

Chapter-I Introduction

1.1 Budget profile

There are 79 departments and 67 autonomous bodies under the Government of National Capital Territory of Delhi (GNCTD). There are also 15 Non-Government organizations which received grants-in-aid in excess of ₹ 25 lakh in 2017-18 (**Appendix 1.1**). The position of budget estimates and actuals there against of the GNCTD during 2013-18 is given in **Table 1.1**.

Table 1.1: Budget and expenditure of the GNCTD during 2013-18

(₹ in crore)

Particulars	2013-14		2014-15		2015-16		2016-17		2017-18	
	Budget estimates	Actuals	Budget estimates	Actuals	Budget estimates	Actuals	Budget estimates	Actuals	Budget estimates	Actuals
Revenue Expenditure										
General services	5,792.69	5,597.48	6,763.15	5,983.40	7,055.66	6,427.12	7,210.04	6,590.28	7,851.52	7,195.96
Social services	13,134.81	12,314.54	14,800.52	13,306.11	16,193.02	14,817.83	18,431.53	16,578.89	21,231.39	19,602.11
Economic services	3,783.08	3,650.00	3,573.12	3,318.99	4,302.65	4,138.71	5,412.43	5,111.41	6,149.61	5,862.01
Grants-in-aid and contributions	804.50	804.50	900.99	900.99	958.89	958.89	1,022.44	1,021.34	1,093.94	1,093.94
Total (1)	23,515.08	22,366.52	26,037.78	23,509.49	28,510.22	26,342.55	32,076.44	29,301.92	36,326.46	33,754.02
Capital Expenditure										
Capital outlay	4,889.22	4,707.42	4,937.41	4,403.94	5,308.25	4,723.47	4,686.10	3,754.30	3,852.08	3,242.92
Loans and advances disbursed	5,694.00	5,652.37	2,138.06	1,679.94	2,711.35	2,684.32	2,782.84	2,552.52	2,509.03	2,247.49
Repayment of Public Debt	1,325.29	1,325.29	1,676.75	1,346.73	1,435.18	1,435.17	1,654.63	1,654.62	1,682.43	1,682.43
Contingency Fund	0	0	0	0	0	10.00	0	0	0	2.40
Public Accounts disbursements	0	0	0	0	0	0	0	0	0	0
Closing cash balance	0	880.65	0	1,517.07	0	3,654.94	0	2,645.35	0	2,982.52
Total (2)	11,908.51	12,565.73	8,752.22	8,947.68	9,454.78	12,507.90	9,123.57	10,606.79	8,043.54	10,157.76
Grand Total (1+2)	35,423.59	34,932.25	34,790.00	32,457.17	37,965.00	38,850.45	41,200.01	39,908.71	44,370.00	43,911.78

Source: Annual Financial Statements and Finance Accounts of the GNCTD.

1.2 Application of resources of the Government

The total expenditure¹ of the Government increased by 19.92 per cent from ₹ 32,726.31 crore in 2013-14 to ₹ 39,246.83 crore in 2017-18. Revenue expenditure increased by 50.91 per cent from ₹ 22,366.52 crore in 2013-14 to ₹ 33,754.02 crore in 2017-18. Capital expenditure decreased from ₹ 4,707.42 crore in 2013-14 to ₹ 4,403.94 crore in 2014-15, increased to ₹ 4,723.47 crore in 2015-16, decreased to ₹ 3,754.30 crore in 2016-17 and further decreased to ₹ 3,242.92 crore in 2017-18.

As a constituent of the total expenditure, revenue expenditure increased from 68.34 per cent in 2013-14 to 86.00 per cent in 2017-18, while capital

¹ excluding repayment of public debt and cash balances

expenditure decreased from 14.38 *per cent* to 8.26 *per cent*. During the period 2013-18, total expenditure increased at an annual average rate of 7.47 *per cent* whereas revenue receipts grew from ₹ 27,980.69 crore to ₹ 38,667.27 crore at an annual average rate of 10.25 *per cent*.

1.3 Persistent savings

In three grants, there were persistent savings of more than ₹ 2.50 crore during the last five years as given in **Table 1.2**.

Table 1.2: List of grants with persistent savings during 2013-18

Sl. No.	Grant number and name	Amount of saving				
		2013-14	2014-15	2015-16	2016-17	2017-18
Revenue (Voted)						
1.	Grant No. 3: Administration of Justice: 2014 B.1(2)(1)-Judicial Magistrate's Courts	6.04 15.24%	8.05 16.85%	15.29 24.50%	8.13 13.90%	7.86 13.31%
2.	Grant No.7: Medical and Public Health: 2211 K 1 (3)(1)-Urban Family Welfare Centre (CSS)	3.50 71.43%	9.21 86.32%	8.71 87.10%	17.76 92.21%	2.50 58.28%
Capital (Voted)						
3.	Grant No. 8: Social Welfare: 5055 DD.1(3)(1)- Introduction of Electronic Trolley Buses- Alternative mode of Transport	97.21 97.21%	3.00 100%	11.00 100%	11.73 100%	12.66 42.20%

Source: Appropriation Accounts of GNCTD

The Government informed that the savings were mainly due to (i) major portion of the budget earmarked for advertisements remaining unspent as the matter was sub-judice, (ii) non-utilisation of a major provision kept for payment of arrears for up-gradation of pay scales, (iii) receipt of less number of bills and (iv) release of less loan.

1.4 Grants-in-aid from Government of India (GoI)

The grants-in-aid received from the GoI during the years 2013-18 are given in **Table 1.3**.

Table 1.3: Year-wise details of Grants-in-aid received from GoI

Particulars	₹ in crore)				
	2013-14	2014-15	2015-16	2016-17	2017-18
Non-Plan Grants	326.91	327.95	2,905.02	1,118.71	NA
Grants for State Plan Schemes	717.81	1,467.35	486.72	550.17	NA
Grants for Centrally Sponsored plan Schemes	358.14	552.84	866.55	1,156.28	NA
Centrally Sponsored Scheme	NA	NA	NA	NA	994.72
Other transfer/grants to State/UT with Legislature	NA	NA	NA	NA	1,189.46
Total	1,402.86	2,348.14	4,258.29	2,825.16	2,184.18
Percentage of increase (+)/decrease (-) over the previous year	(-) 6.63	(+) 67.38	(+) 81.35	(-)33.66	(-)22.68
Revenue Receipts	27,980.69	29,584.59	34998.85	34345.74	38667.27
GIA as a Percentage of Revenue Receipts	5.01	7.94	12.17	8.23	5.65

Source: Report on State Finances for the year ended 31 March 2018

NA –Not applicable

Grants-in-aid from GoI showed an increasing trend from 2013-14 to 2015-16, and then decreasing trend from 2015-16 to 2017-18. Its percentage to revenue receipts ranged between 5.01 and 12.17 *per cent*.

1.5 Certification of Financial Statements of Autonomous Bodies

The Financial Statements of autonomous bodies are audited by the Comptroller and Auditor General of India (CAG) under Sections 19(3) and 20(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. The Financial Statements include the Balance Sheet, Income and Expenditure Account and/or Receipt and Payments Account. Separate Audit Report (SAR) for each of the autonomous bodies audited contains Audit comments on the accounting treatment with regard to classification, conformity with the best accounting practices, accounting standards, disclosure norms, etc. Audit of accounts of 10 Autonomous Bodies in NCTD is entrusted to the CAG. The status of entrustment of audit, rendering of accounts to audit, issuance of SARs and its placement in the Legislature as on 31 March 2018 is indicated in **Appendix 1.2**.

1.6 Planning and conduct of Audit

The audit process commences with risk assessment of various departments, autonomous bodies, schemes/projects, etc. and includes assessing the criticality/complexity of activities, level of delegated financial powers, internal controls, concerns of stakeholders and previous audit findings. Based on this risk assessment, the frequency and extent of audit are decided and an Annual Audit Plan is formulated.

After completion of audit, Inspection Reports containing audit findings are issued to the Heads of the offices 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 Lieutenant Governor of Delhi under Section 48 of the Government of National Capital Territory of Delhi Act, 1991.

During 2017-18, compliance audit of 184 Drawing and Disbursing Officers (DDOs) of GNCTD and four autonomous bodies was conducted by the office of the Principal Accountant General (Audit), Delhi. In addition, four Performance Audits were also conducted.

1.7 Response of the Government to Audit Report

In previous 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 had a negative impact on the success of programmes and functioning of the departments. The focus was on

offering suitable recommendations to improve service delivery to the intended beneficiaries.

The draft performance audit reports and paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India are forwarded by the Principal Accountant General (Audit), Delhi to the Principal Secretaries/Secretaries of the departments concerned, drawing their attention to the audit findings and requesting them to send their response within six weeks. The fact of non-receipt of replies from the departments/Government is invariably indicated at the end of such paragraphs included in the Audit Report. One Performance Audit and 10 paragraphs, proposed to be included in the Report of the Comptroller and Auditor General of India on Social, General and Economic Sectors (Non-PSUs) for the year ended 31 March 2018, were sent to the Principal Secretaries/Secretaries of the respective departments. Of these, replies in respect of six audit paragraphs were not received (January 2020).

1.8 Recoveries at the instance of Audit

Audit findings, involving recoveries that came to notice in the course of test audit of accounts of the departments of the Government, were referred to various departmental DDOs for confirmation and further necessary action under intimation to Audit.

During the year 2017-18, against audit findings involving recovery of ₹ 86.67 crore pointed out in 154 cases, the DDOs concerned had effected recovery of ₹ 3.02 crore (including recovery of previous years) in 58 cases.

1.9 Lack of responsiveness of the Government to Audit

The Principal Accountant General (Audit), Delhi, conducts periodic inspection of Government departments by test-check of transactions and verifies maintenance of important accounting and other records as per the prescribed rules and procedures. Important irregularities etc., detected during audit inspections and not settled on the spot are issued to the Heads of offices inspected in the form of Audit Inspection Reports (IRs). The Heads of offices and next higher authorities are required to report their compliance to the Principal Accountant General (Audit), Delhi within four weeks of receipt of IRs.

As on 31 March 2018, 8,610 audit observations contained in 1,970 IRs remained outstanding as shown in **Table 1.4**.

Table 1.4: Details of Outstanding IRs and audit observations

(₹ in crore)

Name of sector	As on March 2016			As on March 2017			As on March 2018		
	IRs	Paras	Amount	IRs	Paras	Amount	IRs	Paras	Amount
Social Sector	876	3,647	99.84	1,124	4,578	106.41	1,097	4,191	105.49
General Sector	594	3,455	455.30	641	3,499	457.15	711	3,869	509.15
Economic Sector (Non PSUs)	180	640	5,494.71	175	614	5,437.51	162	550	5,255.70
	1,650	7,742	6,049.85	1,940	8,691	6,001.07	1,970	8,610	5,870.34

The large number of outstanding audit observations indicates the need for the Government to take effective action to address the issues raised by Audit to improve financial management and accountability.

1.10 Follow-up on Audit Reports

1.10.1 Non-submission of *suo-motu* Action Taken Notes and discussion of paragraphs in Public Accounts Committee

To ensure accountability of the executives to the issues dealt with in various Audit Reports, the administrative departments are to issue *suo-motu* Action Taken Notes (ATNs) on all audit paragraphs and performance audits featuring in the Audit Reports irrespective of whether these are taken up for discussion by the Public Accounts Committee (PAC) or not. These ATNs are to be submitted to the PAC duly vetted by the Principal Accountant General (Audit), Delhi within a period of three months from the date of presentation of Audit Reports in the Legislative Assembly of Delhi.

Out of 42 performance audits and 130 audit paragraphs featured in the civil chapters of Audit Reports from 2007-08 to 2016-17, *suo-motu* ATNs in respect of four performance audits and 32 audit paragraphs have not been received. Six performance audits and 26 audit paragraphs have been discussed by the PAC up to 31 October 2018.

1.11 Year-wise details of performance audits and audit paragraphs that appeared in Audit Reports

The year-wise details of performance audits and audit paragraphs that appeared in the Audit Reports for the last three years along with their money value are given in **Table 1.5**.

Table-1.5: Details of performance audits and audit paragraphs appeared in Audit Reports for the years ended March 2015-March 2017

Reports for the Year ended March	Performance Audits		Audit Paragraphs		Replies received	
	Number	Money value (₹ in crore)	Number	Money value (₹ in crore)	Performance Audits	Audit Paragraphs
2015	4	240.04	16	1,711.58	4	12
2016	5	107.93	15	365.91	4	12
2017	3	231.68	13	184.40	1	09

Twelve performance audits and 44 audit paragraphs were issued to the Government. However, replies in respect of only nine performance audits and 33 audit paragraphs were received from the Government/departments.

One performance audit involving money value of ₹ 136.15 crore and 10 audit paragraphs involving ₹ 128.14 crore have been included in this Report for the year ended 31 March 2018. Replies, wherever received, have been incorporated at appropriate places.