
Chapter I

Introduction

CHAPTER-I

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1.1 About this Report

This Report contains the results of Compliance Audits of various Departments under General and Social Sectors of the Government of Madhya Pradesh conducted during 2016-17 in compliance with the CAG's audit mandate under Article 151 of the Constitution of India and the CAG's (Duties, Powers and Conditions of Service) Act, 1971.

This Report aims to assist in ensuring executive accountability and improving the process of governance and public service delivery of various Departments.

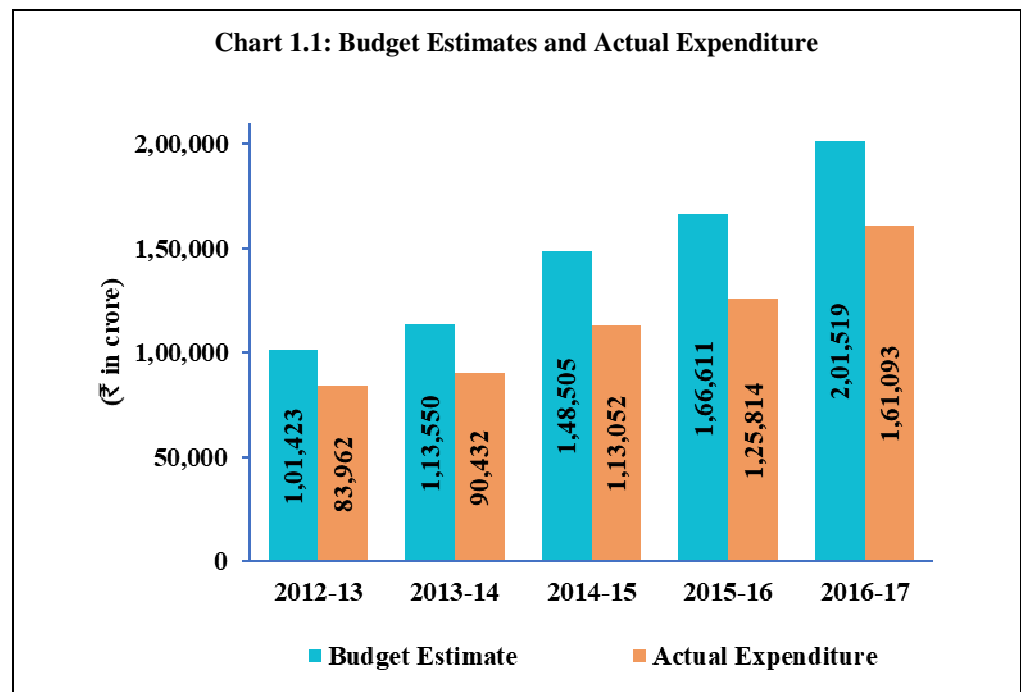
The layout of the Report is as under:

1. **Chapter I:** General information about the audited entities.
2. **Chapter II:** Compliance Audit on 'Functioning of Residential Schools and Hostels for Scheduled Tribes' and two Audit Paragraphs.

1.2 Profile of audited entities

Thirty-five out of total 54 Departments in Madhya Pradesh fall under the General and Social Sectors. These Departments are headed by Additional Chief Secretaries/Principal Secretaries, who are assisted by Commissioners/Directors and subordinate officers under them.

The trend of budget estimates and actual expenditure of the State Government during 2012-17 is as detailed in **Chart 1.1**.



(Source: Appropriation Accounts of respective years)

The trend of expenditure of five major Departments under General and Social Sectors during 2014-15 to 2016-17 is given in **Table 1.1**.

Table 1.1: Expenditure of major Departments under General and Social Sectors

(₹ in crore)			
Department	2014-15	2015-16	2016-17
Panchayat and Rural Development Department	13,209.15	16,138.28	27,063.69
Urban Development and Housing Department	6,277.98	9,623.91	11,087.57
School Education Department	7,417.48	7,229.04	9,720.38
Finance Department	7,315.71	8,005.35	8,973.52
Home Department	3,938.13	4,663.00	5,285.18

(Source: Compiled from Monthly Appropriation Accounts of the respective years)

1.3 Audit Coverage

During the year 2016-17, the Accountant General (General and Social Sector Audit), Madhya Pradesh conducted the compliance audit of 1,369 out of the total 3,934 auditable units under the 35 Departments pertaining to the General and Social Sectors.

1.4 Response of the Government to Audit

Audit affords four stage opportunity to the audited units/Departments to elicit their views on audit observations, viz.,

- **Audit Memos:** Issued to the head of the audited unit during the field audit to be replied during the audit itself.
- **Inspection Reports:** Issued within a month of the completion of audit to be replied by the head of the audited unit within four weeks.
- **Draft Paragraphs:** Issued to the Government/ heads of the Departments under whom the audited units function for submission of Government's/ departmental views within six weeks for consideration prior to their being included in the Audit Report.
- **Exit Conference:** Opportunity is given to the head of Departments and State Government to elicit departmental/Government views on the audit observations prior to finalisation of the Audit Report.

In all these stages, Audit strives to provide full opportunity to audited units/heads of Departments/State Government to provide rebuttals and clarifications and only when the departmental replies are not received or are not convincing, the audit observations are processed for inclusion in the Inspection Report or Audit Report, as the case may be. However, it has been noticed that the audited units/ Departments, in most of the cases, do not submit timely and satisfactory reply as indicated below:

1.4.1 Inspection Reports (IRs)

A detailed review of IRs issued up to March 2017 to 4,110 Drawing and Disbursing Officers (DDOs) pertaining to 34 Departments revealed that 27,956 paragraphs contained in 9,439 IRs were outstanding for settlement for want of convincing replies as on 31 March 2018. Of these, the DDOs

submitted initial replies against 21,162 paragraphs contained in 7,872 IRs while, in respect of 6,794 paragraphs (money value ₹ 24,155 crore) contained in 1,567 IRs there was no response from DDOs.

The status of outstanding IRs is given in **Table 1.2**.

Table 1.2: Outstanding IRs and Paragraphs (issued up to 31 March 2017) as on 31 March 2018

Period	No. of outstanding IRs (per cent)	No. of outstanding Paras (per cent)	No. of IRs having paras outstanding for initial reply of DDO (per cent)	No. of outstanding paras on which initial reply of DDO was not received (per cent)	Money value of paras outstanding for initial reply of DDO (₹ in lakh)
2016-17	1,333 (14.12)	6,888 (24.64)	746 (47.61)	4,028 (59.29)	14,90,008.098
1 year to 3 years	1,739 (18.42)	6,600 (23.60)	334 (21.31)	1,314 (19.34)	4,79,428.69
3 years to 5 years	1,140 (12.08)	3,611 (12.92)	154 (09.83)	601 (08.85)	2,44,939.31
More than 5 years	5,227 (55.38)	10,857(38.84)	333 (21.25)	851 (12.52)	2,01,080.91
Total	9,439	27,956	1,567	6,794	24,15,457.008

During 2016-17, 18 (Audit Committee Meetings) meetings of Audit with departmental officers were held, in which 994 IRs and 5,523 Paras were settled.

1.5 Action taken on earlier Audit Reports

According to the rules of procedure for the internal working of the Committee on Public Accounts, the Administrative Departments were to initiate, *suo motu* action on all Audit Paragraphs and Reviews featuring in the Comptroller and Auditor General's Audit Reports, regardless of whether these are taken up for examination by the Public Accounts Committee (PAC) or not. They were also to furnish detailed Action Taken Notes (ATNs), duly vetted by audit, indicating the remedial action taken or proposed to be taken by them.

During the years 2011-12 to 2015-16, 140 audit paragraphs were reported in the Audit Reports on General and Social Sectors. Of these, PAC had taken up 45 paragraphs for discussion and 95 paragraphs for written reply. Out of five recommendations of PAC on these paragraphs, ATNs of Government were received on four recommendations as on March 2018 as detailed in **Table 1.3**.

Table 1.3: Status of PAC discussion, Madhya Pradesh, Vidhan Sabha

Status	Audit Report on General and Social Sectors for the year 2011-12 to 2015-16
No. of total Audit Paras	140
Taken up by PAC for discussion (Oral discussion)	45
Taken up by PAC for submission of written reply	95
Recommendation made by PAC	05 (03 ¹ paras under oral discussion + 02 paras for written reply)
ATN received	03 (01 para under oral discussion + 02 paras for written reply)
Action taken by the Department	03(01 para under oral discussion + 02 paras for written reply)

¹ No further recommendation was made by PAC on one audit paragraph featured in Audit Report on General and Social Sectors for the year ended March 2013.

1.6 Fraudulent withdrawals and recoveries at the instance of Audit

1.6.1 Public Health Engineering Department

Scrutiny of records in the office of the Executive Engineer (EE), Public Health Engineering (PHE), Maintenance Division No. 2, Indore revealed that pay data in respect of two temporary work-charged employees Shri Rama Kant Sharma, Helper and Shri Govind Rambhau Savang, Telephone Attendant were inflated during ten months between March 2016 to December 2016 while entering into Centralised State Financial Management system by Shri Sunil Bhondve, Assistant, which was verified by Shri Sunil Bhondve, Assistant and Shri Anil Tiwari, work charged employee. This resulted in fraudulent withdrawals of ₹ 10.19 lakh as detailed in **Table 1.4**.

Table 1.4: Excess fraudulent withdrawal of salary

(in ₹)

Name (Shri)	Salary Due	Salary Drawn	Fraudulently paid excess amount
Ramakant Sharma	1,80,409	6,90,411	5,10,002
Govind Rambhau Savang	1,72,409	6,81,211	5,08,802
Total	3,52,818	13,71,622	10,18,804

Accepting the audit observations, the Department stated (November 2017), recovery had since been made from the concerned employees and show-cause notices had also been issued and Superintending Engineer, Indore had also been instructed to lodge FIR in this case.

1.6.2 Finance Department and Tribal Affairs Department

Scrutiny of records in the Office of Principal, Government High School (Principal), Mocha, Mandla revealed that the Principal submitted a salary bill of three guest teachers pertaining to period December 2014 to April 2015² amounting to ₹ 47,250 to Sub Treasury Office (STO), Nainpur for payment. Audit scrutiny revealed, however, that the STO passed the bill (26 September 2015) for ₹ 97,250 by altering the amount in the bill and recording payment of ₹ 50,000 to another guest teacher, who has denied knowledge to the transaction. Instead, the additional amount of ₹ 50,000 was actually transferred to yet another person, Shri Anil Patle³, about whose existence, both the offices⁴ denied knowledge. In response to the audit observation, Block Development Officer, Bichhia (Mandla) stated that the password of Principal (DDO) was with a clerk (Shri Prakash Marawi) in the office of STO, who used to prepare the soft copy of the bill for payment.

In the exit conference, the Principal Secretary, Tribal Affairs Department stated (December 2017) that amount of ₹ 50,000 was deposited in the

² Submitted in September 2015

³ A/c No. 32540633190.

⁴ Principal, Government High School, Mocha, Mandla and Sub Treasury, Nainpur, Mandla.

Government account through challan, and action would be taken against the erring official. The Department reply, however, does not confirm that FIR for criminal prosecution has been lodged.

Matter was also reported (October 2017) to Finance Department; their reply is awaited (August 2018).

1.6.3 Backward Classes and Minorities Welfare Department

The office of Assistant Director, Backward Classes and Minorities Welfare Department (AD, BCMW) Burhanpur was functioning from a rented house till December 2013. Though the office shifted to a new Government building complex before January 2014, the AD, BCMW drew ₹ 76,000 towards rent of office premise for the period January 2014 to August 2014. The amount was transferred through e-payment to the account of a daily wages employee Shri Parmanand Bari of the same office. Further scrutiny revealed that a forged *Bhawan Kiraya Patrak* (demand note from the house owner) was attached with the voucher. On this embezzlement being pointed out in audit, the AD, BCMW deposited (June 2017) ₹ 76,000 in the Government account. The Backward Classes and Minorities Welfare Department replied (August 2017) that the matter had been investigated and the then Accountant and AD, BCMW were found *prima facie* guilty of financial irregularity and action for registering a case and departmental action was being taken. Progress in filing the FIR and disciplinary action is awaited (August 2018).