

Chapter-1

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1.1 Budget profile

There are 40 departments and 26 autonomous bodies in the State. The position of budget and expenditure incurred there against by the State Government during 2010-15 is given in **Table 1.1**.

Table 1.1: Budget and expenditure

(₹ in crore)

Disbursement	2010-11		2011-12		2012-13		2013-14		2014-15	
	Budget	Expenditure	Budget	Expenditure	Budget	Expenditure	Budget	Expenditure	Budget	Expenditure
Revenue expenditure										
General Services	17465.85	18597.73	16434.11	16787.95	18818.97	18572.15	20093.58	20192.19	22781.77	23043.09
Social Services	8600.00	7260.85	11387.32	9246.50	13672.14	11189.97	13717.31	11319.09	15659.68	13729.05
Economic Services	6795.03	6398.94	7018.77	6264.07	10764.24	9152.09	10499.78	9599.73	10073.54	9237.32
Grants-in-aid and Contributions	1319.39	639.66	1759.22	746.80	772.30	543.73	798.97	529.66	467.75	604.03
Total	34180.27	32897.18	36599.42	33045.32	44027.65	39457.94	45109.64	41640.67	48982.74	46613.49
Capital expenditure										
Capital Outlay	4029.43	2384.09	3959.66	1598.12	4527.53	1915.82	4232.54	2200.61	3948.28	3118.44
Loans and Advances disbursed	68.27	68.40	176.84	176.61	247.28	197.53	177.89	165.13	326.89	270.27
Repayment of Public Debt (including Ways and Means Advances)	7385.58	5952.88	8624.92	8947.24	14661.91	15115.79	16544.35	16682.94	21673.04	23074.72
Contingency Fund	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Public Account disbursements	23011.37	25836.98	29020.27	28771.75	27505.16	33531.20	34654.60	33994.60	40593.44	40526.50
Closing Cash Balance	--	--	--	-178.30	--	-303.61	--	630.42	--	-137.76
Total	34494.65	34242.35	41781.69	39315.42	46941.88	50456.73	55609.38	53673.70	66541.65	66852.17
Grand Total	68674.92	67139.53	78381.11	72360.74	90969.53	89914.67	100719.02	95314.37	115524.39	113465.66

Source: Annual Financial Statements and Explanatory Memorandum of the Budget of the Government of Punjab

1.2 Application of resources of the State Government

During 2014-15, against the total budget outlay of ₹ 1,15,524.39 crore, expenditure of ₹ 1,13,465.66 crore was incurred. The total expenditure¹ of the State increased by 41.45 per cent from ₹ 35,349 crore in 2010-11 to ₹ 50,002 crore in 2014-15. Revenue expenditure increased by 41.70 per cent from ₹ 32,897 crore to ₹ 46,614 crore; non-plan revenue expenditure increased by 36.38 per cent from ₹ 30,576 crore to ₹ 41,701 crore; and capital expenditure increased by 30.79 per cent from ₹ 2,384 crore to ₹ 3,118 crore during the period 2010-15.

Revenue expenditure constituted a dominant proportion (93 to 95 per cent) of the total expenditure during the years 2010-15 leaving a small fund for capital expenditure (5 to 7 per cent). During this period, it grew at an annual average growth rate of 8.34 per cent, whereas revenue receipts grew at an annual average of 8.27 per cent during 2010-15.

¹ This excludes repayment of public debt, contingency fund, public account disbursements and closing cash balance.

1.3 Persistent savings

In five cases, during the last five years, there were persistent savings of ₹ five crore or more as per details given in **Table 1.2**.

Table 1.2: List of grants having persistent savings during 2010-15

(₹ in crore)

Sr. No	Number and Name of the grant/ Head of Account/Schemes	Amount of savings (percentage of savings in bracket)				
		2010-11	2011-12	2012-13	2013-14	2014-15
Revenue-voted						
1	05-Education 2202-General Education 01-Elementary Education 101-Government Primary Schools 01- Government Primary Schools	82.12 (12.09)	183.35 (17.34)	206.70 (17.19)	279.58 (21.15)	274.88 (17.07)
2	12-Home Affairs and Justice 2055-Police 109-District Police 01-District Police (Proper)	24.37 (1.72)	28.36 (1.59)	24.70 (1.08)	55.78 (2.19)	31.73 (1.17)
3	15-Irrigation and Power 2700-Major Irrigation 01-Sirhind Canal System (Commercial) 001-Direction and Administration 01-Direction and Administration	50.84 (17.09)	58.65 (16.94)	47.16 (12.72)	60.83 (14.62)	60.82 (13.94)
4	15-Irrigation and Power 2701-Medium Irrigation 80-General 001-Direction and Administration 01-Direction	110.92 (99.99)	131.61 (99.26)	148.81 (100.00)	64.19 (41.21)	67.65 (41.26)
5	22-Revenue and Rehabilitation 2245-Relief on Account of National Calamities 02-Flood Cyclones etc. 101-Gratuitious Relief 01- Gratuitious Relief	5.54 (10.45)	5.30 (8.15)	17.76 (88.80)	10.70 (9.73)	39.89 (99.73)

Source: Appropriation Accounts

1.4 Grants-in-aid from Government of India

The Grants-in-aid received from GOI during the years 2010-15 are 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	720.81	874.11	894.91	1064.11	2003.87
Total Non-plan Grants	720.81	874.11	894.91	1064.11	2003.87
Plan Grants of which					
Grants for State Plan Schemes	954.65	694.06	684.19	1058.26	3597.61
Grants for Central Plan Schemes	64.40	5.68	60.63	7.67	80.06
Grants for Centrally Sponsored Plan Schemes	659.39	866.79	1135.84	1271.34	188.41
Total Plan Grants	1678.44	1566.53	1880.66	2337.27	3866.08
Grand total	2399.25	2440.64	2775.57	3401.38	5869.95

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
Percentage increase in grants-in-aid over previous year	3.40	1.73	13.72	22.55	72.58
Revenue receipts	27608.47	26234.41	32051.15	35103.54	39022.85
Percentage increase in revenue receipts over previous year	24.61	-4.98	22.17	9.52	11.16
Percentage of total grants to revenue receipts	8.69	9.30	8.66	9.69	15.04

Source: Finance Accounts

Total grants-in-aid from GOI increased at an annual average rate of 28.93 per cent during the period 2010-11 to 2014-15. In 2014-15, it increased by 72.58 per cent over the previous year. During this period contribution of grants-in-aid towards revenue receipts ranged between 8.66 and 15.04 per cent.

1.5 Planning and conduct of audit

The Audit process starts with a risk assessment of various departments, autonomous bodies, schemes/projects etc. based on expenditure incurred, criticality/complexity of activities, level of delegated financial powers, internal controls and concerns of stake holders. Previous audit findings are also considered in this exercise. Based on this risk assessment, the frequency and extent of audit are decided and an Annual Audit Plan is formulated to conduct audit, covering those offices/entities which are vulnerable to significant risks.

After completion of audit of each office, an Inspection Report containing audit findings is issued to the head of the office with a request to furnish replies to the audit findings within four weeks of its receipt. The important audit observations are processed for inclusion in the Audit Reports of the Comptroller and Auditor General of India, which are submitted to the Governor of Punjab under Article 151 of the Constitution of India.

During 2014-15, compliance audit of 1512 drawing and disbursing officers of the State, 262 PRIs/ULBs and 17 autonomous bodies was conducted by the office of the Principal Accountant General (Audit), Punjab. Besides, six performance audits² were also conducted.

1.6 Significant audit observations and response of Government to audit

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 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

² (i) Private Universities and Private Colleges; (ii) Working of Guru Nanak Dev University; (iii) Implementation of Drugs and Cosmetics Act, 1940; (iv) Mid Day Meal Scheme; (v) NABARD assisted projects for widening of plan and link roads and construction of bridges; and (vi) Implementation of National Rural Drinking Water Programme in Punjab.

the executive for taking corrective action and improving service delivery to the citizens.

As per instructions issued by the Finance Department, Government of Punjab in August 1992 and provision of Comptroller and Auditor General of India's Regulations on Audit and Accounts, 2007, the departments are required to send their response to draft performance audit reports/draft paragraphs proposed for inclusion in the Comptroller and Auditor General of India's Audit Reports within six weeks of their receipt. 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 Punjab Legislature, it would be desirable to include their comments in the matter. They were also advised to have meetings with the Principal Accountant General to discuss the draft reports on performance audits and draft paragraphs. The performance audits and the draft paragraphs proposed for inclusion in this Report were also forwarded to the Principal Secretaries/Secretaries concerned for seeking their replies. For the present Audit Report, draft reports on six performance audits and 24 draft paragraphs on compliance audit were forwarded to the concerned Administrative Secretaries. Reply of the Government has been received in four cases³ only (January 2016).

1.7 Recoveries at the instance of audit

The audit findings involving recoveries that came to notice during audit were referred to the departments/State Government through Inspection Reports for further investigation and recovery of the same under intimation to Audit. On being pointed out in Audit, ₹ 14.73 crore were recovered during 2014-15.

1.8 Lack of responsiveness of Government to Audit

The Principal Accountant General (Audit), Punjab 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 (IR) which are required to be replied to within four weeks of their receipt. Serious irregularities are also brought to the notice of the heads of the departments by the office of the Principal Accountant General (Audit), Punjab through a half yearly report of pending IRs sent to the Principal Secretary (Finance).

As of March 2015, 19620 IRs containing 45778 paragraphs were outstanding, of which, 12206 IRs containing 18742 paragraphs pertained to the period prior to April 2010 i.e. more than five years old. The year-wise position of outstanding IRs/paragraphs is given in **Table 1.4**.

³ (i) NABARD assisted projects for widening of plan and link roads and construction of bridges (PWD, B&R portion); (ii) Optimization of grants under Thirteenth Finance Commission (Urban Local Bodies portion); (iii) Irregular refund by Greater Mohali Area Development Authority (GMADA); and (iv) Wasteful expenditure on a work allotted by GMADA without assessing the actual requirement of water.

Table 1.4: Outstanding Inspection Reports/paragraphs

Particulars	Prior to April 2010	2010-11	2011-12	2012-13	2013-14	2014-15	Total
Inspection Reports	12206	1464	1328	1543	1693	1386	19620
Paragraphs	18742	3404	3681	5125	7465	7361	45778

Source: Office records

Pendency of large number of paragraphs indicated lack of responsiveness of the Government departments to Audit.

1.9 Follow-up action on Audit Reports

At the instance of the Public Accounts Committee (PAC), the Finance Department issued (August 1992) instructions to all the Departments to initiate *suo moto* concrete action on all paragraphs and reviews featuring in the Audit Reports irrespective of whether the cases were taken up for examination by PAC or not. The Departments were also required to furnish to PAC detailed notes, duly vetted by Audit, indicating the remedial action taken or proposed to be taken by them within a period of three months of the presentation of the Reports to the State Legislature.

As regards the Audit Reports relating to the period 2012-14 which have been laid before the State Legislature, detailed notes in respect of 30 paragraphs and six performance audits had not been received in the Audit office as on 30 September 2015 (*Appendix 1.1*) even after lapse of the prescribed period of three months.

1.10 Status of placement of Separate Audit Reports of autonomous bodies in the State Legislature

Twelve Separate Audit Reports (SAR) in respect of four autonomous bodies (as detailed in **Table 1.5**) issued between May 2008 and March 2015 were pending for placement before the Legislature.

Table 1.5: Details of SARs pending for placement before Legislature as on 31 March 2014

Sr. No.	Name of autonomous body	Years for which SARs were pending for placement before Legislature
1.	Punjab State Legal Services Authority	2006-07 to 2010-11
2.	Punjab Khadi and Village Industries Board	2010-11 and 2011-2012
3.	Punjab State Human Rights Commission	2009-10 to 2012-13
4.	Punjab Labour Welfare Board	2002-03

Source: Departmental information

1.11 Year-wise details of performance audits and paragraphs appeared in Audit Reports

The year-wise details of performance audits and paragraphs that appeared in the Audit Report for the last two years along with their money value is given in **Table 1.6**.

Table 1.6: Details of performance audits and paragraphs appeared in the Audit Reports during 2012-14

Year	Performance Audit		Paragraphs		Replies received	
	Number	Money value (₹ in crore)	Number	Money value (₹ in crore)	Performance Audit	Paragraphs
2012-13	4	50.18	16	56.61	4	-
2013-14	4	68.81	22	225.45	-	5

During 2014-15, six performance audits and 24 paragraphs involving money value of ₹ 145.36 crore have been included in this Report. Reply of the Government has been received in four cases only (January 2016).