

Chapter 1

Overview of the General and Social Sectors

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1.1 About this Report

With an aim to integrate audit effort and present a sector based perspective, restructuring of the Comptroller and Auditor General (C&AG)'s audit arrangement in respect of Government of West Bengal took place with effect from April 2012. Audit of Government offices, special purpose agencies, local bodies, parallel bodies, Public Sector Undertakings etc. are integrated into suitable sectoral audits, such as 'Social', 'Economic', 'General' and 'Revenue'.

Accordingly, this year onwards, Audit Reports covering sector-wise State Government departments are being brought out separately by the C&AG for submission to the Governor as per provisions of the Constitution of India.

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 (DPC Act). C&AG conducts audit of expenditure of State Government Departments under Section 13¹ of the C&AG's DPC Act. CAG is the sole auditor in respect of the Autonomous Bodies, which are audited under sections 19 (2), 19 (3)² and 20 (1)³ of the DPC Act. In addition, C&AG also conducts audit under Sections 14⁴ of DPC Act, of other autonomous bodies which are substantially financed by the Government. Principles and methodologies for various audits are prescribed in the Regulation of Audit & Accounts, 2007, Auditing Standards and Performance Audit guidelines issued by the Indian Audit & Accounts Department.

This Report covers matters arising out of audit of State Government Departments and Autonomous Bodies under the General and Social Sectors. Audit findings in respect of Economic Sector Departments, Revenue collecting Departments and State Public Sector Undertakings are presented separately through separate volumes.

1.2 Profile of the General and Social sector and audit jurisdiction

There are 57 Departments in the State, headed by Additional Chief Secretaries/Principal Secretaries/Secretaries, who are assisted by Directors/ Commissioners and subordinate officers. After restructuring of the State Audit offices, Office of the Principal Accountant General (General & Social Sector Audit), West Bengal conducts audit of 2281 units of various levels under 30 Departments under General and Social Sector. Besides, this office audits 105 bodies/authorities under these sectors either substantially financed from the Consolidated Fund of the State or audit of which have been entrusted by the Government under various sections of the CAG's DPC (Duties, Powers and Conditions of Service) Act, 1971. List of the Departments,

¹ Audit of (i) all expenditure from the Consolidated Fund of State (ii) all transactions relating to Contingency Funds and Public accounts and (iii) all trading, manufacturing, profit & loss accounts, balance-sheets & other subsidiary accounts.

² 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 or as per request of the Governor of the State in the public interest.

³ Audit of accounts of any body or authority on the request of the Governor, on such terms and conditions as may be agreed up on between the C&AG and the Government.

⁴ Several non-Commercial Autonomous/ Semi-Autonomous Bodies, established to implement Schemes for employment generation, poverty alleviation, spread of literacy, health for all and prevention of diseases, environment etc. and substantially financed by the Government, are audited under Section 14.

autonomous bodies and Companies under the audit jurisdiction of the office of the Pr. AG (G&SS Audit), West Bengal is shown in **Appendix 1.1**.

Trend of expenditures under major Departments under the audit jurisdiction of Pr. AG (G&SS Audit), West Bengal during 2007-12 is shown in **Table 1.1**.

Table 1.1: Trend of expenditures under Departments under the audit jurisdiction of Pr AG (G&SS Audit), WB with annual expenditure exceeding ₹ 100 crore (Rupees in crore)

Name of the Department	2007-08	2008-09	2009-10	2010-11	2011-12
Backward Classes Welfare	369.26	535.52	543.35	581.93	798.86
Development and Planning	186.65	157.20	310.26	414.39	368.89
Disaster Management	351.52	364.41	386.92	457.96	1367.55
Finance	33231.38	31559.66	38245.46	49233.02	55517.95
Fire & Emergency Services	94.09	111.78	171.32	178.78	180.41
Food & Supplies	466.13	935.92	2250.87	1738.14	2327.77
Health and Family Welfare	1751.55	2055.20	3108.59	3340.46	3831.58
Higher Education	857.72	969.85	1509.75	1814.37	2014.74
Home	1778.15	1861.64	3030.04	3446.60	3637.03
Housing	99.31	77.29	149.38	195.97	196.06
Information and Cultural Affairs	85.58	103.01	100.18	101.65	92.44
Jails	87.37	114.29	147.65	157.21	155.06
Judicial	192.76	227.97	293.66	386.43	412.39
Labour	194.70	216.91	340.20	415.35	369.85
Mass Education Extension and Library Services	96.40	113.65	153.43	172.90	126.77
Minority Affairs and Madrasah Education	119.76	320.32	463.34	804.75	808.56
Municipal Affairs	1418.76	1897.74	2221.68	2649.81	2600.56
Panchayat and Rural Development	2102.56	2118.45	3234.06	3052.83	3750.38
Public Health Engineering	803.02	1081.62	786.67	480.41	630.76
School Education	5822.35	6445.10	9721.98	11608.73	12881.41
Self-Help Group & Self-Employment	30.56	156.35	101.96	131.37	135.48
Sunderban Affairs	104.50	120.74	176.88	125.49	153.65
Technical Education & Training	132.64	201.80	304.59	293.73	322.83
Others ⁵	144.71	350.32	477.25	533.40	560.47
Total	50521.43	52096.74	68229.47	82315.68	93241.45

Source: Voucher Level Computerisation database maintained by the Office of the Pr. AG (A&E), West Bengal

The Office of the Accountant General (Economic & Revenue Sector Audit), West Bengal is responsible for audit of 27 Departments and 14 Autonomous Bodies under Economic and Revenue Sectors.

⁵ Others include Civil Defence, Law, Parliamentary Affairs, Governor's Secretariat, Council of Ministers, Personnel & Administrative Reforms, Legislative Assembly Secretariat, Refugee Relief & Rehabilitation and Sports & Youth Services

1.3 Structure of this Report

The primary purpose of this Report is to bring to the notice of the 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 action as also to frame policies and directives that will lead to improved financial management of the organisations, thus, contributing to better governance.

- Chapter 1, in addition to explaining the authority, audit jurisdiction, planning and extent of audit, provides a brief analysis of the expenditure of the Departments under the General and Social Sectors for the last five years, response of Government to draft paras/reviews and follow up action on Audit Reports.
- Chapter 2 of this Report contains Performance Reviews on Social/General Sector schemes. This year Performance Reviews on Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) and Integrated Child Development Services (ICDS) have been included in the report.
- Chapter 3 contains observations on Compliance Audit of various Departments and their functionaries.
- The findings of audit of Backward Classes Welfare Department have been highlighted in Chapter 4 of the Report.

1.4 Planning and conduct of Audit

Compliance Audit is conducted as per the annual audit plan. Units for audit are selected on the basis of risk assessment *viz* basis of topicality, financial significance, social relevance, internal control system of the units, occurrence of defalcation/misappropriation/embezzlement as well as findings of previous Audit Reports. Apart from the above parameters, all departmental, important directorates and district level units are audited annually so that fund flow to their subordinate formations comes to the notice of Audit.

Inspection Reports are issued to the heads of units after completion of audit. Based on replies received, audit observations are either settled or further action for compliance is advised. Important audit findings are processed further as draft paragraphs for inclusion in the Audit Report.

In case of Performance Audit and Chief Controlling Officer based Audit, objectives and criteria are framed and discussed in Entry Conferences with the concerned organisation. After conducting audit, the draft report is issued to the concerned Department. Observations arising out of audit effort are also discussed with the Departmental heads in Exit Conference.

Formal replies furnished by the Department as well as views expressed by the Heads of Departments in Exit Conferences are carefully considered while finalising the material for inclusion in the Audit Report. Audit Reports are laid before the State Legislature under Article 151 of the Constitution of India.

1.5 Response of the Departments to Draft Audit Paragraphs

Finance (Budget) Department directions to the Departments in June 1982 stipulate that responses to draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India should be sent within one month.

Draft paragraphs are forwarded to the Secretaries of the Departments concerned drawing their attention to the audit findings and requesting them to send their response within prescribed time frame. It is also brought to their personal attention that in view of likely inclusion of such paragraphs in the Audit Reports of the Comptroller and Auditor General of India, which are placed before the Legislature, it would be desirable to include their comments in the matter.

Draft Paragraphs proposed for inclusion in this Report were forwarded to the Secretaries concerned between May 2012 and November 2012 through letters addressed to them personally.

The concerned Departments/Directorates did not send replies to six out of 16 Paragraphs/ Reviews featured in Chapters 2 to 4. The responses of concerned Departments/Directorates, wherever received, have been suitably incorporated in the Report.

1.6 Follow up on Audit Reports

After tabling of the Reports of the C&AG of India in the State Legislature, the State Government Departments are required to submit suo motu replies to the audit observations within one month. Review of outstanding replies on paragraphs included in the C&AG's Reports on the Government of West Bengal up to 2010-2011 revealed that replies on 231 paragraphs involving 40 Departments (excluding synoptic paragraphs involving a number of Departments) remained outstanding as of December 2012 (**Appendix 1.2**). Out of 231 paragraphs, 14 paragraphs pertaining to 2008-09 and 2010-11 were selected for discussion by Public Accounts Committee (PAC), while 217 paragraphs relating to 1981-82 to 2010-11 were not selected.

As stipulated in the Rules of Procedure of the PAC, the administrative Departments were required to take suitable action on the recommendations made in the Reports of PAC presented to the State Legislature and submit comments on action taken or proposed to be taken on those recommendations within six months.

Action Taken Notes on 33 Reports of the PAC, presented to the Legislature between 1991-92 and 2010-11 had not been submitted by 18 Departments⁷ to the Assembly Secretariat as of July 2012. Out of these, 28 Reports⁸ of the PAC had suggested recovery, disciplinary action, etc. A few significant cases are elaborated in **Appendix 1.3**.

Thus, follow up on the recommendations of the PAC was wanting and action taken by administrative Departments was grossly inadequate.

⁶ Excluding paragraphs of general nature each involving a number of Departments

⁷ Agriculture, Commerce and Industries, Finance, Fisheries, Home (Constitution & Election), Housing, Irrigation and Waterways, Municipal Affairs, Panchayats and Rural Development, Public Health Engineering, Public Works, Public Works (Roads), School Education, Social Welfare, Transport, Urban Development, Health and Family Welfare and Co-operation Departments

⁸ 1st PAC Report 1991-92, 14th PAC Report 1993-94, 23rd PAC Report 1998-99, 36th PAC Report 1999-2000, 37th PAC Report 1999-00, 3rd PAC Report 2001-02, 4th PAC Report 2001-02, 14th PAC Report 2002-03, 18th PAC Report 2003-04, 29th PAC Report 2004-05, 39th PAC Report 2004-05, 48th PAC Report 2005-06, 1st PAC Report 2006-07, 4th PAC Report 2006-07, 9th PAC Report 2006-07, 10th PAC Report 2007-08, 12th PAC Report 2007-08, 15th PAC Report 2007-08, 16th PAC Report 2007-08, 19th PAC Report 2008-09, 21st PAC Report 2008-09, 27th PAC Report 2008-09, 24th PAC Report 2009-10, 32nd PAC Report 2010-11, 33rd PAC Report 2010-11, 34th PAC Report 2010-11, 36th PAC Report 2010-11 and 38th PAC Report 2010-11.