

## CHAPTER 1

### INTRODUCTION

#### 1.1 Budget profile

There are 56 departments and 29 autonomous bodies functioning under the Government of Haryana. The position of budget estimates and actual expenditure there against by the State Government during 2011-16 is given in **Table 1.1** below.

**Table 1.1: Budget and actual expenditure of the State during 2011-16**  
(₹ in crore)

Expenditure	2011-12		2012-13		2013-14		2014-15		2015-16	
	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals
General Services	10,684	10,220	12,331	11,897	14,481	13,597	16,639	16,765	19,668	18,713
Social Services	13,969	12,642	15,935	14,516	18,563	15,414	21,498	19,120	25,015	21,539
Economic Services	9,923	9,054	11,348	11,557	13,000	12,740	14,372	13,088	16,549	18,691
Grants-in-aid and Contributions	103	99	170	102	179	136	194	145	213	293
<b>Total (1)</b>	<b>34,679</b>	<b>32,015</b>	<b>39,784</b>	<b>38,072</b>	<b>46,223</b>	<b>41,887</b>	<b>52,703</b>	<b>49,118</b>	<b>61,445</b>	<b>59,236</b>
Capital Outlay	4,641	5,372	4,661	5,762	5,766	3,935	5,747	3,716	5,904	6,908
Loans and Advances Disbursed	957	627	874	522	1,084	776	1,001	843	1,367	13,250
Repayment of Public Debt	6,666	4,037	9,221	5,951	13,105	7,968	13,850	8,227	10,036	7,215
Contingency Fund	-	168	-	-	-	-	-	-	-	63
Public Accounts disbursements	73,595	17,051	75,894	21,074	94,863	24,560	52,478	25,609	84,833	28,650
Closing Cash balance	-	2,162	-	2,697	-	6,007	-	6,508	-	6,218
<b>Total (2)</b>	<b>85,859</b>	<b>29,417</b>	<b>90,650</b>	<b>36,006</b>	<b>1,14,818</b>	<b>43,246</b>	<b>73,076</b>	<b>44,903</b>	<b>1,02,140</b>	<b>62,304</b>
<b>Grand Total (1+2)</b>	<b>120,538</b>	<b>61,432</b>	<b>130,434</b>	<b>74,078</b>	<b>1,61,041</b>	<b>85,132</b>	<b>1,25,779</b>	<b>94,021</b>	<b>1,63,585</b>	<b>1,21,540</b>

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

#### 1.2 Application of resources of the State Government

As against the total budget outlay of ₹ 1,63,585 crore, actual expenditure was ₹ 1,21,540 crore during 2015-16. The total expenditure<sup>1</sup> of the State increased by 109 *per cent* from ₹ 38,014 crore to ₹ 79,394 crore during 2011-16 while the revenue expenditure increased by 85 *per cent* from ₹ 32,015 crore to ₹ 59,236 crore during the same period. Non-Plan revenue expenditure increased by 68 *per cent* from ₹ 24,223 crore to ₹ 40,675 crore during this period. The revenue expenditure constituted 75 to 92 *per cent* of the total expenditure while capital expenditure was seven to 14 *per cent*.

During this period, total expenditure increased at an annual average rate of 20 *per cent* whereas revenue receipts grew at an annual average growth rate of 13 *per cent*.

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

### 1.3 Persistent savings

During the last five years, 11 grants and one appropriation showed persistent savings of more than ₹ 10 crore and which were also 10 per cent or more of the total grants as listed in **Table 1.2** below.

**Table 1.2: Grants indicating persistent savings**

(₹ in crore)

Sr. No.	Number and name of the grant	Amount of savings				
		2011-12	2012-13	2013-14	2014-15	2015-16
<b>Revenue (Voted)</b>						
1.	09-Education	882.37 (13)	1,591.65 (19)	1,818.31 (21)	1,369.49 (14)	2,317.26 (20)
2.	10- Technical Education	143.48 (36)	68.22 (19)	78.68 (21)	137.08 (28)	93.47 (20)
3.	11-Sports and Youth Welfare	30.95 (27)	19.25 (13)	56.33 (31)	58.82 (25)	84.43 (27)
4.	13-Health	222.05 (16)	253.27 (14)	279.74 (14)	576.18 (21)	547.14 (18)
5.	14-Urban Development	30.68 (36)	41.48 (15)	118.37 (62)	32.64 (24)	63.06 (37)
6.	15-Local Government	587.83 (39)	379.76 (22)	589.57 (27)	584.00 (28)	1,407.70 (43)
7.	23-Food and Supplies	122.78 (58)	107.83 (52)	185.52 (51)	166.43 (45)	122.74 (33)
8.	24-Irrigation	409.81 (30)	375.55 (27)	382.54 (25)	512.00 (31)	359.16 (21)
9.	27-Agriculture	290.56 (31)	184.55 (20)	256.92 (24)	473.74 (37)	374.19 (27)
10.	32-Rural and Community Development	130.63 (10)	159.83 (10)	345.36 (16)	580.95 (23)	815.54 (28)
<b>Capital (Voted)</b>						
11.	38-Public Health & Water Supply	201.05 (20)	324.40 (28)	137.28 (11)	146.74 (13)	323.70 (28)
<b>Capital (Charged)</b>						
12.	Public Debt	2,944.26 (37)	4,250.68 (40)	5,027.64 (38)	5,622.44 (41)	2,820.83 (28)

**Note:** Figures in parenthesis show percentage of savings to total provision  
(Source: Appropriation Accounts of concerned years)

### 1.4 Grants-in-aid from Government of India

Grants-in-aid from Government of India (GOI) increased by ₹ 1,375.88 crore in 2015-16 over the previous year as shown in **Table 1.3** below.

**Table 1.3: Grants-in-aid received from GOI**

(₹ in crore)

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
<b>Non-Plan Grants</b>	1,246.51 (-29)	851.62 (-32)	2,256.17 (165)	1,723.20 (-24)	3,744.39 (117)
<b>Grants for State Plan Schemes</b>	674.54 (-10)	727.75 (8)	856.66 (18)	2,815.36 (229)	2,268.18 (-19)
<b>Grants for Central Plan Schemes</b>	50.79 (-42)	44.32 (-13)	62.99 (42)	24.57 (-61)	27.53 (12)
<b>Grants for Centrally Sponsored Schemes</b>	783.09 (75)	715.56 (-9)	951.36 (33)	439.75 (-54)	338.66 (-23)
<b>Total</b>	<b>2,754.93 (-10)</b>	<b>2,339.25 (-15)</b>	<b>4,127.18 (76)</b>	<b>5,002.88 (21)</b>	<b>6,378.76 (28)</b>

(The percentage increase over previous year is shown in parenthesis)  
(Source: Finance Accounts for respective years)

In addition to above, GOI had been transferring sizeable funds directly to the State implementing agencies for implementation of various schemes. GOI decided to route these funds through the State Budget from 2014-15 onwards. However, during 2015-16, GOI transferred ₹ 919.15 crore directly to various implementing agencies/non-governmental organizations in the State.

### **1.5 Planning and conduct of audit**

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

After completion of audit, an Inspection Report containing audit findings is issued to the head of the office with the request to furnish replies within four weeks. Whenever replies are received, audit findings are either settled or further action for compliance is advised. 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 Haryana under Article 151 of the Constitution of India.

During 2015-16, compliance audit of 1,120 drawing and disbursing officers of the State and 22 autonomous bodies was conducted by the office of the Principal Accountant General (Audit), Haryana. In addition, four performance audits<sup>2</sup> 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 negative impact on the success of programmes and functioning of the departments. The focus was on offering suitable recommendations to the Executive for taking corrective action and improving service delivery to the citizens. 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.

This Audit Report contains three Performance Audits and 20 compliance audit paragraphs which were forwarded to the concerned Administrative Secretaries. Though the replies of the auditee units/Directorates were received in respect of all the compliance audit paras and performance audits, replies from the administrative Departments have been received for only nine compliance audit paragraphs which

<sup>2</sup> (i) Working of Pt. Bhagwat Dayal Sharma, PGIMS, Rohtak (ii) Working of Haryana State Agricultural Marketing Board (iii) Right of Children to Free and Compulsory Education Act, 2009 and (iv) Environment Clearance and Post Clearance Monitoring.

have been suitably incorporated in the Audit Report.

### 1.7 Recoveries at the instance of audit

The audit findings involving recoveries that came to notice in the course of test audit of accounts of Government departments were referred to the various departmental Drawing and Disbursing Officers (DDOs) for confirmation and further necessary action under intimation to audit. An amount of ₹ 1.41 crore was recovered in 25 cases during 2015-16 by various departments after being pointed out by the Audit through Inspection Reports.

### 1.8 Lack of responsiveness of Government to Audit

After periodical inspection of the Government departments, the Principal Accountant General (Audit) issues the Inspection Reports (IRs) to the head of offices audited with copies to the next higher authorities. The executive authorities are expected to promptly rectify the defects and omissions pointed out and report compliance to the Principal Accountant General (Audit) within four weeks. Half-yearly reports of IRs pending for more than six months are also sent to the concerned administrative Secretaries of the departments to facilitate monitoring and compliance of the audit observations in the pending IRs.

A review of IRs issued up to May 2016 relating to various offices of Higher Education Department revealed that 633 paragraphs of 186 IRs with money value of ₹ 1,183.53 crore remained outstanding at the end of May 2016 as indicated in the **Table 1.4** below.

**Table 1.4: Year-wise breakup of outstanding Inspection Reports and Paragraphs**

Year	Number of Inspection Reports	Number of Paragraphs	Amount (₹ in crore)
2004-05 to 2010-11	127	327	408.63
2011-12	6	25	203.00
2012-13	7	49	151.23
2013-14	18	101	152.90
2014-15	23	100	156.60
2015-16 (Upto May 2016)	5	31	111.17
<b>Total</b>	<b>186</b>	<b>633</b>	<b>1,183.53</b>

(Source: Information derived from IR registers maintained in PAG (Audit) Office)

Category-wise details of irregularities pointed out through these IRs which had not been settled as of 31 May 2016 are indicated in **Appendix 1.1**.

The Department has not ensured prompt and timely action on the audit observations.

### 1.9 Follow-up on Audit Reports

According to the instructions issued (October 1995) by the Government of Haryana, Finance Department and reiterated in March 1997 and July 2001, administrative departments are to initiate *suo moto* action on all audit paragraphs

and performance audits featuring in the Comptroller and Auditor General's Audit Reports regardless of whether the cases were taken up for examination by the Public Accounts Committee or not. The administrative departments are required to furnish Action Taken Notes (ATNs) indicating the remedial action taken or proposed to be taken by them within three months of the presentation of the ARs to the Legislature.

A review of the position of receipt of ATNs on the paragraphs included in the Audit Reports up to the period ended 31 March 2016 revealed that 72 paragraphs and performance audits of 33 administrative departments included in Audit Reports for the periods 2012-13, 2013-14 and 2014-15 were yet to be discussed in the Public Accounts Committee (*Appendix 1.2*). ATNs on 55 paragraphs and performance audits in case of 29 administrative departments were not submitted as per details given in the *Appendix 1.3*. Sixteen administrative departments had not taken any action to recover the amount of ₹ 1,161.92 crore in respect of 32 paragraphs and performance audits as per details given in the *Appendix 1.4*.

The response of the administrative departments towards the recommendations of the Public Accounts Committee was not encouraging as 511 recommendations relating to Audit Reports for the period from 1971-72 to 2010-11 were still awaiting final action by the concerned administrative departments as per details given in *Appendix 1.5*.

### **1.10 Status of placement of Separate Audit Reports of autonomous bodies in the State Assembly**

Several autonomous bodies have been set up by the Government in the fields of Urban Development, Housing, Labour Welfare and Agriculture. The audit of accounts of 29 bodies in the State has been entrusted to the CAG. The status of entrustment of audit, rendering of accounts to audit, issuance of Separate Audit Reports (SARs) and its placement in the Legislature as on 31 August 2016 is indicated in *Appendix 1.6*.

One<sup>3</sup> autonomous body had not submitted its annual accounts for the last 19 years (1996-97 and onwards) whereas the delay in respect of other bodies ranged between one year and seven years. Delay in finalization of accounts carries the risk of financial irregularities going undetected. Therefore, the accounts need to be finalized and submitted to Audit at the earliest.

SARs in respect of Haryana Labour Welfare Board Chandigarh (2009-10 to 2014-15) and Haryana Building and Other Construction Workers Welfare Board Chandigarh (2009-10 to 2013-14) have not been placed before the State Legislature.

<sup>3</sup> District Legal Services Authority, Jhajjar.

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

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 1.5** below.

**Table 1.5: Details regarding reviews and paragraphs appeared in Audit Report during 2013-15**

Year	Performance Audit		Paragraphs		Replies received	
	Number	Money value (₹ in crore)	Number	Money value (₹ in crore)	Performance Audit	Draft paragraphs
2013-14	3	887.81	23	148.81	3	7
2014-15	3	242.86	27	285.78	3	13

During 2015-16, three performance audits and 20 paragraphs involving ₹ 747.16 crore have been included in this Report.