

CHAPTER 1

INTRODUCTION

1.1 Budget profile

There are 56 departments and 30 autonomous bodies functioning under the Government of Haryana. The position of budget estimates and actual expenditure there against by the State Government during 2014-19 is given in Table 1.1.

Table 1.1: Budget and actual expenditure of the State during 2014-19

(₹ in crore)

Expenditure	2014-15		2015-16		2016-17		2017-18		2018-19	
	Budget Estimates	Actual	Budget Estimates	Actual	Budget Estimates	Actual	Budget Estimates	Actual	Budget Estimates	Actual
General Services	16,639	16,765	19,668	18,713	21,663	21,631	24,379	26,699	29,788	28,169
Social Services	21,498	19,120	25,015	21,539	29,403	25,473	31,404	28,061	34,176	29,743
Economic Services	14,372	13,088	16,549	18,691	23,482	20,875	23,752	18,107	20,916	19,022
Grants-in-aid and Contributions	194	145	213	293	248	424	401	390	306	222
Total (1)	52,703	49,118	61,445	59,236	74,796	68,403	79,936	73,257	85,186	77,156
Capital Outlay	5,747	3,716	5,904	6,908	8,817	6,863	11,122	13,538	15,780	15,306
Loans and Advances Disbursed	1,001	843	1,367	13,250	4,729	4,515	1,326	1,395	1,766	756
Repayment of Public Debt	13,850	8,227	10,036	7,215	9,677	5,276	9,945	6,339	12,466	17,184
Contingency Fund	-	-	-	63	-	80	-	27	-	13
Public Accounts disbursements	52,478	25,609	84,833	28,650	96,756	29,276	2,04,107	31,171	2,32,569	37,386
Closing Cash balance	-	6,508	-	6,218	-	5,658	-	4,417	-	2,985
Total (2)	73,076	44,903	1,02,140	62,304	1,19,979	51,668	2,26,500	56,887	2,62,581	73,630
Grand Total (1+2)	1,25,779	94,021	1,63,585	1,21,540	1,94,775	1,20,071	3,06,436	1,30,144	3,47,767	1,50,786

(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 ₹ 3,47,767 crore, the application of resources was ₹ 1,50,786 crore during 2018-19. The total expenditure¹ of the State increased by 74 per cent from ₹ 53,677 crore to ₹ 93,218 crore during the period 2014-15 to 2018-19 while the revenue expenditure increased by 57 per cent from ₹ 49,118 crore to ₹ 77,156 crore during the same period. The revenue expenditure constituted 75 to 92 per cent of the total expenditure while capital expenditure was seven to 16 per cent during the period from 2014-15 to 2018-19.

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

During the period from 2014-15 to 2018-19, total expenditure increased at an annual average rate of 16 per cent whereas revenue receipts grew at an annual average growth rate of 12 per cent.

1.3 Persistent savings

During the last five years, 18 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 (Table 1.2).

Table 1.2: Grants indicating persistent savings

(₹ in crore)

Sr. No.	Number and name of the grant	Amount of savings				
		2014-15	2015-16	2016-17	2017-18	2018-19
Revenue (Voted)						
1.	05-Excise and Taxation	29.40 (16)	45.48 (22)	35.12 (16)	65.89 (25)	48.40 (20)
2.	07-Planning and Statistics	333.58 (81)	237.74 (58)	283.17 (62)	10.76 (26)	22.00 (37)
3.	09-Education	1,369.49 (14)	2,317.26 (20)	3,436.36 (25)	2,345.71 (17)	1,799.79 (13)
4.	10-Technical Education	137.08 (28)	93.47 (20)	98.19 (21)	92.61 (21)	68.17 (15)
5.	11-Sports and Youth Welfare	58.82 (25)	84.43 (27)	105.84 (25)	211.20 (46)	114.86 (29)
6.	13-Health	576.18 (21)	547.14 (18)	595.38 (18)	434.07 (12)	497.37 (12)
7.	14-Urban Development	32.64 (24)	63.06 (37)	12.47 (13)	53.95 (51)	38.93 (36)
8.	15-Local Government	584.00 (28)	1,407.70 (43)	879.77 (25)	1,462.93 (27)	2,168.63 (43)
9.	17-Employment	25.15 (31)	29.62 (38)	16.12 (23)	56.52 (24)	45.37 (13)
10.	18-Industrial Training	24.00 (11)	30.39 (12)	52.67 (19)	122.11 (29)	185.11 (37)
11.	19-Welfare of SCs, STs, Other BCs and Minorities	95.10 (26)	323.20 (49)	213.79 (27)	357.63 (47)	325.97 (45)
12.	21-Women and Child Development	195.08 (22)	268.23 (27)	368.88 (33)	232.26 (22)	476.58 (34)
13.	23-Food and Supplies	166.43 (45)	122.74 (33)	115.61 (14)	311.20 (54)	108.50 (28)
14.	27-Agriculture	473.74 (37)	374.19 (27)	826.91 (43)	648.44 (34)	956.78 (35)
15.	32-Rural and Community Development	580.95 (23)	815.54 (28)	366.90 (10)	1,193.68 (26)	1,261.75 (26)
Capital (Voted)						
16.	21-Women and Child Development	163.97 (74)	168.82 (79)	37.37 (34)	110.87 (64)	77.01 (48)
17.	34-Transport	29.13 (15)	79.85 (38)	149.58 (57)	45.64 (17)	163.57 (47)
18.	38-Public Health & Water Supply	146.74 (13)	323.70 (28)	310.50 (25)	273.98 (19)	294.53 (17)
Capital (Charged)						
19..	Public Debt	5,622.44 (41)	2,820.83 (28)	4,401.67 (45)	3,606.12 (36)	2,081.88 (11)

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

The Grants-in-aid (GIA) from Government of India (GoI) increased by ₹ 1,888.42 crore (36.42 per cent) in 2018-19 over the previous year as shown in Table 1.3.

Table 1.3: Grants-in-aid received from GoI

Particulars	(₹ in crore)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Non-Plan Grants	1,723.20	3,744.39	3,078.49	-	-
Grants for State Plan Schemes	2,815.36	2,268.18	2,327.52	-	-
Grants for Central Plan Schemes	24.57	27.53	34.50	-	-
Grants for Centrally Sponsored Schemes	439.75	338.66	237.07	2,326.62	2,843.09
Finance Commission Grants	-	-	-	1,316.68	1,274.26
Compensation for Loss of Revenue arising out of implementation of GST				1,199.00	2,820.00
Other Transfer/Grants to States	-	-	-	342.82	136.19
Total	5,002.88 (21)	6,378.76 (28)	5,677.58 (-11)	5,185.12 (-9)	7,073.54 (36)

(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. The GoI decided to route these funds through State Budget from 2014-15 onwards. However, during 2018-19, the GoI transferred ₹ 4,226.45 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 to be submitted to the Governor of Haryana under Article 151 of the Constitution of India.

During 2018-19, compliance audit of 546 drawing and disbursing officers of 56 departments of the State and 69 units of 15 autonomous bodies under sections 19(2), 19(3) and 20(1) of Comptroller and Auditor General's (Duties, Powers

and Conditions of Service) Act 1971, was conducted by the office of the Accountant General (Audit), Haryana. In addition, performance audit on Post Matric Scholarship schemes for Scheduled Castes and Other Backward Class Students was 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 one Performance Audit and 17 compliance audit paragraphs which were forwarded to the concerned Administrative Secretaries. Replies from the administrative Departments have been received for Performance Audit and 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 ₹ 2.31 crore was recovered in 66 cases during 2018-19 by various departments after being pointed out by the Audit through Inspection Reports.

1.8 Responsiveness of Government to Audit

After periodical inspection of the Government departments, the 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 compliances to the 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. As of September 2019, 25,964 paragraphs pertaining to 8,340 IRs were outstanding against various

auditable units pertaining to Social, General and Economic Sectors (Non-Public Sector Undertakings).

A review of Inspection Reports audited up to March 2019 relating to various offices of Public Works Department (Buildings and Roads) revealed that 934 paragraphs of 264 IRs with money value of ₹ 9,884.43 crore were outstanding as of September 2019 as indicated in **Table 1.4**.

Table 1.4: Year wise breakup of outstanding Inspection Reports and paragraphs (₹ in crore)

Year	Number of IRs	Number of paragraphs	Amount
1992-93 to 2013-14	102	163	1,892.76
2014-15	28	81	2,669.72
2015-16	33	94	338.73
2016-17	38	189	2,658.47
2017-18	32	201	1,071.90
2018-19	31	206	1,252.85
Total	264	934	9,884.43

{Source: Information derived from IR Registers maintained in AG (Audit) Office}

Category-wise details of irregularities pointed out through these IRs which had not been settled as of September 2019 are indicated in **Appendix 1.1**.

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 Audit Report for the year 2016-17, revealed that paragraph numbers 3.9 and 3.10 pertaining to Public Health Engineering Department were yet to be discussed in Public Accounts Committee (September 2019). Sixteen administrative departments had not taken any action to recover the amount of ₹ 1,745.85 crore in respect of 35 paragraphs and performance audits (**Appendix 1.2**).

Further, the response of the administrative departments towards the recommendations of the Public Accounts Committee was not encouraging as 735 recommendations relating to Audit Reports for the period from 1971-72 to

2015-16 were still awaiting final action by the concerned administrative departments (*Appendix 1.3*).

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, Agriculture and Justice. The audit of accounts of 30 bodies in the State has been entrusted to the Comptroller and Auditor General of India. The status of entrustment of audit, rendering of accounts to audit, issuance of Separate Audit Reports (SARs) and its placement in the Legislature is indicated in *Appendix 1.4*.

District Legal Services Authority, Jhajjar had not submitted its annual accounts for the years 1996-97 to 2010-11 and had submitted annual accounts for subsequent years. Delay in respect of seven autonomous bodies ranged between one year and two years. Delay in finalisation of accounts carries the risk of financial irregularities going undetected and, therefore, the accounts need to be finalised and submitted to Audit at the earliest.

SARs in respect of Haryana Building and Other Construction Workers Welfare Board, Chandigarh (2009-10 to 2017-18) have not been placed before the State Legislature.