

CHAPTER 1

INTRODUCTION

1.1 Budget profile

There are 48 departments and 30 autonomous bodies in the State. The position of actual expenditure by the State Government during 2008-13 is given in Table 1.1.

Table 1.1: Statement showing position of actual expenditure

(₹ in crore)

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
	Actuals	Actuals	Actuals	Actuals	Actuals
Revenue expenditure					
General Services	3599	4350	5247	5904	6649
Social services	6153	8024	8310	10477	11456
Economic services	3524	4423	5091	5560	8012
Grant-in-aid & contributions	519	468	707	687	854
Total (1)	13795	17265	19355	22628	26971
Capital expenditure					
Capital outlay	2940	2745	2952	4056	4919
Loans and Advances disbursed	491	897	567	1269	1889
Repayment of Public Debt	489	652	691	853	1039
Contingency Fund	1	-	-	-	-
Public Accounts disbursements	19585	23879	26896	32940	38527
Closing Cash balance	2059.67	1569.66	2712.22	2700.86	2116.94
Total (2)	25565.67	29742.66	33818.22	41818.86	48490.94
Grand Total (1+2)	39360.67	47007.66	53173.22	64446.86	75461.94

(Source: Annual Financial Statements and Explanatory Memorandum of the State Budget.)

1.2 Application of resources of the State Government

Total expenditure¹ of ₹ 1,22,739 crore was incurred by the State Government during 2008-13. The total expenditure of the State increased from ₹ 17,226 crore to ₹ 33,779 crore during 2008-13, the revenue expenditure of the State Government increased by 95.51 *per cent* from ₹ 13,795 crore in 2008-09 to ₹ 26,971 crore in 2012-13. Non-Plan revenue expenditure increased by 73.56 *per cent* from ₹ 8,373 crore to ₹ 14,532 crore and capital expenditure increased by 67.31 *per cent* from ₹ 2,940 crore to ₹ 4,919 crore during the period 2008-13.

The revenue expenditure constituted 79.85 to 84.62 *per cent* of the total expenditure during the years 2008-13 and capital expenditure 12.91 to 17.07 *per cent*. During this period, total expenditure increased at an annual average rate of 18.46 *per cent*, whereas revenue receipts grew at an annual average growth rate of 17.31 *per cent*.

¹ Total expenditure includes revenue expenditure, capital expenditure and loans and advances.

1.3 Persistent savings

In 12 cases, there were persistent savings of more than ₹10 crore in each grant during the last five years as per the details given in Table-1.2.

Table-1.2 List of grants with persistent savings during 2008-13

(₹ in crore)

Sl. No.	Grant No.	Name of the Grant	Amount of Savings					Total Provision	As a Percentage of savings of 2012-13
			2008-09	2009-10	2010-11	2011-12	2012-13		
Revenue Voted									
1	10	Forest	44.11	23.62	34.10	12.01	73.40	671.56	11
2	20	Public Health Engineering	21.92	16.82	18.10	13.16	30.78	299.88	10
3	41	Tribal Areas Sub-Plan	258.32	212.90	295.37	78.74	629.07	3693.37	17
4	44	Higher Education	38.12	100.21	34.35	139.25	146.54	434.52	34
5	55	Expenditure pertaining to Women and Child Welfare	29.82	151.19	165.61	42.91	156.44	739.30	21
6	64	Special Component Plan for Scheduled Castes	80.44	60.64	117.25	37.19	284.43	1211.07	23
7	79	Expenditure pertaining to Medical Education Department	82.07	39.77	48.81	60.89	56.11	258.74	22
Sl. No.	Grant No.	Name of the Grant	Amount of Savings					Total Provision	As a Percentage of savings of 2012-13
			2008-09	2009-10	2010-11	2011-12	2012-13		
Capital Voted									
8	24	Public Works-Roads and Bridges	135.42	124.04	40.93	246.36	73.63	845.80	9
9	41	Tribal Area Sub-Plan	116.26	117.83	33.22	30.98	734.34	1,937.09	38
10	42	Public works relating to Tribal Area Sub-Plan-Roads and Bridges	139.91	133.50	115.70	232.71	234.80	459.90	51
11	67	Public Works-Buildings	53.31	52.14	57.55	263.62	149.14	347.78	43
12	68	Public Works relating to Tribal Area Sub-Plan-Buildings	75.45	73.92	38.92	57.10	74.24	182.38	41

(Source: Appropriation Accounts of respective years)

1.4 Funds transferred directly to the State implementing agencies

During 2012-13, GoI directly transferred ₹ 4,497.58 crore to various State implementing agencies without routing through the State budget. There is no single agency in the State to monitor the funds directly transferred by the GoI to the implementing agencies and no data readily available as to how much money has actually been spent in a particular year on major flagship schemes and other important schemes which are being implemented by the State implementing agencies and funded directly by the GoI. Details have been given in para 1.2.2 (page 9-10) of Report of the Comptroller and Auditor General of India on State Finances for the year ended 31 March 2013, Government of Chhattisgarh.

1.5 Grants-in-Aid from Government of India

The Grant-in-Aid received from the GoI during the years 2008-09 to 2012-13 have been given in **Table 1.3**.

Table 1.3-Grants-in-Aid from GoI

<i>(₹ in crore)</i>					
Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
Non-Plan Grants	662.19	1,482.20	1,397.45	1,545.07	1,227.29
Grants for State Plan Schemes	1,030.72	1,429.42	2,169.91	1,930.51	2,112.69
Grants for Central Plan Schemes	56.62	71.84	47.95	61.75	107.28
Grants for Centrally Sponsored Schemes	859.38	623.28	838.58	1,238.88	1,263.07
Total	2,608.91	3,606.74	4,453.89	4,776.21	4,710.33
Percentage increase over previous year	18.32	38.25	23.49	7.24	(-) 1.38
Total grants as a percentage of Revenue Receipts	16.66	19.87	19.60	18.46	15.93

(Source: Finance Accounts of the respective years)

1.6 Planning and conduct of audit

The audit process commences with the assessment of risk of various Government departments/ organisations/ autonomous bodies and schemes/ projects etc., based on criticality/complexity of activities, level of delegated financial powers, internal controls, concerns of stakeholders and previous audit findings. Based on this risk assessment, the frequency and extent of audit are decided and an Annual Audit Plan is formulated.

After completion of audit, Inspection Report containing audit findings is issued to the head of the office with request to furnish replies within one month. Whenever replies are received, audit findings are either settled/ or further action for compliance is advised. The important audit observations pointed out in these Inspection Reports are processed for inclusion in the Audit Reports of the Comptroller and Auditor General of India, which are submitted to the Governor of Chhattisgarh under Article 151 of the Constitution of India.

During 2012-13, compliance audit of 309 drawing and disbursing officers of the State and one autonomous body was conducted by the office of the Accountant General (Audit), Chhattisgarh. Besides, five Performance Audits were also conducted.

1.7 Lack of responsiveness of Government to Inspection Reports

The Accountant General (Audit), Chhattisgarh conducts periodical inspection of Government Departments by test-check of transactions and verify the maintenance of important accounting and other records as per the prescribed rules and procedures. These inspections are followed by issue of Audit

Inspection Reports (IRs). When important irregularities, etc., detected during audit inspection are not settled on the spot, these IRs are issued to the heads of offices inspected, with a copy to the next higher authorities.

The heads of offices and next higher authorities are required to report their compliance to the AG (Audit) within four weeks of receipt of IRs.

Based on the results of test audit, the outstanding Inspections Reports /Paragraphs as on 31st March 2013 are given in **Table-1.4**.

Table-1.4: Outstanding Inspection Reports/Paragraphs

Sr. No.	Name of Sector	Inspection Reports	Paragraphs	Amount involved (₹ in crore)
1	General	233	1065	419.48
2	Social	1889	4446	3773.17
3	Economic (Non-PSUs)	988	3547	5198.55
Total		3110	9058	9391.20

During 2012-13, two meetings of the Audit Committee were held in which 24 IRs and 155 paragraphs were settled.

The departmental officers failed to take action on observations contained in IRs within the prescribed time frame resulting in erosion of accountability.

It is recommended that the Government may look into the matter to ensure prompt and proper response to audit observations.

1.8 Government response to significant audit observations (draft paragraphs/reviews)

In the last few years, Audit has reported on several significant deficiencies in implementation of various programmes/ activities as well as on the quality of internal controls in selected departments, which have negative impact on the success of programmes and functioning of the departments. The focus was on auditing the specific programmes/ schemes and to offer suitable recommendations to the executive for taking corrective action and improving service delivery to the citizens.

As per the provision of Comptroller and Auditor General of India's Regulations on Audit and Accounts, 2007, the departments are required to send their responses to draft Performance Audit reports/ draft paragraphs proposed for inclusion in the Comptroller and Auditor General of India's Audit Reports within one month. It was brought to their personal attention that in view of likely inclusion of such paragraphs in the Reports of the Comptroller and Auditor General of India, to be placed before the State Legislature, it would be desirable to include their comments in the matter. They were also advised to have meeting with the Accountant General to discuss the draft reports of Performance Audits and draft audit paragraphs. These draft reports and paragraphs proposed for inclusion in the Report were also forwarded to the Additional Chief Secretaries/ Principal Secretaries/ Secretaries concerned for seeking their replies. For the present Audit Report, draft reports on five Performance Audits, four long paragraph and nine draft paragraphs were forwarded to the concerned Administrative Secretaries. But Government reply has been received in 13 cases only.

1.9 Follow-up on Audit Reports

According to the Rules of procedure for the internal working of the Committee on Public Accounts, the Administrative Departments were to initiate, *suo motu* action on all Audit Paragraphs and Reviews featuring in the Comptroller and Auditor General's Audit Reports (ARs) regardless of whether these are taken up for examination by the Public Accounts Committee or not. They were also to furnish detailed notes, duly vetted by audit indicating the remedial action taken or proposed to be taken by them within six months of the presentation of the ARs to the State Legislature.

The position regarding receipt of Action taken Notes (ATNs) on the paragraphs included in the ARs up to the period ended 31 March 2012 as on 31 August 2013 is given in **Table-1.5**.

Table-1.5 Position regarding receipt of ATNs on the paragraphs included in the ARs

Audit Reports	Year	Departments	ATNs pending as of 31 August 2013	Date of presentation in the State Legislature	Due date of for receipt of ATNs
Civil/Social, General and Economic Sectors (Non-PSUs)	2009-10	10	08	28 March 2011	27 September 2011
	2010-11	14	16	03 April 2012	02 October 2012
	2011-12	14	14	17 July 2013	16 January 2014

1.10 Status of placement of Separate Audit Reports of Autonomous Bodies in the State Assembly

There are 30 Autonomous Bodies in the State of which audit of accounts of two Autonomous Bodies has been entrusted to the Comptroller & Auditor General of India. The status of entrustment of audit and rendering of accounts by the Autonomous Bodies are given in **Table 1.6**.

Table-1.6: Position of submission of accounts

Sl. No.	Name of the Body	Period of entrustment by the entity	Year up to which accounts rendered
1	Chhattisgarh State Housing Board	2004-05 to 2009-10 and 2007-08 to 2011-12	No accounts rendered till August 2013
2	Chhattisgarh State & District Legal Service Authority	2007-08 to 2011-12	Accounts for the year 2007-08 to 2010-11 have been rendered.

Out of the 13 annual accounts due from these two bodies, four accounts of Chhattisgarh State & District Legal Service Authority (CSDLSA) were received (November 2012). Accounts of CSDLSA for the year 2007-08 was audited and Separate Audit Report (SAR) was issued (July 2013) to the authority. But no intimation about placing of the SAR in the State Legislature was received (February 2014).