

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 2012-17 is given in **Table 1.1** below.

Table 1.1: Budget and actual expenditure of the State during 2012-17
(₹ in crore)

Expenditure	2012-13		2013-14		2014-15		2015-16		2016-17	
	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals
General Services	12,331	11,897	14,481	13,597	16,639	16,765	19,668	18,713	21,663	21,631
Social Services	15,935	14,516	18,563	15,414	21,498	19,120	25,015	21,539	29,403	25,473
Economic Services	11,348	11,557	13,000	12,740	14,372	13,088	16,549	18,691	23,482	20,875
Grants-in-aid and Contributions	170	102	179	136	194	145	213	293	248	424
Total (1)	39,784	38,072	46,223	41,887	52,703	49,118	61,445	59,236	74,796	68,403
Capital Outlay	4,661	5,762	5,766	3,935	5,747	3,716	5,904	6,908	8,817	6,863
Loans and Advances Disbursed	874	522	1,084	776	1,001	843	1,367	13,250	4,729	4,515
Repayment of Public Debt	9,221	5,951	13,105	7,968	13,850	8,227	10,036	7,215	9,677	5,276
Contingency Fund	-	-	-	-	-	-	-	63	-	80
Public Accounts disbursements	75,894	21,074	94,863	24,560	52,478	25,609	84,833	28,650	96,756	29,276
Closing Cash balance	-	2,697	-	6,007	-	6,508	-	6,218	-	5,658
Total (2)	90,650	36,006	1,14,818	43,246	73,076	44,903	1,02,140	62,304	1,19,979	51,668
Grand Total (1+2)	1,30,434	74,078	1,61,041	85,133	1,25,779	94,021	1,63,585	1,21,540	1,94,775	1,20,071

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 ₹ 1,94,775 crore, the application of resources was ₹ 1,20,071 crore during 2016-17. The total expenditure¹ of the State increased by 80 per cent from ₹ 44,356 crore to ₹ 79,781 crore during the period 2012-13 to 2016-17 while the revenue expenditure increased by 80 per cent from ₹ 38,072 crore to ₹ 68,403 crore during the same period. Non-Plan revenue expenditure increased by 62 per cent from ₹ 28,616 crore to ₹ 46,284 crore during this period. The revenue expenditure constituted 75 to 92 per cent of the total expenditure while capital expenditure was seven to 13 per cent during the period from 2012-13 to 2016-17.

During the period from 2012-13 to 2016-17, total expenditure increased at an annual average rate of 17 per cent whereas revenue receipts grew at an annual average growth rate of 12 per cent.

¹ Total of Revenue Expenditure, Capital Outlay and Loans and Advances.

1.3 Persistent savings

During the last five years, 13 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**.

Table 1.2: Grants indicating persistent savings

(₹ in crore)

Sr. No.	Number and name of the grant	Amount of savings				
		2012-13	2013-14	2014-15	2015-16	2016-17
Revenue (Voted)						
1.	07-Planning and Statistics	270.60 (69)	280.85 (51)	333.58 (81)	237.74 (58)	283.17 (62)
2.	09-Education	1,591.65 (19)	1,818.31 (21)	1,369.49 (14)	2,317.26 (20)	3,436.36 (25)
3.	10- Technical Education	68.22 (19)	78.68 (21)	137.08 (28)	93.47 (20)	98.19 (21)
4.	11-Sports and Youth Welfare	19.25 (13)	56.33 (31)	58.82 (25)	84.43 (27)	105.84 (25)
5.	13-Health	253.27 (14)	279.74 (14)	576.18 (21)	547.14 (18)	595.38 (18)
6.	14-Urban Development	41.48 (15)	118.37 (62)	32.64 (24)	63.06 (37)	12.47 (13)
7.	15-Local Government	379.76 (22)	589.57 (27)	584.00 (28)	1,407.70 (43)	879.77 (25)
8.	17-Employment	15.14 (20)	25.61 (33)	25.15 (31)	29.62 (38)	16.12 (23)
9.	23-Food and Supplies	107.83 (52)	185.52 (51)	166.43 (45)	122.74 (33)	115.61 (14)
10.	24-Irrigation	375.55 (27)	382.54 (25)	512.00 (31)	359.16 (21)	512.12 (27)
11.	27-Agriculture	184.55 (20)	256.92 (24)	473.74 (37)	374.19 (27)	826.91 (43)
12.	32-Rural and Community Development	159.83 (10)	345.36 (16)	580.95 (23)	815.54 (28)	366.90 (10)
Capital (Voted)						
13.	38-Public Health & Water Supply	324.40 (28)	137.28 (11)	146.74 (13)	323.70 (28)	310.50 (25)
Capital (Charged)						
14.	Public Debt	4,250.68 (40)	5,027.64 (38)	5,622.44 (41)	2,820.83 (28)	4,401.67 (45)

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) decreased by ₹ 701.18 crore in 2016-17 over the previous year as shown in **Table 1.3**.

Table 1.3: Grants-in-aid received from GOI

(₹ in crore)

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
Non-Plan Grants	851.62 (-32)	2,256.17 (165)	1,723.20 (-24)	3,744.39 (117)	3,078.49 (-18)
Grants for State Plan Schemes	727.75 (8)	856.66 (18)	2,815.36 (229)	2,268.18 (-19)	2,327.52 (3)
Grants for Central Plan Schemes	44.32 (-13)	62.99 (42)	24.57 (-61)	27.53 (12)	34.50 (25)
Grants for Centrally Sponsored Schemes	715.56 (-9)	951.36 (33)	439.75 (-54)	338.66 (-23)	237.07 (-30)
Total	2,339.25 (-15)	4,127.18 (76)	5,002.88 (21)	6,378.76 (28)	5,677.58 (-11)

(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 State Budget from 2014-15 onwards. However, during 2016-17, the GoI transferred ₹ 1,483.69 crore directly to various implementing agencies/ Non-Governmental Organisations of 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 2016-17, compliance audit of 1,066 drawing and disbursing officers of the State and 33 autonomous bodies, including 22 autonomous bodies covered under Section 14 of Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act 1971, was conducted by the office of the Principal Accountant General (Audit), Haryana. In addition, two 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 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

² (i) Working of Maharashi Dayananad University (ii) Management of jails in Haryana.

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 two Performance Audits and 23 compliance audit paragraphs which were forwarded to the concerned Administrative Secretaries. Replies from the administrative Departments have been received for only four compliance audit paragraphs which 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 ₹ 5.60 crore was recovered in 45 cases during 2016-17 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 March 2017 relating to various offices of Irrigation and Water Resources Department revealed that 1028 paragraphs of 317 IRs with money value of ₹ 16,33,996.87 Crore remained outstanding at the end of March 2017 as indicated in the Table below.

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

Year	Number of Inspection Reports	Number of Paragraphs	Amount (₹ in crore)
2003-04 to 2011-12	164	315	432.29
2012-13	30	84	42.38
2013-14	23	93	199.43
2014-15	31	119	2,181.26
2015-16	32	162	379.17
2016-17	37	255	16,30,762.34 ³
Total	317	1,028	16,33,996.87

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

³ Includes water charges of ₹ 16,29,715.82 crore recoverable from Public Health Engineering Department, Industries Department, Fisheries Department, Haryana Vidyut Prasaran Nigam, HUDA, etc.

Category-wise details of irregularities pointed out through these IRs which had not been settled as of 31 March 2017 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, the administrative departments were to initiate *suo motu* action on all audit paragraphs and performance audits featuring in the Comptroller and Auditor General's Audit Reports (ARs) regardless of whether the cases were taken up for examination by the Public Accounts Committee or not. The administrative departments were 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 the paragraphs included in the ARs for the period 2012-13, 2014-15 and 2015-16 revealed that 77 paragraphs (including performance audits) pertaining to 35 administrative departments (**Appendix 1.2**) were yet to be discussed in Public Accounts Committee (May 2017). Out of these 77 paragraphs, ATNs on 62 paragraphs were not submitted by 26 administrative departments as per details given in the **Appendix 1.3**.

Nineteen administrative departments had not taken any action to recover the amount of ₹ 1,718.08 crore in respect of 38 paragraphs and performance audits as per details given in the **Appendix 1.4**.

Further, the response of the administrative departments towards the recommendations of the Public Accounts Committee was not encouraging as final action by the concerned administrative departments in respect of the 686 recommendations relating to Audit Reports for the period from 1971-72 to 2011-12 and 2013-14 were still awaited (**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 autonomous 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 30 June 2017 is indicated in **Appendix 1.6**.

One⁴ autonomous body had not submitted its annual accounts for the last 20 years (1996-97 and onwards) whereas the delay in respect of other bodies ranged

⁴ District Legal Services Authority, Jhajjar.

between one year and eight 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.

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 2014-16

Year	Performance Audit		Paragraphs		Replies received	
	Number	Money value (₹ in crore)	Number	Money value (₹ in crore)	Performance Audit	Draft paragraphs
2014-15	3	242.86	27	285.78	3	13
2015-16	3	201.80	20	545.36	-	9

During 2016-17, two performance audits (₹72.08 crore) and 23 paragraphs (₹609.18 crore) involving ₹ 681.26 crore have been included in this Report.