

Chapter-I

Introduction

1.1 Budget profile

There are 37 departments and 32 autonomous bodies in the State. The position of budget and expenditure incurred there against by the State Government during 2011-16 is given in **Table 1.1** below.

Table 1.1: Budget and actual expenditure 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
Revenue expenditure										
General Services	16434.11	16787.95	18818.97	18572.15	20093.58	20192.19	22781.77	23043.09	24324.90	24713.44
Social Services	11387.32	9246.50	13672.14	11189.97	13717.31	11319.09	15659.68	13729.05	16845.48	14897.86
Economic Services	7018.77	6264.07	10764.24	9152.09	10499.78	9599.73	10073.54	9237.32	11011.59	9756.04
Grants-in-aid and Contributions	1759.22	746.80	772.30	543.73	798.97	529.66	467.75	604.03	982.56	706.15
Total	36599.42	33045.32	44027.65	39457.94	45109.64	41640.67	48982.74	46613.49	53164.53	50073.49
Capital expenditure										
Capital Outlay	3959.66	1598.12	4527.53	1915.82	4232.54	2200.61	3948.28	3118.44	4353.57	3059.42
Loans and Advances disbursed	176.84	176.61	247.28	197.53	177.89	165.13	326.89	270.27	445.20	5968.59
Repayment of Public Debt (including Ways and Means Advances)	8624.92	8947.24	14661.91	15115.79	16544.35	16682.94	21673.04	23074.72	20636.48	22051.13
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	29020.27	28771.75	27505.16	33531.20	34654.60	33994.60	40593.44	40526.50	46227.64	53446.58
Closing Cash Balance	--	-178.30	--	-303.61	--	630.42	--	-137.76	-	(-)14.63
Total	41781.69	39315.42	46941.88	50456.73	55609.38	53673.70	66541.65	66852.17	71662.89	84511.09
Grand Total	78381.11	72360.74	90969.53	89914.67	100719.02	95314.37	115524.39	113465.66	124827.42	134584.58

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 2015-16, against the total budget outlay of ₹ 1,24,827 crore, the State Government incurred an expenditure of ₹ 1,34,585 crore. The total expenditure¹ of the State increased by 69.73 per cent from ₹ 34,820 crore in 2011-12 to ₹ 59,101 crore in 2015-16. The revenue expenditure increased by 51.53 per cent from ₹ 33,045 crore to ₹ 50,073 crore; non-plan revenue expenditure increased by 44.20 per cent from ₹ 31,041 crore to ₹ 44,762 crore and capital expenditure increased by 91.43 per cent from ₹ 1,598 crore to ₹ 3,059 crore during the period 2011-16.

Revenue expenditure constituted 85 to 95 per cent of the total expenditure during the years 2011-16 leaving only 5 to 15 per cent for capital expenditure. During this period, the revenue expenditure grew at an annual average rate of 8.95 per cent whereas revenue receipts grew at an annual average rate of 8.86 per cent.

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

1.3 Persistent savings

During the last five years, there were persistent savings of ₹ 5 crore or more in two grants as detailed in **Table 1.2** below.

Table 1.2: List of grants having persistent savings during 2011-16

(₹ in crore)

Sr. No.	Number and Name of the grant/ Head of Account	Amount of savings (percentage of savings)				
		2011-12	2012-13	2013-14	2014-15	2015-16
Revenue-voted						
1	15-Irrigation and Power 2700-Major Irrigation 01-Sirhind Canal System (Commercial) 001-Direction and Administration 01-Direction	58.65 (16.94)	47.16 (12.72)	60.83 (14.62)	60.82 (13.94)	48.56 (10.71)
2	15-Irrigation and Power 2701-Medium Irrigation 80-General 001-Direction and Administration 01-Direction	131.61 (99.26)	148.81 (100.00)	64.19 (41.21)	67.65 (41.26)	65.62 (40.59)

Source: Appropriation Accounts

1.4 Grants-in-aid from Government of India

Grants-in-aid received from Government of India (GOI) during the years 2011-16 are given in **Table 1.3** below.

Table 1.3: Grants-in-aid from Government of India

(₹ in crore)

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
Non-plan Grants	874.11	894.91	1064.11	2003.87	1274.64
Total non-plan grants	874.11	894.91	1064.11	2003.87	1274.64
Plan Grants <i>of which</i>					
Grants for State Plan Schemes	694.06	684.19	1058.26	3597.61	2320.12
Grants for Central Plan Schemes	5.68	60.63	7.67	80.06	341.76
Grants for Centrally Sponsored plan Schemes	866.79	1135.84	1271.34	188.41	237.20
Total plan grants	1566.53	1880.66	2337.27	3866.08	2899.08
Total grants	2440.64	2775.57	3401.38	5869.95	4173.72
Percentage increase in grants over previous year	1.73	13.72	22.55	72.58	(-28.90)
Revenue Receipts	26234.41	32051.15	35103.54	39022.85	41523.38
Percentage increase in revenue receipts over previous year	(-)4.98	22.17	9.52	11.16	6.41
Percentage of total grants to revenue receipts	9.30	8.66	9.69	15.04	10.05

Source: Finance Accounts

Total Grants-in-aid from GOI increased at an annual average rate of 16.34 per cent during the period 2011-12 to 2015-16. In 2015-16, it decreased

by 28.90 *per cent* over the previous year. During 2011-16, 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 commences with risk assessment of various departments, autonomous bodies and schemes/projects 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 the risk assessment, the frequency and extent of audit are decided and an Annual Audit Plan is formulated.

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. 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 2015-16, compliance audit of 1,306 drawing and disbursing officers of the State, 300 Panchayati Raj Institutions/Urban Local Bodies and 31 autonomous bodies was conducted by the office of the Principal Accountant General (Audit), Punjab. In addition, 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 the 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 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. Four performance audits and 20 draft paragraphs on compliance audit proposed for inclusion in this Audit Report were forwarded to the concerned Administrative Secretaries of Departments. Reply of the Government has been received in only two cases³ (December 2016).

² (i) Implementation of Sarva Shiksha Abhiyan; (ii) Information Technology Audit of Integrated Financial Management System; (iii) National Rural Health Mission-Reproductive and Child Health; (iv) Punjab State Sports Council; (v) Accelerated Irrigation Benefits Programme; and (vi) Post clearance monitoring of environment clearances.

³ (i) Information Technology Audit of Integrated Financial Management System; and (ii) Short realization of cost of land.

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 under intimation to Audit. An amount of ₹ 16.69 crore was recovered by various departments during 2015-16.

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 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 Inspection Reports sent to the Principal Secretary (Finance).

As of March 2016, 20,367 Inspection Reports containing 45,974 paragraphs were outstanding of which, 12,553 IRs containing 18,246 paragraphs pertained to the period prior to April 2011 i.e. were more than five years old. The year-wise position of outstanding Inspection Reports/paragraphs is given in **Table 1.4** below.

Table 1.4: Outstanding Inspection Reports/paragraphs

Particulars	Prior to April 2011	2011-12	2012-13	2013-14	2014-15	2015-16	Total
Inspection Reports	12,553	1,506	1,644	1,565	1,558	1,541	20,367
Paragraphs	18,246	5,821	4,319	5,452	6,198	5,938	45,974

Source: Office records

Pendency of such 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 administrative departments to initiate *suo moto* action on all paragraphs and reviews figuring in the Audit Reports irrespective of whether the cases were taken up for examination by the PAC or not. The administrative departments were also required to furnish to the 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 periods 2012-13, 2013-14 and 2014-15 which have been laid before the State Legislature, detailed notes in respect of 45 paragraphs and 8 performance audits had not been received in

the Audit office as on 31 December 2016 (*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

Six Separate Audit Reports (SAR) in respect of three autonomous bodies, as detailed in **Table 1.5** below, issued between July 2015 and April 2016 were pending for placement before the Legislature.

Table 1.5: Details of SARs pending for placement before Legislature as on 31 March 2016

Sr. No.	Name of autonomous body	Years for which SARs were pending for placement before Legislature
1.	Punjab State Legal Services Authority	2011-12 to 2013-14
2.	Punjab State Human Rights Commission	2014-15
3.	Punjab Labour Welfare Board	2003-04 and 2004-05

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** below.

Table 1.6: Details of performance audits and paragraphs appeared in the Audit Reports during 2013-15

Year	Performance Audit		Paragraphs		Replies received	
	Number	Money value (₹ in crore)	Number	Money value (₹ in crore)	Performance Audit	Paragraphs
2013-14	4	68.81	22	225.45	-	5
2014-15	6	58.98	24	86.38	2	2

Four performance audits (₹ 42.96 crore) and 20 paragraphs (₹ 183.27 crore) involving money value of ₹ 226.23 crore have been included in this Report for the year ended March 2016.