

## CHAPTER 1 INTRODUCTION

### 1.1 Budget profile

There are 39 departments and 45 autonomous bodies/authorities in the State. The position of actual expenditure by the State Government during 2010-15 is given in **Table 1.1**.

**Table 1.1: Statement showing position of actual expenditure**

(₹ in crore)

Particulars	2010-11		2011-12		2012-13		2013-14		2014-15	
	BE	A	BE	A	BE	A	BE	A	BE	A
<b>Revenue expenditure</b>										
General Services	5083	5247	6146	5904	7240	6649	7618	7851	8539.66	9041.58
Social services	9802	8310	11860	10477	13360	11456	15806	14282	18751.57	15388.85
Economic services	4311	5091	5844	5560	7072	8012	10736	9756	17918.85	14152.22
Grant-in-aid and contributions	471	707	619	687	748	854	856	970	980.70	978.64
<b>Total (1)</b>	<b>19667</b>	<b>19355</b>	<b>24469</b>	<b>22628</b>	<b>28420</b>	<b>26971</b>	<b>35016</b>	<b>32859</b>	<b>46190.78</b>	<b>39561.29</b>
<b>Capital expenditure</b>										
Capital outlay	4068	2952	5077	4056	7190	4919	7230	4574	8347.27	6544.25
Loans and Advances disbursed	951	567	1187	1269	1964	1889	1924	1319	171.85	88.32
Inter State Settlement	00	02	00	04	00	-01	00	05	0.10	1.22
Repayment of Public Debt	902	691	1043	853	1247	1039	933	690	1229.53	1336.73
Contingency Fund	40	00	40	00	40	00	40	00	00	00
Public Accounts disbursements	54827	26896	63386	32940	85875	38527	95330	43434	91976.59	49933.47
Closing Cash balance	00	2712	00	2701	00	2117	00	2735	-1964.87	1218.38
<b>Total (2)</b>	<b>60788</b>	<b>33820</b>	<b>70733</b>	<b>41823</b>	<b>96316</b>	<b>48490</b>	<b>105457</b>	<b>52757</b>	<b>97446.61</b>	<b>59122.37</b>
<b>Grand Total (1+2)</b>	<b>80455</b>	<b>53175</b>	<b>95202</b>	<b>64451</b>	<b>124736</b>	<b>75461</b>	<b>140473</b>	<b>85616</b>	<b>143637.39</b>	<b>98683.66</b>

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

(Budget Estimates= BE, Actuals=A)

### 1.2 Application of resources of the State Government

As against the total outlay<sup>1</sup> of the budget of ₹ 60,202 crore, total expenditure<sup>2</sup> was ₹ 46,195 crore in 2014-15 in the consolidated fund of the State. The total expenditure of the State increased by 101.94 *per cent* from ₹ 22,876 crore to ₹ 46,195 crore during 2010-15, the revenue expenditure of the State Government increased by 101.40 *per cent* from ₹ 19,355 crore to ₹ 39,561 crore in 2010-15. Non-Plan revenue expenditure increased by 64.55 *per cent* from ₹ 11,286 crore to ₹ 18,571 crore and capital expenditure increased by 121.68 *per cent* from ₹ 2,952 crore to ₹ 6,544 crore during the period 2010-15.

<sup>1</sup> Includes original grants of ₹ 57,149.83 crore and supplementary grants of ₹ 3,052.58 crore.

<sup>2</sup> Total expenditure includes revenue expenditure, capital expenditure, loans and advances and Inter-State settlement.

The revenue expenditure constituted 80 to 85 per cent of the total expenditure during the years 2010-15 and capital expenditure 12 to 15 per cent. During this period, total expenditure increased at an annual average rate of 20.39 per cent, whereas revenue receipts grew at an annual average growth rate of 13.44 per cent.

### 1.3 Persistent savings

In 11 cases (10 grants), there were persistent savings of more than ₹ 10 crore in each year during the last five years as per the details given in **Table-1.2**

**Table-1.2 List of grants with persistent savings during 2010-15**

Sl. No	Number and name of the Grant/Appropriation	Amount of Savings (per cent to total Grant in brackets)					
		2010-11	2011-12	2012-13	2013-14	2014-15	
(₹ in crore)							
<b>Revenue Voted</b>							
1	10	Forest	34.00 (6.16)	39.06 (6.19)	73.40 (10.93)	73.09 (9.98)	57.65 (7.34)
2	20	Public Health Engineering	18.11 (7.02)	13.16 (4.19)	30.78 (10.26)	54.68 (16.89)	90.03 (19.21)
3	41	Tribal Area Sub-Plan	488.48 (17.14)	641.76 (20.31)	629.07 (17.03)	1,072.97 (22.82)	2,393.70 (28.82)
4	44	Higher Education	34.35 (9.48)	139.25 (35.12)	146.54 (33.72)	140.49 (26.47)	186.97 (32.90)
5	55	Expenditure pertaining to Women and Child Welfare	204.61 (36.21)	141.60 (20.79)	156.44 (21.16)	115.87 (17.78)	229.20 (28.01)
6	64	Special Component Plan for Scheduled Castes	192.49 (19.54)	397.67 (34.22)	284.43 (23.49)	398.96 (26.98)	932.09 (30.94)
7	79	Expenditure pertaining to Medical Education Department	48.81 (24.51)	60.89 (24.77)	56.11 (21.69)	84.63 (25.94)	68.11 (18.85)
<b>Capital Voted</b>							
8	41	Tribal Area Sub-Plan	372.83 (30.35)	592.70 (40.33)	734.34 (37.91)	626.73 (31.00)	808.73 (41.50)
9	42	Public works relating to Tribal Area Sub-Plan- Roads and Bridges	115.70 (41.43)	232.71 (58.54)	234.80 (51.05)	185.03 (40.78)	81.59 (19.48)
10	67	Public Works-Buildings	57.55 (26.92)	263.74 (72.35)	149.14 (42.88)	124.31 (31.30)	56.81 (15.21)
11	68	Public Works relating to Tribal Area Sub-Plan-Buildings	38.92 (33.66)	57.10 (45.14)	74.24 (40.71)	67.02 (36.29)	46.83 (20.21)

(Source: Appropriation Account of respective years)

Persistent savings in a substantial number of grants over the years was indicative of over assessment of requirement of fund by the Government in Appropriation Act repeatedly without taking into account the previous years' trends and adequately scrutinizing the need and examining the flow of expenditure.

### 1.4 Funds transferred directly to the State implementing agencies

Till 31 March 2014, Government of India transferred substantial funds directly to State Implementing Agencies/Non-Government Organisations (NGOs) for implementation of various schemes/programmes. Government of India's decision to release all assistance pertaining to Centrally Sponsored Schemes/Additional Central

Assistance directly to the State Government and not to implementing agencies has reduced the direct transfer to implementing agencies to ₹ 335.65 crore in 2014-15 which is less by 91.70 *per cent*, as compared to 2013-14.

### 1.5 Grants-in-Aid from Government of India

The Grants-in-aid received from the GoI during the years 2010-11 to 2014-15 have been given in **Table-1.3**.

**Table-1.3: Grants-in-aid from GoI**

(₹ in crore)					
Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
Non-Plan Grants	1397.45	1545.07	1227.29	1415.78	1568.28
Grants for State Plan Schemes	2169.91	1930.51	2112.69	2121.47	6435.44
Grants for Central Plan Schemes	47.95	61.75	107.28	43.34	131.73
Grants for Centrally Sponsored Schemes	838.58	1238.88	1263.07	1145.57	852.35
<b>Total</b>	<b>4453.89</b>	<b>4776.21</b>	<b>4710.33</b>	<b>4726.16</b>	<b>8987.80</b>
Percentage of increase over previous year	23.49	7.24	(-) 1.38	0.34	90.17
Percentage of Revenue Receipts	19.60	18.46	15.93	14.75	23.66
Revenue Receipts	22720	25867	29578	32050	37988

(Source: Finance Accounts of the respective years)

During 2014-15, Grants-in-Aid from GoI was ₹ 8,987.80 crore, an increase by 90 *per cent* over ₹ 4,726.16 crore in 2013-14. This was due to release of funds through State Budget during 2014-15 which were earlier released directly to implementing agencies.

### 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 2014-15, compliance audit of 222 drawing and disbursing officers of the State was conducted by the office of the Accountant General (Audit), Chhattisgarh. Besides, four 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 Inspection Reports (IRs). When important irregularities, etc. detected during audit inspection are not settled on the spot, 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 2015 are given in **Table 1.4**:

**Table-1.4: Outstanding Inspection Reports/Paragraphs**

Sr. No.	Name of Sector (Non-PSUs)	Inspection Reports	Paragraphs	Amount involved (₹ in crore)
1	General	425	1538	2034.51
2	Social	1749	6677	10441.83
3	Economic	1245	5553	8015.64
<b>Total</b>		<b>3419</b>	<b>13768</b>	<b>20491.98</b>

(Source: Information compiled by Audit)

During 2014-15, two meetings of the Audit Committee were held in which 28 IRs and 100 paragraphs were settled.

A detailed review of the IRs issued to 2468 drawing and disbursing officers (DDOs) up to September 2014 pertaining to 39 departments showed that 13452 paragraphs having financial implications of about ₹ 19910.97 crore relating to 3403 IRs remained outstanding at the end of 31 March 2015. Of these, oldest pertain to IRs issued during the Year 1991 and 8893 paragraphs having financial implication of ₹ 9956.12 crore had not been settled for more than 10 years. The year wise position of these outstanding 3403 IRs and 13452 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 is 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 are 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 are also forwarded to the Additional Chief Secretaries/Principal Secretaries/ Secretaries concerned for seeking their replies. For the present Audit Report, draft reports on four Performance Audits, six long paragraphs, one follow-up audit and 11 draft paragraphs were forwarded to the concerned Administrative Secretaries. Against these, Government replies have been received in all Performance Audits/long paragraphs/follow-up audits and two 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 ₹ 4.03 lakh pointed out in one case during the year 2014-15, recovery of ₹ 65212 was made. However, total recoveries effected during 2014-15 was ₹ 7.01 crore in 18 cases as detailed in **Table 1.5**:

**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 2014-15		Recoveries effected during 2014-15 (includes recoveries pertaining to previous years)		Name of the Department	Particulars of recoveries noticed
	Number of cases	Amount involved	Number of cases	Amount involved		
General Sector	-	-	-	-	-	-
Social Sector	-	-	4	1.50	Public works Department , Information and Biotechnology department and Agriculture Department	Miscellaneous Public Works Advances, irregular Expenditure, short levy of penalty, Short recovery, over payment penalty etc.
Economic Sector	1	0.01	13	5.50	PHED, Panchyat and Gramin Vikash' PH&FW Dept. and SC&ST welfare Department	Excess payment , Extra cost, recovery etc
<b>Total</b>	<b>1</b>	<b>0.01</b>	<b>17</b>	<b>7.00</b>		

(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 2015 as on 31 August 2015 is given in **Table 1.6**:

**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 2015	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
	2013-14	14	Awaited	25 July 2015	24 January 2016
State Finances	2010-11	39	16	03 April 2012	02 October 2012
	2011-12	39	17	22 March 2013	22 September 2013
	2012-13	39	24	25 February 2014	25 August 2014
	2013-14	39	Awaited	26 March 2015	25 September 2015

(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	2007-08 to 2011-12	2007-08 to 2011-12	2007-08	Final SAR for the year 2007-08 had been issued on 8/7/2013. The pending position of placement of Audit Report was mentioned in the Audit Report for the year 2013-14. The position remains the same.
2	Chhattisgarh State Housing Board, Raipur	2007-08 to 2011-12	2007-08 to 2009-10	2007-08 to 2009-10	Final SAR for the year 2007-08 to 2009-10 had been issued on 15/07/2015. However, State Government is yet to place it in the State Legislature.

(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.