

CHAPTER 1 INTRODUCTION

1.1 Budget profile

There are 41 departments and 30 autonomous bodies in the State. The position of actual expenditure by the State Government during 2009-14 is as given below:

Table 1.1: Statement showing position of actual expenditure

(₹ in crore)

Particulars	2009-10		2010-11		2011-12		2012-13		2013-14	
	Budget Estimate	Actuals	Budget Estimate	Actuals	Budget Estimate	Actuals	Budget Estimate	Actuals	Budget Estimate	Actuals
Revenue expenditure										
General Services	4421	4350	5083	5247	6146	5904	7240	6649	7618	7851
Social services	8862	8024	9802	8310	11860	10477	13360	11456	15806	14282
Economic services	4333	4423	4311	5091	5844	5560	7072	8012	10736	9756
Grant-in-aid & contributions	475	468	471	707	619	687	748	854	856	970
Total (1)	18091	17265	19667	19355	24469	22628	28420	26971	35016	32859
Capital Section										
Capital Expenditure	3569	2745	4068	2952	5077	4056	7190	4919	7230	4574
Loans and Advances disbursed	551	897	951	567	1187	1269	1964	1889	1924	1319
Inter-State settlement	0	03	0	02	0	04	0	-01	0	05
Repayment of Public Debt	789	652	902	691	1043	853	1247	1039	933	690
Contingency Fund	40	0	40	0	40	0	40	0	40	0
Public Accounts disbursements	37397	23879	54827	26896	63386	32940	85875	38527	95330	43434
Closing Cash balance	0	1570	0	2712	0	2701	0	2117	0	2735
Total (2)	42346	29746	60788	33820	70733	41823	96316	48490	105457	52757
Grand Total (1+2)	60437	47011	80455	53175	95202	64451	124736	75461	140473	85616

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

1.2 Application of resources of the State Government

Total expenditure¹ of ₹ 144279 crore was incurred by the State Government during 2009-14. The total expenditure of the State increased from ₹ 20910 crore to ₹ 38757 crore during 2009-14, the revenue expenditure of the State Government increased by 90.32 per cent from ₹ 17265 crore in 2009-10 to ₹ 32859 crore in 2013-14. Non-Plan revenue expenditure increased by 82.90 per cent from ₹ 10448 crore to ₹ 19110 crore and capital expenditure increased by 66.63 per cent from ₹ 2745 crore to ₹ 4574 crore during the period 2009-14.

The revenue expenditure constituted 80 to 85 per cent of the total expenditure during the years 2009-14 and capital expenditure 12 to 15 per cent. During this period, total expenditure increased at an annual average rate of 16.79 per cent, whereas revenue receipts grew at an annual average growth rate of 17.51 per cent.

¹ Total expenditure includes revenue expenditure, capital expenditure, loans and advances and Inter-State settlement

1.3 Persistent savings

In 11 cases (10 Grants), there were persistent savings of more than ₹ 10 crore in each case during the last five years as per the details given below:

Table -1.2: List of Grants having persistent savings during 2009-2014

(₹ in crore)

Sl. No	Grant No.	Name of the Grant	Total Provision 2013-14	Saving 2013-14	Percentage of savings to total provision	Savings in previous year			
						2009-10	2010-11	2011-12	2012-13
Revenue Voted									
1	10	Forest	732.56	73.09	10	23.62	34.10	12.01	73.40
2	20	Public Health Engineering	323.72	54.68	17	16.82	18.10	13.16	30.78
3	41	Tribal Area Sub-Plan	4702.43	1072.97	23	212.90	295.37	78.74	629.07
4	44	Higher Education	530.65	140.49	26	100.21	34.35	139.25	146.54
5	55	Expenditure pertaining to Women and Child Welfare	651.79	115.87	18	151.19	165.61	42.91	156.44
6	64	Special Component Plan for Scheduled Castes	1,478.54	398.96	27	60.64	117.25	37.19	284.43
7	79	Expenditure pertaining to Medical Education Department	326.28	84.63	26	39.77	48.81	60.89	56.11
Capital Voted									
8	41	Tribal Area Sub-Plan	2021.34	626.73	31	117.83	33.22	30.98	734.34
9	42	Public works relating to Tribal Area Sub-Plan- Roads and Bridges	453.72	185.03	41	133.50	115.70	232.71	234.80
10	67	Public Works-Buildings	397.16	124.31	31	52.14	57.55	263.62	149.14
11	68	Public Works relating to Tribal Area Sub-Plan-Buildings	184.70	67.02	36	73.92	38.92	57.10	74.24

(Source: Appropriation Account of the respective years)

1.4 Funds transferred directly to the State implementing agencies

During 2013-14, Government of India directly transferred ₹ 4046.30 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 is 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 8-9) of Report of the Comptroller and Auditor General of India on State Finances for the year ended 31 March 2014, Government of Chhattisgarh.

1.5 Grants-in-Aid from Government of India

The Grants-in-aid received from the GoI during the years 2009-10 to 2013-14 have been given as below:

Table 1.3: Grants-in-Aid from GoI

(₹ in crore)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
1	2	3	4	5	6
Non-Plan Grants	1,482.20	1,397.45	1,545.07	1,227.29	1,415.78
Grants for State Plan Schemes	1,429.42	2,169.91	1,930.51	2,112.69	2,121.47
Grants for Central Plan Schemes	71.84	47.95	61.75	107.28	43.34
Grants for Centrally Sponsored Schemes	623.28	838.58	1,238.88	1,263.07	1,145.57
Total	3,606.74	4,453.89	4,776.21	4,710.33	4,726.16
Percentage increase over previous year	38.25	23.49	7.24	(-) 1.38	0.34
Total grants as a percentage of Revenue Receipts	19.87	19.60	18.46	15.93	14.75
Revenue Receipts	18,154	22,720	25,867	29,578	32,050

(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 four weeks. 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 2013-14, compliance audit of 305 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 verifies 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 Accountant General (Audit) within four weeks of receipt of IRs.

Based on the results of test audit, the outstanding Inspections Reports/ Paragraphs as on 31st March 2014 are given as below:

Table-1.4: Outstanding Inspection Reports/Paragraphs

Sr. No.	Name of Sector (Non-PSUs)	Inspection Reports	Paragraphs	Amount involved (₹ in crore)
1	General	380	1285	820.17
2	Social	1509	5873	9318.17
3	Economic	1141	4928	5099.00
Total		3030	12086	15237.34

(Source: Information compiled by Audit)

During 2013-14, two meetings of the Audit Committee were held in which five IRs and seven paragraphs were settled.

A detailed review of the IRs issued to 2483 Drawing and disbursing officers (DDOs) up to September 2013 pertaining to 39 departments showed that 12086 paragraphs having financial implications of about ₹ 15237.34 crore relating to 3030 IRs remained outstanding at the end of 31 March 2014. Of these, oldest pertain to IRs issued during the Year 1991 and 4407 paragraphs having financial implication of ₹ 1533.28 crore had not been settled for more than 10 years. The year wise position of these outstanding 3030 IRs and 12086 paragraphs is detailed in **Appendix-1.1** and types of irregularities in **Appendix-1.2**.

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 six weeks. 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 seven draft paragraphs were forwarded to the concerned Administrative Secretaries. Against these, Government replies have been received in three Performance

Audits, three long paragraphs and six draft paragraphs.

1.9 Recoveries at the instance of Audit

The audit findings involving recoveries that came to notice in the course of test audit of accounts of Departments of the State Government during Central Audit were referred to various departmental Drawing and Disbursing Officers (DDOs) for confirmation and further necessary action under intimation to audit.

Against recovery of ₹ 70.63 lakh pointed out in one case during the year 2013-14, recovery of ₹ 67.69 lakh was made. However, total recoveries effected during 2013-14 was ₹ 27.00 crore in 17 cases as detailed below:

Table-1.5: Recoveries pointed out by audit and accepted/recovered by the Departments

(₹ in crore)

Name of Sector	Recoveries pointed out in Audit and accepted by the Departments during 2013-14		Recoveries effected during 2013-14 (includes recoveries pertaining to previous years)		Department	Particulars of recoveries noticed
	Number of cases	Amount involved	Number of cases	Amount involved		
General Sector	-	-	-	-	-	-
Social Sector	-	-	05	7.86	Panchyat & Labour	Excess booking under PMGSY, Undue Financial Aid, Avoidable expenditure and Recovery of compensation
Economic Sector	1	0.71	12	19.14	Public works Department, Commerce & Industry & Water resources Department	Over payments, non-adjustment of temporary advances, short recovery of license fee & commercial tax, extra payment, miscellaneous Public Works Advances, price escalation etc.
Total	1	0.71	17	27.00		

(Source: Information compiled by Audit)

1.10 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 2014 as on 31 August 2014 is given as follows:

Table-1.6: Position regarding receipt of ATNs on the paragraphs included in the ARs

Audit Reports	Year	Departments	ATNs pending as of 31 August 2014	Date of presentation in the State Legislature	Due date by which the ATNs were to be received
Social, General and Economic Sectors (Non PSU)	2010-11	14	16	03 April 2012	02 October 2012
	2011-12	14	14	17 July 2013	16 January 2014
	2012-13	14	12	25 July 2014	24 January 2015
State Finances	2010-11	41	16	03 April 2012	02 October 2012
	2011-12	41	17	22 March 2013	22 September 2013
	2012-13	41	24	25 February 2014	25 August 2014

(Source: Information compiled by Audit)

1.11 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 1.7**.

Table-1.7: Position of submission of accounts

Sl. No.	Name of the Body	Period of entrustment by the entity	Period for which accounts rendered	Period upto which separate audit report (SAR) is issued	Placement of SAR in the Legislature
1	Chhattisgarh State Legal Services Authority, Bilaspur	Entrustment vide Act of Parliament	2007-08 to 2011-12	2007-08	SAR was issued in July 2013. No information about status of placing SAR to the State Legislature was received (October 2014). The reminder was issued to the concerned Department in October 2014.
2	Chhattisgarh State Housing Board, Raipur	2007-08 to 2011-12	2007-08 to 2009-10	-	Accounts for the year 2007-08 to 2009-10 were received from the entity in February 2014. These accounts were audited and SAR is under preparation

(Source: Information compiled by Audit)

There were inordinate delays in submission of accounts and presentation of Separate Audit Report (SAR) to the State Legislature resulting in delays in scrutiny of the functioning of these autonomous bodies, where Government investments are made, beside delays in initiating necessary remedial action on financial irregularities.