

Chapter-I

Introduction

1.1 Budget profile

There are 37 departments and 33 autonomous bodies in the State. The position of budget and expenditure incurred there-against by the State Government during 2012-17 is given in **Table 1.1** below.

Table 1.1: Budget and actual expenditure 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
Revenue expenditure										
General Services	18818.97	18572.15	20093.58	20192.19	22781.77	23043.09	24324.90	24713.44	28964.59	28487.93
Social Services	13672.14	11189.97	13717.31	11319.09	15659.68	13729.05	16845.48	14897.86	17872.31	15672.10
Economic Services	10764.24	9152.09	10499.78	9599.73	10073.54	9237.32	11011.59	9756.04	13859.37	10217.61
Grants-in-aid and Contributions	772.30	543.73	798.97	529.66	467.75	604.03	982.56	706.15	2037.53	918.41
Total	44027.65	39457.94	45109.64	41640.67	48982.74	46613.49	53164.53	50073.49	62733.80	55296.05
Capital expenditure										
Capital Outlay	4527.53	1915.82	4232.54	2200.61	3948.28	3118.44	4353.57	3059.42	6117.46	4346.30
Loans and Advances disbursed	247.28	197.53	177.89	165.13	326.89	270.27	445.20	5968.59	42870.86	41364.12
Repayment of Public Debt (including Ways and Means Advances)	14661.91	15115.79	16544.35	16682.94	21673.04	23074.72	20636.48	22051.13	32791.86	32443.29
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	27505.16	33531.20	34654.60	33994.60	40593.44	40526.50	46227.64	53446.58	51520.73	50599.95
Closing Cash Balance	--	(-) 303.61	--	630.42	--	(-) 137.76	-	(-) 14.63	-	395.28
Total	46941.88	50456.73	55609.38	53673.70	66541.65	66852.17	71662.89	84511.09	133300.91	129148.94
Grand Total	90969.53	89914.67	100719.02	95314.37	115524.39	113465.66	124827.42	134584.58	196034.71	184444.99

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 2016-17, against the total budget outlay of ₹1,96,034.71 crore, the State Government incurred an expenditure of ₹1,84,444.99 crore. The expenditure (revenue expenditure, capital expenditure and loans and advances) of the State increased by 142.97 per cent from ₹41,571 crore in 2012-13 to ₹1,01,006 crore in 2016-17. The revenue expenditure increased by 40.14 per cent from ₹39,458 crore to ₹55,296 crore; non-plan revenue expenditure increased by 35.54 per cent from ₹36,395 crore to ₹49,330 crore and capital expenditure increased by 126.83 per cent from ₹1,916 crore to ₹4,346 crore during the period 2012-17.

The revenue expenditure constituted 85 to 95 per cent of the total expenditure during the years 2012-16 but it remained at 55 per cent during 2016-17. During this period, the revenue expenditure grew at an annual average rate of 10.95 per cent whereas revenue receipts grew at an annual average rate of 12.96 per cent.

1.3 Persistent savings

During the last five years, there were persistent savings in two grants, as detailed in **Table 1.2** below.

Table 1.2: List of grants having persistent savings during 2012-17

(₹ in crore)

Sr. No.	Number and Name of the grant/ Head of Account	Amount of savings (percentage of savings against total provision)				
		2012-13	2013-14	2014-15	2015-16	2016-17
Revenue-voted						
1	15-Irrigation and Power 2700-Major Irrigation 01-Sirhind Canal System (Commercial) 001-Direction and Administration 01-Direction	47.16 (12.72)	60.83 (14.62)	60.82 (13.94)	48.56 (10.71)	12.63 (3.13)
2	15-Irrigation and Power 2701-Medium Irrigation 80-General 001-Direction and Administration 01-Direction	148.81 (100.00)	64.19 (41.21)	67.65 (41.26)	65.62 (40.59)	2.48 (2.58)

Source: Appropriation Accounts

1.4 Grants-in-aid from Government of India

Grants-in-aid received from Government of India (GOI) during the years 2012-17 are given in **Table 1.3** below.

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

(₹ in crore)

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
Non-plan Grants	894.91	1064.11	2003.87	1274.64	1610.35
Total non-plan grants	894.91	1064.11	2003.87	1274.64	1610.35
Plan Grants <i>of which</i>					
Grants for State Plan Schemes	684.19	1058.26	3597.61	2320.12	2523.14
Grants for Central Plan Schemes	60.63	7.67	80.06	341.76	78.65
Grants for Centrally Sponsored plan Schemes	1135.84	1271.34	188.41	237.20	563.69
Total plan grants	1880.66	2337.27	3866.08	2899.08	3165.48
Total grants	2775.57	3401.38	5869.95	4173.72	4775.83
Percentage increase in grants over previous year	13.72	22.55	72.58	(-)28.90	14.43
Percentage of total grants to revenue receipts	8.66	9.69	15.04	10.05	9.95

Source: Finance Accounts

Total grants-in-aid from GOI increased at an annual average rate of 18.88 per cent during the period 2012-13 to 2016-17. It decreased by 28.90 per cent in 2015-16 over 2014-15 and again increased by 14.43 per cent in the current year over the previous year. The contribution of grants-in-aid towards revenue receipts increased from 8.66 per cent in 2012-13 to 15.04 per cent in 2014-15. Thereafter it started decreasing and came down to 9.95 per cent in 2016-17.

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 2016-17, compliance audit of 1,256 drawing and disbursing officers of the State, 138 Panchayati Raj Institutions/Urban Local Bodies and 31 autonomous bodies was conducted by the office of the Principal Accountant General (Audit), Punjab. In addition, four¹ performance audits 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 27 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 four² cases (November 2017).

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

¹ (i) Working of Guru Angad Dev Veterinary and Animal Sciences University; (ii) Management of Cancer Control Programme in Punjab; (iii) Working of Greater Mohali Area Development Authority; and (iv) Implementation of schemes for educational development of Scheduled Caste students.

² (i) Avoidable payment of interest due to delay in payment of enhanced compensation; (ii) Implementation of e-Procurement system in Public Works Department (Buildings and Roads); (iii) Undue burden on road users and financial benefit to concessionaires; and (iv) Misappropriation of pay and allowances.

further investigation and recovery under intimation to Audit. An amount of ₹7.90 crore was recovered by various departments during 2016-17.

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 2017, 17,982 Inspection Reports containing 40,873 paragraphs were outstanding, of which 9,687 Inspection Reports containing 14,282 paragraphs pertained to the period prior to April 2012 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 2012	2012-13	2013-14	2014-15	2015-16	2016-17	Total
Inspection Reports	9687	1560	1546	1962	1822	1405	17982
Paragraphs	14282	3156	5282	5688	6754	5711	40873

Source: Records maintained by Pr. Accountant General (Audit), Punjab

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 motu* 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, 2014-15 and 2015-16 which have been laid before the State Legislature, detailed notes in respect of 32 paragraphs and 7 performance audits had not been received in the Audit office as on 31 October 2017 (*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

Twenty Separate Audit Reports (SAR) in respect of five autonomous bodies, as detailed in **Table 1.5** below, issued between February 2012 and July 2017 were pending for placement before the Legislature.

Table 1.5: Details of SARs pending for placement before Legislature as on 31 March 2017

Sr. No.	Name of autonomous body	Years for which SARs were pending for placement before Legislature
1.	Punjab Legal Services Authority, Chandigarh	2011-12, 2012-13 and 2013-14
2.	Punjab Khadi and Villages Industries Board, Chandigarh	2012-13, 2013-14 and 2014-15
3.	Punjab State Human Rights Commission, Chandigarh	2011-12, 2012-13, 2013-14, 2014-15, 2015-16 and 2016-17
4.	Punjab Labour Welfare Board, Chandigarh	2003-04, 2004-05 and 2005-06
5.	Punjab Building and other Construction Works Welfare Board	2011-12, 2012-13, 2013-14, 2014-15 and 2015-16

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 2014-16

Year	Performance Audit		Paragraphs		Replies received	
	Number	Money value (₹ in crore)	Number	Money value (₹ in crore)	Performance Audit	Paragraphs
2014-15	6	58.98	24	86.38	2	2
2015-16	4	42.96	20	183.27	1	1

Four performance audits (₹60.63 crore) and 27 paragraphs (₹218.84 crore) involving money value of ₹279.47 crore have been included in this Report for the year ended March 2017.