating the shortage of specialists in the country, rectifying the deficiencies pointed out by Medical Council of India so as to protect colleges from derecognition of the existing courses and improving the quality of medical education, research and clinical treatment could not be achieved. There was lack of monitoring and evaluation of the scheme by the GoM. Therefore, GoM/GMC need to conduct a Gap Analysis as required and detailed proposals prepared for better implementation and achieving the intended objective atleast in the second phase of Strengthening/Up-grading of State Government Medical Colleges.

**(Paragraph 2.3)**



- Failure of Municipal Corporation of Greater Mumbai to monitor compliance to the lease agreement by obtaining periodical information/financial statements from a Sports Club resulted in non-recovery of premium of ₹ 20.55 crore from non-sports activities.

**(Paragraph 2.4)**

- Failure of Urban Development Department (UDD) to issue timely notification declaring a rail metro project as Vital Urban Transport Project undertaken by Pune Municipal Corporation and non-recovery of development charges at the enhanced rate by Thane Municipal Corporation even after issue of notification by UDD resulted in loss of ₹ 513.15 crore.

**(Paragraph 2.5)**

- Payment at higher rate applicable to non-affected area, for a portion of land affected by utilities where no development was possible, resulted in loss of ₹ 5.37 crore.

**(Paragraph 2.6)**

- Grant of No Objection Certificate (NOC) by Mumbai Building Repairs and Reconstruction Board for the entire sale component of a sale building despite non-fulfilment of the NOC condition, resulted in undue benefit of ₹ 32.12 crore to a developer.

**(Paragraph 2.7)**

- Non-construction of Government Tribal Hostel Building as per type plan resulted in idle expenditure of ₹ 1.65 crore and avoidable payment of hostel rent of ₹ 13.50 lakh besides depriving tribal students from availing proper Government hostel building facilities.

**(Paragraph 2.8)**

- Failure of Tribal Development Department to purchase and distribute Oil pumps and HDPE pipes resulted in blocking of fund of ₹ 54.58 crore and deprivation of benefit of irrigation facility to tribal farmers.

**(Paragraph 2.9)**

- Failure to comply with the Government directives by Social Justice & Special Assistance Department resulted in irregular construction of Memorial and Museum for personal belongings of Dr. B.R. Ambedkar on private land at Chincholi, Nagpur for ₹ 22.15 crore.

**(Paragraph 2.10)**

- Trauma Care Centre at Vaijapur, District Aurangabad was not operational since last six years for want of electric supply resulting in idle expenditure of ₹ 1.66 crore.

**(Paragraph 2.11)**

- Non-adjustment of excess grant released during previous years by Higher and Technical Education Office, Amravati resulted in irregular release of excess grant-in-aid of ₹ 1.34 crore in violation of the prescribed rules.

**(Paragraph 2.12)**

## 1.7 Responsiveness of Government to Audit

### 1.7.1 Inspection Reports Outstanding

Periodical inspections of Government Departments are conducted to test-check their transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. These inspections are followed up with Inspection Report (IRs) which are issued to the Heads of the Offices inspected, with copies to the next higher authorities. Half yearly reports of pending IRs are sent to the Secretaries of the concerned Departments to facilitate monitoring of action taken on the audit observations included in the IRs.

As of June 2019, 2,887 IRs (12,148 paragraphs) were outstanding for settlement. Year-wise details of IRs and paragraphs are shown in **Appendix 1.1**.

### 1.7.2 Response of Departments to Draft Paragraphs and Performance Audits

The draft paragraphs (including theme-based audit paragraphs) were forwarded demi-officially to the Additional Chief Secretaries/Principal Secretaries/Secretaries of the concerned Departments between April 2019 and June 2020 with the request to send the responses within four weeks. The Government replies to none of the draft paragraphs (including theme-based audit paragraphs) featured in this Report were received.

### 1.7.3 Follow-up on Audit Reports

According to instructions issued by the Finance Department, GoM in January 2001, Administrative Departments were required to furnish Explanatory Memoranda (EMs) duly verified by Audit to the Maharashtra Legislature Secretariat in respect of paragraphs included in the Audit Reports of C&AG of India, within three months of presenting the Audit Reports to the State Legislature. The Administrative Departments, however, did not comply fully with these instructions. The status of outstanding EMs from 2012-13 to 2017-18 is indicated in **Table 1.2**. Department-wise details are shown in **Appendix 1.2**.

**Table 1.2: Status of submission of EMs during 2012-18**

Audit Report	Date of tabling the Report	Number of Paragraphs and Reviews	Number of EMs received	Balance
2012-13	14 June 2014	13	12	01
2013-14	10 April 2015	10	10	00
2014-15	05 August 2016	09	08	01
2015-16	11 August 2017	12	10	02
2016-17	28 March 2018	20	16	04
2017-18	02 July 2019	14	0	14
<b>Total</b>		<b>78</b>	<b>56</b>	<b>22</b>

With a view to ensuring accountability of the Executive in respect of all the issues dealt with in the Audit Reports, the Public Accounts Committee (PAC) lays down in each case, the period within which Action Taken Notes (ATNs) on its recommendations should be sent by the Departments.

The PAC discussed 294 paragraphs pertaining to the Audit Reports for the years from 2010-11 to 2016-17 and gave 541 recommendations of which, ATNs were pending on 438 recommendations, as indicated in **Table 1.3**.

**Table 1.3: Position of outstanding ATNs on PAC recommendations**

<b>Year of Audit Report</b>	<b>PAC Report Number</b>	<b>Year of PAC</b>	<b>Number of recommendations</b>	<b>Number of ATNs awaited</b>
<b>2010-11</b>	12, 17	2015-16	47	21
<b>2011-12</b>	29, 32, 34	2017-18	166	132
<b>2012-13</b>	24	2015-16	19	19
	27, 31	2017-18	112	70
<b>2013-14</b>	19	2015-16	61	61
<b>2014-15</b>	47, 52, 57	2017-18	79	79
<b>2015-16</b>	40, 41	2017-18	39	38
<b>2016-17</b>	58, 59	2017-18	18	18
<b>Total</b>			<b>541</b>	<b>438</b>

The Department-wise position of PAC recommendations on which ATNs were awaited is indicated in **Appendix 1.3**.

