

## **Chapter 1**

### **Introduction on Social, General, Revenue and Economic Sectors**

#### **1.1 General Introduction**

The Government departments have been grouped in Social Sector, General Sector, Revenue Sector and Economic Sector (Non-PSUs) and Public Sector Undertakings of all Sectors for the purpose of audit. This Report covers audit observations on Social Sector, General Sector, Revenue Sector and Economic Sector of both Non-PSUs and PSUs.

**Chapter-2** of this Report relates to Social, General and Economic Sectors (Non-PSUs). Under Sectoral Re-organisation, there are 32 Government departments and 38 Autonomous Bodies in the Social Sector, 20 Government departments and three Autonomous Bodies in the Economic Sector and 23 Government departments and one Autonomous Body in the General Sector in the State, headed by Additional Chief Secretaries/ Principal Secretaries/ Secretaries/ Managing Directors/ Directors, which are audited by the Principal Accountant General (Audit), Uttarakhand.

This Chapter contains a broad profile of the Audited entities of the State Government Departments and autonomous bodies, expenditure profile under different sectors to these departments/ bodies during the last three years (2009-12) and the coverage of audited entities by Audit during 2011-12. Besides, the findings of performance audit, thematic audit, observations on audit of transactions in Government Departments and Autonomous Bodies and results of Chief Controlling Officer (CCO) based Audit of a Government Department are also included in this Chapter.

**Chapter-3** of this Report relates to Revenue Sector. Under Sectoral Re-organisation, there are five departments (Commercial Tax, State Excise, Stamp and Registration, Transport, Entertainment Tax) of the Government which have been included under the Revenue Sector. These relates to Tax Revenue. The other departments fall under Social Sector, General Sector and Economic Sector which contribute Non-Tax Revenue. The major areas of Tax Receipts are Taxes on sale/ trade, Taxes on services administered by the Commissioner Commercial Tax, State Excise administered by the Excise Commissioner, Stamp Duty and Registration Fees, Taxes on Vehicles etc. Audit of 106 units of the above five departments out of total 239 was conducted by the Revenue Sector during the year 2011-12.

This Chapter contains a broad profile of the Audited entities under Revenue Sector, the tax and non-tax revenue receipts of the State Government, analysis of arrears of revenue etc. Besides, the findings of performance audit and department centric compliance audit relating to Revenue Sector are also included in this Chapter.

**Chapter-4** of this Report relates to Economic Sector (PSUs). Under Sectoral Re-organisation, the Economic Sector (Public Sector Undertakings) comprises

20 departments. Some of the major departments are Industries, Power, Transport, Tourism, Animal Husbandry and Fisheries, Agriculture, Information Technology, Village and Small Industries etc. The total number of the Companies and Statutory Corporations of the State are 22 and two respectively. The working State PSUs are established to carry out activities of commercial nature while keeping in view the welfare of people. In Uttarakhand, the State PSUs occupied a moderate place in the State economy. The working State PSUs registered a turnover of ₹ 3258.60 crore for 2011-12 as per their accounts finalised as of September 2012. Their turnover was equal to 5.35 *per cent* of State Gross Domestic Product (GDP) of ₹ 60898 crore for 2011-12. Major activities of State PSUs are concentrated in power sector. The working PSUs incurred a loss of ₹ 562.75 crore in 2011-12 (**Appendix 5.1**). They had employed 18,329<sup>1</sup> employees as of 31 March 2012.

This Chapter contains broad profile of the Audited entities under Economic Sector (PSUs), audit mandate, budgetary outgo, grants/subsidies, guarantees and loans, arrears in finalisation of accounts etc. Besides, the findings of performance audit and observations on audit of transactions relating to Public Sector Undertakings are also included in this Chapter.

The primary purpose of this Report is to bring to the notice of the State Legislature, the important results of audit. Auditing standards require that the materiality level of reporting should be commensurate with the nature, volume and magnitude of transactions. The findings of audit are expected to enable the Executives of the Government to take corrective actions as also to frame policies and directives that result in improved financial management of the organizations, thus contributing to better governance of the State.

Compliance audit refers to examination of the transactions relating to expenditure, receipts, assets and liabilities 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.

Performance audit is an independent assessment or examination of the extent to which an organization, programme or scheme operates economically, efficiently and effectively.

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.

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1 As per the details provided by 16 PSUs.