

Chapter 1

Introduction

1.1 About this Report

This Report of the Comptroller and Auditor General of India (C&AG) relates to matters arising from performance audit of selected programmes and activities and compliance audit of Government Departments, autonomous bodies and departmentally run commercial undertakings.

Compliance audit refers to examination of the transactions relating to expenditure and revenue receipts 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 competent authorities are being complied with. On the other hand, performance audit, besides conducting a compliance audit, also examines whether the objectives of the programme/ activity/ Department are achieved economically and efficiently.

The primary purpose of the 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 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 and achievements in implementation of selected schemes, significant audit observations made during the audit of transactions and follow-up on previous Audit Reports. Chapter-II, III and IV of this report deals with results of audit of civil Departments of the Government which respectively contains findings arising out of performance audit of selected schemes/programmes/activities, compliance audit of transactions and Chief Controlling Officer (CCO) based performance audit whereas Chapter-V and VI contains overall position of revenue receipts and commercial activities including observations on audit of transactions and performance audit of selected programme/activities/Departments respectively.

1.2 Auditee Profile

There are 63 Departments, 37 Autonomous Bodies and 20 working Public Sector Undertakings/Government companies in the State, headed by Additional Chief Secretaries/Principal Secretaries/Secretaries/Managing Directors/Directors, which are audited by the Principal Accountant General (Audit), Uttarakhand.

The comparative position of expenditure incurred by the Government during the year 2010-11 and in the preceding two years is given in Table-1.1 below.

Table-1.1

(₹ in crore)

Disbursements	2008-09			2009-10			2010-11		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
Revenue expenditure									
General Services	5.02	3098.95	3103.97	2.86	3691.48	3694.34	20.63	4159.52	4180.15
Social Services	1441.73	1950.10	3391.83	1697.55	3282.73	4980.28	1723.79	3445.70	5169.49
Economic Service	727.49	895.64	1623.13	594.93	1063.19	1658.12	728.07	1135.68	1863.75
Grant-in-aid	0.06	274.71	274.77	3.70	321.03	324.73	0.01	407.67	407.68
Total	2174.30	6219.40	8393.70	2299.04	8358.43	10657.47	2472.50	9148.57	11621.07
Capital Expenditure									
Capital outlay	1902.49	113.85	2016.34	992.46	654.27	1646.74	1858.52	-3.68	1854.84
Loans and advances disbursed	118.88	2.83	121.71	24.32	5.74	30.06	0	0	59.68
Repayment of public debt (including transactions under WMA)	355.38			472.87			519.36		
Contingency Fund	32.05			71.42			536.71		
Public Account Disbursements	13476.62			12321.83			17608.20		
Total	2021.37	116.68	16002.10	1016.78	660.01	14542.92	1858.52	-3.68	20578.79
Grand Total	4195.67	6336.08	24395.80	3315.82	9018.44	25200.39	4331.02	9144.89	32199.86

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. C&AG conducts audit of expenditure of the Departments under Section 13¹ and audit of receipts under Section 16² of the C&AG's (DPC) Act. C&AG is the sole auditor in respect of autonomous bodies and PSUs which are audited under sections 19(1)³, 19(2)⁴ and 20(1)⁵ of the C&AG's (DPC) Act. In addition, C&AG also conducts audit of other autonomous bodies, under Section 14⁶ of C&AG's (DPC) Act, which are substantially funded by the Government. Principles and methodologies for various audits are

¹ (i) Audit of 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 all receipts which are payable into the consolidated fund of the State.

³ Audit of the accounts of Government Companies shall be performed and exercised in accordance with the provision of the companies Act, 1956.

⁴ Audit of the accounts of Corporations (not being Companies) established by or under law made by the State Legislature in accordance with the provisions of the respective legislations.

⁵ Audit of accounts of any body or authority on the request of the Governor, on such terms and conditions as may be agreed upon between the C&AG and the Government.

⁶ (i) Audit of 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 any body or authority where the grants or loans to such body or authority from the Consolidated Fund of the State in a financial year is not less than ₹ one crore.

prescribed in the Auditing Standards and the Regulations on Audit and Accounts, 2007 issued by the C&AG.

1.4 Organisational structure of the Offices of the Principal Accountant General (Audit), Uttarakhand, Dehradun

Under the directions of the C&AG, the Office of the Principal Accountant General (Audit), Uttarakhand, Dehradun conducts audit of Government Departments/ Offices/ Autonomous Bodies/Departmentally run Commercial Undertakings and Institutions under them which are spread all over the State. The Principal Accountant General is assisted by three Group Officers.

1.5 Planning and conduct of Audit

Audit process starts with the assessment of risks faced by various Departments of Government based on revenue receipts or expenditure incurred, criticality/ complexity of activities, level of delegated financial powers, 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.

After completion of audit of each unit, Inspection Reports 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 Inspection Reports. Whenever replies are received, audit findings are either settled or further action for compliance is advised. The important audit observations arising out of these Inspection Reports are processed for inclusion in the Audit Reports, which are submitted to the Governor of State under Article 151 of the Constitution of India.

During 2010-11, 4616⁷ party-days were used to carry out audit of 415⁸ units and to conduct six performance/CCO based performance audits. The audit plan covered those units/entities which were vulnerable to significant risk as per our assessment.

1.6 Significant audit observations

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

1.6.1 Performance audits of schemes/programmes/ activities of civil Departments and Thematic Paragraphs

The present report (civil) contains three performance audits and two thematic paragraphs. The highlights are given in the following paragraphs.

⁷ Party days for Civil Units: 2577, Revenue Units: 883 and Commercial Units: 1156.

⁸ Civil Units: 271, Revenue Units: 106 and Commercial Units: 38.

1.6.1.1 Sarva Shiksha Abhiyan

The Performance Audit of Sarva Shiksha Abhiyan (SSA) revealed that its implementation in the State left much to be desired. There was under utilization of funds in all the years due to faulty planning, delay in release/ short release of funds and poor implementation and monitoring of various interventions carried out by the executing agencies. The scheme also suffered from curtailment of funds of ₹ 239.47 crore because of under utilisation of funds received. Further, non submission of UCs by the line agencies, advances being booked as expenditure in the books of accounts and maximum distribution of funds at the fag end of the financial year reflected poor financial management by the Uttarakhand Sabhi Ke Liye Shiksha Parishad.

The SSA also suffered due to lack of infrastructure and basic amenities like drinking water, toilets, electricity, kitchens etc. in the schools. The construction of Kasturba Gandhi Balika Vidhyalaya (KGBV) hostel buildings was abnormally delayed. There was delay in distribution of free text books. There was also shortage and disproportionate deployment of teachers in the schools. The SSA lacked effective monitoring and evaluation mechanism in execution of various programmes.

[Paragraph 2.1]

1.6.1.2 Acquisition and Allotment of Land by Revenue Department

The Land Acquisition Act came into existence in 1894 under which the Government had the power to make/alter/add rules for guidance of officers in all matters connected with its enforcement. However, no such rules have been made by the State Government even after a lapse of a decade since formation of the State. No mechanism existed in office of the Chief Revenue Commissioner (CRC) and Divisions for proper maintenance of records, compilation of data and consolidation of any periodical information from the districts and the Department was fully dependent on the district authorities for various requisite information. No computerized data of acquisition and allotment of land was maintained at any stage by any of the District Authorities/Divisions/Chief Revenue Commissioner. Cent *per cent* acquisition proceedings were carried out under the urgency clause in the test checked districts. Even in the cases of land acquired under urgency clause, there were cases of inordinate delay in possession of land, unauthorized work and non utilization of acquired land. Audit also noticed delay in acquisition proceedings which occurred at various stages; from delay in declaration of award to delay in payment of compensation to the landowners.

The allotment in the State, governed by the Government Grant Act (GG Act), showed violation of rule whereby, land was to be allotted as per the priority list prescribed by the GG Act. There were cases in which land was allotted free of cost to both private and Government institutions. There were also instances of violation of the GG Act whereby the allotted land was neither utilized within the prescribed period nor was the allotment cancelled by the competent authority. Further, the allotted land was not used in number of cases for the purpose for which it was allotted. The leases of land, which were to be renewed every 30

years, were not renewed and the lease holders continued to occupy the land without paying the lease rent.

[Paragraph 2.2]

1.6.1.3 Use of forest land for non-forest purposes by Public Works Department

In 17 test checked Public Works Divisions, 339 road works amounting to ₹ 497.35 crore remained suspended due to lack of forest clearance. Of this, funds to the tune of ₹ 229.16 crore against 142 works were found blocked due to inaction/laxity of the Divisions. Besides, 34 works were taken up in violation of the Forest (Conservation) Act, 1980 and expenditure incurred thereon worth ₹ 15.13 crore proved unfruitful.

[Paragraph 2.3]

1.6.1.4 Implementation of Pension Schemes by Social Welfare Department

Inadequate planning by the Social Welfare Department in implementation of various schemes resulted in double payment of pension, pension to deceased and ineligible persons amounting to ₹ 10.12 crore. Besides, there were instances of parking of scheme funds (₹ 58.04 crore) and unfruitful expenditure on hiring of server (₹ 2.02 crore).

[Paragraph 2.4]

1.6.2 Compliance audit of transactions

Audit has also reported on several significant deficiencies in critical areas which impact the effective functioning of the Government Departments/ organisations. These are broadly categorised and grouped as:

- ❖ Non-compliance with rules.
- ❖ Audit against propriety/ expenditure without justification.
- ❖ Failure of governance/ oversight.

1.6.2.1 Non-compliance with rules

For sound financial administration and financial control, it is essential that expenditure conforms to financial rules, regulations and orders issued by the competent authority. This not only prevents irregularities, misappropriation and frauds, but helps in maintaining good financial discipline. This report contains instances of non-compliance with rules involving ₹ 7.07 crore. Some significant audit findings are as under:

- Commencement of construction of a bridge by the PWD without ensuring availability of land resulted in infructuous expenditure of ₹ 1.59 crore incurred on an incomplete bridge.

[Paragraph 3.1.1]

- Erroneous process adopted by the Executive Engineer, Construction Division, PWD, Baijaro (Pauri) in awarding of contract and using excessive material resulted in injudicious expenditure of ₹ 83.66 lakh in addition to execution of substandard road work.

[Paragraph 3.1.2]

- Interest free mobilization advance of ₹ 8.48 crore was provided by Executive Engineers, Temporary Divisions, (PWD) Rishikesh & Berinag, in violation of the Rules framed by the Government, CPWA Code and guidelines of Central Vigilance Commission which became a source of benefit to the contractors amounting to ₹ 1.12 crore.

[Paragraph 3.1.4]

- An aquarium at island of Bhimtal Lake was established by the Nainital Lake Region Special Area Development Authority, Nainital at a cost of ₹ 1.48 crore by diversion of funds provisioned for conservation and management of lakes led to damage of objectives of the project.

[Paragraph 3.1.5]

1.6.2.2 Audit against propriety/Expenditure without justification

Authorisation of expenditure from public funds is to be guided by the principles of propriety and efficiency of public expenditure. Authorities empowered to incur expenditure are expected to enforce the same vigilance as a person of ordinary prudence would exercise in respect of his own money and should enforce financial order and strict economy at every step. Audit has detected instances of impropriety and extra expenditure involving ₹ 4.23 crore, some of which were as under:

- Estimated rates were inflated for two road works by the Temporary Division, PWD, Bhawali, Nainital before its technical sanction by competent authority which resulted in avoidable excess expenditure of ₹ 38.75 lakh.

[Paragraph 3.2.2]

- Double loading of contractor's profit for certain items of material in estimates pertaining to road works by Construction Division, PWD, Pauri led to undue benefit of ₹ 1.61 crore to contractors.

[Paragraph 3.2.3]

1.6.2.3 Failure of governance/ oversight

The Government has an obligation to improve the quality of life of the people for which it works towards fulfilment of certain goals in the area of health, education, development and upgradation of infrastructure and public service *etc.* However, Audit noticed instances where the funds released by Government for creating public assets for the benefit of the community remained unutilised/blocked and/or proved unfruitful/unproductive due to indecisiveness, lack of administrative

oversight and concerted action at various levels involving ₹ 9.58 crore. A few such cases are mentioned below:

- A road work executed without survey, had to be carried out afresh by Construction Division, PWD, Roorkee after consultation with IIT-Roorkee which resulted in wasteful expenditure of ₹ 28.72 lakh incurred earlier by Provincial Division, PWD, Haridwar.

[Paragraph 3.3.2]

- Failure of the Social Welfare Department to obtain Central share resulted in blocking of State's share of ₹ 1.50 crore on incomplete construction of residential school buildings being constructed at Tyuni, Dehradun to increase the education in Tribal area.

[Paragraph 3.3.5]

- The objective of intercepting and diversion of Loknath Nala in the upstream of Harki-pauri, Haridwar for abatement of pollution to the Ganga River remained unachieved due to stoppage of the work after incurring an expenditure of ₹ 3.19 crore by the Ganga River Project Manager, Ganga Pollution Control Unit, Haridwar, Uttarakhand Peyajal Sansadhan Vikas Evam Nirman Nigam.

[Paragraph 3.3.6]

1.6.3 CHIEF CONTROLLING OFFICER (CCO) BASED AUDIT OF AYUSH DEPARTMENT

The Department of AYUSH is responsible for outreach health care through preventive and curative intervention, affordable and efficacious services, up-gradation of AYUSH educational standards, quality control and standardization of drugs, research and development and awareness generation about the efficacy of the systems domestically.

A Department centric/CCO based performance audit revealed number of deficiencies in expanding AYUSH facilities at Allopathic centre, infrastructure development and supply of medicine after 'Best before period'. Inadequate financial management resulted in significant saving of budgetary allocation, steep rise in non-planned expenditure, under-utilisation of central assistance under AYUSH and NRHM component. Procurement of store was not in accordance with requirement. Norms in respect of attendance at Rishikul Ayurvedic College, Haridwar and renewal of licences of medical practitioners /Pharmacies were not followed.

Utilisation of central assistance under operational schemes, a documented policy in line with the National Policy on Indian System of Medicine & Homeopathy, 2002, Integration of AYUSH at Allopathic centre, infrastructure based procurement of equipment and medicine, Internal Control mechanism and

accountability of Senior Management in respect of monitoring were areas of concern and required immediate attention of the Government.

[Paragraph 4.1]

1.6.4 Revenue Receipts

During the year 2010-11, the revenue raised by the State Government (₹ 5,083.54 crore) was 44 *per cent* of the total Revenue Receipts. The balance 56 *per cent* of receipts (₹ 6,524.63 crore) during 2010-11 were from the GOI. The details of total revenue receipts of the State Government during 2010-11 and for the preceding two years are given in Table-1.2 below:

Table-1.2		(₹ in crore)	
Particulars	2008-09	2009-10	2010-11
Revenue raised by the State Government			
Tax Revenue	3,044.91	3,559.04	4,405.48
Non-tax revenue	699.44	631.86	678.06
Total	3,744.35	4,190.90	5,083.54
Receipts from the Government of India			
Share of net proceeds of divisible Union taxes and duties	1,506.59	1,550.01	2,460.07
Grants-in-aid	3,384.03	3,745.22	4,064.56
Total	4,890.62	5,295.23	6,524.63
Total Revenue Receipts of the State Government	8,634.97	9,486.13	11,608.17

[Paragraph 5.1]

1.6.4.1 Performance Audit on Computerisation in the Motor Vehicle Department

A Performance Audit on “Computerisation in the Motor Vehicle Department” was conducted to ascertain the extent of utilisation of all the software features, the efficiency and accuracy of processing and adequacy of security measures and level of data integrity. It revealed that the backlog entry of the data relating to registration of vehicles (25-30 *per cent*) and the licences (80-90 *per cent*) issued prior to computerisation was not fed which defeated the purpose of having a complete database of all the licences issued and registrations made.

The mapping of Business Taxation Rules was not ensured in the VAHAN software due to which taxes on city buses, trade certificate and Accident Relief fund were not collected. Taxes/Fee collected manually was not entered in the computerised database leaving it vulnerable to misappropriation. Against the prescribed limit of 50 licences to be issued per day, the average number of driving licences issued by the RTO Dehradun and ARTO Haridwar were 270 and 124 respectively which reflect compromise with the driving skill test. The software deficiencies necessitated manual intervention which led to non/short levy of Tax/ Additional Tax to the tune of ₹ 2.58 lakh. There was no internal IT Audit wing within the Department which reflect the weak internal control of the Department.

The Department lacked to develop the technical expertise within the Department to handle the database administration.

[Paragraph 5.2]

1.6.4.2 Performance Audit on cross verification of Declaration Forms in Inter-State Trade and Commerce

A Performance Audit on “Cross Verification of Declaration forms in Inter State Trade and Commerce” was conducted to ascertain the extent of adequacy, reliability and effectiveness of receipt and use of declaration forms, their authenticity, correctness and admissibility for grant of concession/ exemption. The audit also aimed to ascertain the effectiveness and adequacy of internal control mechanism within the Department.

It revealed that the Department did not issue the statutory forms serially which may lead to their misuse and loss of revenue. Due to partial operationalisation of software modules in TINXSYS, the forms are not being uploaded at the Central server, thereby hampering the cross verification process. Cross verification of the declaration forms, revealed that two selling dealers were allowed exemption on fake forms involving tax of ₹ 6.78 lakh. Irregular concession/ exemption was allowed on ‘C’ forms covering transaction for more than one quarter and ‘F’ forms covering a transaction of more than one calendar month involved tax of ₹1.27 lakh. Irregular concession granted on purchase of goods not covered in the registration certificate involved a tax of ₹ 6.77 lakh. There was no internal Audit wing within the Department which reflect the weak internal control.

[Paragraph 5.3]

1.6.4.3 Audit of Transactions

- For showing abnormal loss on sale of Inter State purchases by a dealer, additional tax liability of ₹ 11.08 lakh was not levied by Commercial Tax Department.

[Paragraph 5.4]

- Low production of alcohol from fermentable sugar content of molasses against the prescribed norms resulted in loss of revenue of ₹ 91.62 lakh.

[Paragraph 5.5]

1.6.5 Commercial Activities

As on 31 March 2011, the State had 20 working PSUs and four non-working PSUs. The total Investment in these PSUs was ₹ 6257.24 crore. The working PSUs registered a turnover of ₹ 2539.52 crore. Nine PSUs earned a Profit of ₹ 75.41 crore and 11 PSUs incurred a Loss of ₹ 279.03 crore. 20 working PSUs had arrears of 135 accounts, the period of arrears ranging from one to 24 years.

[Paragraph 6.1]

1.6.5.1 Performance Audit on Power Distribution Activities of Uttarakhand Power Corporation Limited

Performance Audit of Uttarakhand Power Corporation Limited (Company) was conducted with a view to assess the performance of the Corporation in achieving the various parameters stipulated in National Electricity Plans with regard to distribution of power. The Performance Audit covered various aspects of functioning of the distribution company such as Network Planning and execution, Implementation of Centrally Sponsored Schemes, Operational efficiency, Billing and Collection efficiency, Financial Management, Consumer Satisfaction, Energy Conservation and Monitoring.

Despite the fact that the Company did not plan any addition in respect of sub stations, the Company added 62 sub- stations during 2006-07 to 2010-11. Under the Rajiv Gandhi Grameen Vidyutikaran Yojna (RGGVY) Scheme, the Company could electrify 591 villages against the target of 665 villages. The Company released 1.92 lakh B.P.L connections against the target of 2.28 lakh B.P.L. connections by March 2011. The Company failed to obtain forest clearances before awarding the contracts for construction of sub-stations and associated lines. The Company could not complete the information technology work of Revised Accelerated Power Development & Reform Programme (RAPDRP) scheme in its pilot town (Dehradun) and additional pilot town (Vikas Nagar). The Company failed to carry out Energy Audit.

The Company suffered a loss of revenue of ₹ 600.70 crore due to sub Transmission & Distribution losses in excess of Uttarakhand Electricity Regulatory Commission (UERC) norms. Wide gap between transformation capacity and connected load resulted in overloading of distribution system, excess failure of Distribution Transformers and higher quantum of energy losses.

The Company incurred losses during the Performance Audit period and Accumulated Losses increased from ₹ 616.27 crore in 2006-07 to ₹ 1960.11 crore in 2010-11. The cost of purchase of power increased from ₹ 742.92 crore in 2006-07 to ₹ 2077.67 crore in 2010-11 as the company had to purchase power during peak hours at higher rate.

The Company failed to take adequate and effective steps for recovery of outstanding dues leading to accumulation of dues to ₹ 1816.75 crore at the end of March 2011. The Company could not recover ₹ 188.81 crore from the Government of Uttarakhand for the value of assets transferred to Power Transmission Corporation Limited (PTCUL). Inadequate monitoring and lack of effective follow up action resulted in Distribution Transformers (DTRs) lying without repairs. The absence of an effective internal control mechanism enhanced the likelihood of occurrence of irregularities at an increased rate.

Audit has made seven recommendations which include increasing the pace of growth of distribution capacity to commensurate with the pace of growth of connected load, enhancing the rate of village electrification, following the guidelines of central vigilance commission and avoid payment of interest free mobilization advance to contractors, obtaining forest clearance before awarding

the contracts, exploring the sources of availability of power at economical rates, taking effective steps for recovery of outstanding dues and develop online Management Information System (MIS) for quick and timely action.

[Paragraph 6.2]

1.6.5.2 Transactions audit observations

- Funds amounting to ₹ 56.78 lakh obtained from GOI for construction of Eco-Huts was diverted by Kumaon Mandal Vikas Nigam Limited to other facilities which resulted in the deprival of tourism facility to the people.

[Paragraph 6.3]

- Expenditure of ₹ 1.02 crore incurred by Kumaon Mandal Vikas Nigam Limited on construction of Tourist Rest House without ensuring water facility remained unfruitful as there was no occupancy since inception.

[Paragraph 6.4]

- HILTRON suffered a loss of ₹ 21.24 lakh due to unauthorized retention of Employees Provident Fund Contribution.

[Paragraph 6.5]

- Uttarakhand Jal Vidhyut Nigam Limited incurred unfruitful expenditure of ₹ 1.88 crore by unduly favoring a consultancy firm without achieving the intended objective of early commissioning of the project.

[Paragraph 6.6]

1.7 Lack of responsiveness of Government to Audit

1.7.1 Outstanding Inspection Reports

The Principal Accountant General (Audit) conducts periodical inspection of the Government Departments to test check the transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. These inspections are followed up with Inspection Reports (IRs) to the Heads of offices inspected with a copy to the next higher authority. The Heads of offices and the next higher authority are required to report their compliance to the Principal Accountant General (Audit) within four weeks of receipt of IRs.

At the end of March 2011, 4,076 IRs and 11,104 paragraphs issued during the period 1990-91 to 2010-11 were outstanding for settlement. Year-wise/ Department-wise details of IRs and paragraphs outstanding are detailed in **Appendix-1.1**.

The Departmental officers failed to take action on observations in IRs within the prescribed period resulting in erosion of accountability. The Government should look into the matter and ensure that procedures exist for (a) action against the officials who failed to send replies to IRs/paragraphs as per time schedule, (b) action to recover loss/outstanding advances/overpayment in a time bound manner;

and (c) revamping the system to ensure prompt and proper response to audit observations.

1.7.2 Response of Departments to the draft paragraphs

Copies of the performance reviews and paragraphs were sent to the Commissioners/ Secretaries of the Departments concerned by the Principal Accountant General for furnishing replies within six weeks. Replies were received in respect of seven audit paragraphs/ reviews only. Wherever received and appropriate, the Departmental views and explanations have been incorporated in this Report.

1.7.3 Follow-up on Audit Reports

All the Departments of the State Government are required to submit detailed explanations in the form of Action Taken Notes (ATNs) to the observations which featured in Audit Reports within four months of their being laid on the Table of the Legislature with copies thereof to Audit Office. However, 47 Departments as detailed in **Appendix 1.2** had not submitted ATNs for 129 paragraphs for the period since the inception of the State to 2009-10 upto March 2012.

1.7.4 Paragraphs to be discussed/finalised by the PAC and COPU

Details of paragraphs (excluding General and Statistical) pending discussion/finalisation by the Public Accounts Committee (PAC) and Committee on Public Undertakings (COPU) at the end of March 2012 are detailed in **Appendix 1.3** and **1.4** respectively.