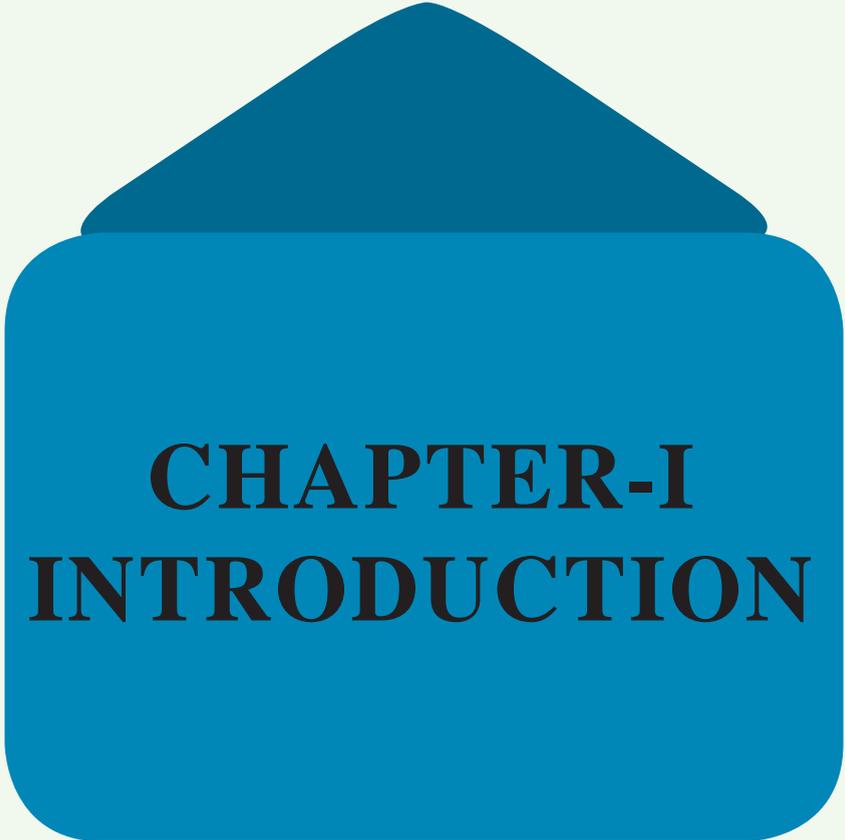




**SECTION -A  
GENERAL SOCIAL  
AND ECONOMIC  
SECTORS**





**CHAPTER-I**  
**INTRODUCTION**



## CHAPTER-I INTRODUCTION

### 1.1 About this Report

This section of report relates to matters arising from the performance audit of selected programmes and activities and compliance audit of departments under General, Social and Economic Sectors of the Government of Bihar (GoB).

The primary purpose of this section of the report is to bring to the notice of the Legislature, audit findings of significant materiality in respect of performance and compliance audits conducted during 2019-20. The audit findings are expected to enable the executive to take corrective actions as also to frame policies and directives that will lead to improved financial management of the organisations, thus contributing to better governance and improved public service delivery.

This section of the Report comprises three chapters. This chapter provides a brief analysis on the expenditure of the departments and responses of the Government to the Audit Inspection Reports/Audit Reports and action taken on them. Chapter II and III present detailed findings and observations on the performance and compliance audits conducted during 2019-20.

### 1.2 Auditee profile

There are 44 Departments in the State, out of which 39 Departments pertain to General, Social and Economic sectors. During 2019-20, against the total budget of ₹2,28,487.18 crore, the State incurred total expenditure of ₹1,49,641.92 crore. Out of this, total expenditure of ₹1,38,970.33 crore pertained to 39 Departments under General, Social and Economic sectors.

### 1.3 Response of the Government to Inspection Reports

The Principal Accountant General (Audit), Bihar 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 Audit Inspection Reports (IRs) to the Head of the office with request to furnish replies within four weeks. When irregularities *etc.*, detected during audit inspection are not settled on the spot, these IRs are issued to the Heads of offices inspected, with copies to next higher authorities.

Whenever replies are received, audit findings are either settled or further action for compliance is advised. The 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 Bihar under Article 151 of the Constitution of India.

During 2019-20, Compliance Audits of 190 Drawing and Disbursing Officers (DDOs) of the State and three autonomous bodies were conducted by the office of the Principal Accountant General (Audit), Bihar.

Serious irregularities were also brought to the notice of the Heads of the Departments through a half yearly report of pending IRs.

A detailed review of the IRs issued to 2,749 DDOs up to September 2019 pertaining to 39 Departments revealed that 44,004 paragraphs having financial implication of about ₹8,24,077.56 crore covered in 6,298 IRs remained outstanding at the end of 31 March 2020 as shown in **Table 1.1**. The year-wise position of outstanding IRs/Paragraphs and types of irregularities is detailed in *Appendix-1.1* and *Appendix-1.2* respectively.

**Table 1.1**  
**Outstanding Inspection Reports/Paragraphs**

Sl. No.	Period	No of outstanding IRs (per cent)	No of outstanding paras (per cent)	Amount involved (₹ in crore)
1	Less than one year	105(2%)	1087(2%)	4,04,140.10
2	1 year to 3 years	1135(18%)	9885(22%)	2,16,682.79
3	More than 3 years to 5 years	2142(34%)	15008(35%)	86,901.55
4	More than 5 years	2936(46%)	18024(41%)	1,16,353.12
	<b>Total</b>	<b>6,298</b>	<b>44,004</b>	<b>8,24,077.56</b>

During 2019-20, one Audit Committee meeting was held in which only one paragraph was settled.

The departmental officers failed to take action on observations contained in outstanding IRs within the prescribed time frame resulting in erosion of accountability.

### **Recommendation**

**It is recommended that the Government may look into the matter to ensure prompt and proper response to the audit observations.**

#### **1.4 Response of the Government to significant audit observations (Performance Audits/Compliance Audit Paragraphs)**

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 auditing the specific programmes/schemes and to offer suitable recommendations to the executive for taking corrective action and improving service delivery to the citizens.

As per provisions of the Comptroller and Auditor General of India's Regulations on Audit and Accounts, 2007, 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. It was brought to the personal attention of the Heads of Departments that in view of likely inclusion of such paragraphs in the Reports of the Comptroller and Auditor General of India to be placed before the State Legislature, it would be desirable to include their comments in the matter. They were also advised to meet with the Accountant General to discuss the draft reports of Performance Audits and draft audit paragraphs. These draft reports and paragraphs proposed for inclusion in the Report were also forwarded to the Heads of Departments seeking their replies.

For the Audit Report 2019-20, reply of Health Department in respect of performance audit on Functioning of District Hospital was received. Reply of the Department in respect of detailed compliance audit on development of Sewerage Infrastructure in Patna under Namami Gange Programme was not received.

### **1.5 Response of the Government and auditee units during the conduct of Performance/Compliance audits**

Section 18 (1) (b) of the Comptroller & Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 stipulates that the CAG has the authority in connection with the performance of his duties under the said Act to requisition any accounts, books and other documents which deal with or form the basis of or are otherwise relevant to the transactions to which his duties in respect of audit extends. This provision has been further amplified by Regulation 181 of the Regulation on Audit and Accounts 2020, which stipulates that every department or entity shall establish and implement a mechanism to ensure that data, information and documents that are required by Audit are made available to it in time.

Despite such clear provisions, instances of non-production of records to Audit are many. Though such instances are brought to the notice of the authorities on each occasion, follow up by the concerned authorities has not been uniformly swift and effective.

For the Audit Report 2019-20, one Performance Audit (PA) and one detailed compliance audit are included in this report. However, despite repeated efforts, records requisitioned by the Audit teams were not made available and replies to audit memos issued during audit were not provided in many cases. Eight units out of 33 auditee units did not produce certain records requisitioned by Audit as detailed in *Appendix 1.3*.

*Non-production of records severely limits the exercise of CAG's constitutional mandate and may result in lack of accountability by State*

**Government functionaries and concealment of fraud, misappropriation, embezzlement etc. The State Government should take appropriate action including flagging of individual instances of non-production of records from a vigilance angle and initiation of disciplinary action against the concerned officials.**

Out of 374 audit memos issued in respect of one PA and one DCA, replies were not received for 165 audit memos and only partial replies were received in respect of 73 audit memos as detailed in **Appendix- 1.3**.

### **1.6 Follow-up on 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 Performance Audits featuring in the Comptroller and Auditor General's Audit Reports (ARs) regardless of whether these are taken up for examination by the Public Accounts Committee or not. They were also to furnish detailed notes, duly vetted by audit indicating the remedial action taken or proposed to be taken by them within two months of the presentation of the ARs to the State Legislature.

The position regarding receipt of Action Taken Notes (ATNs) on the paragraphs included in the ARs upto the period ended 31 March 2019, as on 30 September 2020 is given in **Table 1.2**.

**Table 1.2**  
**Position regarding receipt of ATNs on the paragraphs included in the ARs (GS&ES)**

<b>Audit Reports for the year</b>	<b>ATNs pending as of 30 September 2019 (No. of Paragraphs)</b>	<b>Money Value (₹in crore)</b>	<b>Date of presentation in the State Legislature</b>	<b>Due date for receipt of ATNs</b>
2016-17	05	352.94	30.11.2018	30.01.2019
2017-18	NIL	--	23.03.2021	23.05.2021
2018-19	NIL	--	29.07.2021	29.09.2021

The above table reflects the slow response of Departments on Audit Report.

### **1.7 Recoveries at the instance of Audit**

Audit findings involving recoveries that are noticed in the course of test-check of accounts of the Departments of the State Government are referred to the concerned authorities for confirmation and further necessary action under intimation to Audit.

A total of two cases of recoveries involving an amount of ₹10.90 lakh were pointed out by audit during 2019-20 and accepted by the Departments. However, the Departments are still to make recoveries in these cases.

## **1.8 Status of placement of Separate Audit Reports of Autonomous Bodies in the State Legislature**

The audit of accounts of five autonomous bodies in the State had been entrusted to the Comptroller and Auditor General of India out of which four accounts have not been renewed. The status of entrustment of audit, rendering of accounts to audit, issuance of Separate Audit Report and its placement in the Legislature is indicated in *Appendix-1.4*.

