
Chapter 1: Overview of the General and Social Sector

1.1 Introduction

This Report covers matters arising out of the audit of State Government Departments and Autonomous Bodies under the General and Social Sectors. The primary purpose of this Report is to bring to the notice of the Legislature the important results of audit. The findings of audit are expected to enable the Executive to take corrective action as also to frame policies and directives that will lead to improved financial management of the organisations contributing to better governance.

The Report has been organised in three chapters as under:

- Chapter 1 contains the Profile of the General and Social Sector with a brief analysis of the expenditure of the Departments under the General and Social Sectors for the last five years, the authority for audit, audit jurisdiction, planning and conduct of audit, response of the Government to various audit products, namely Inspection reports, Draft Paragraphs, *etc.* and follow up action on Audit Reports.
- Chapter 2 of this Report contains the Performance Audit on Bio-Medical Waste Management in West Bengal.
- Chapter 3 contains significant observations arising out of Compliance Audit of various Departments and their functionaries and includes Compliance Audit of Implementation of Water Supply Schemes by Kolkata Metropolitan Development Authority.

1.2 Profile of the General and Social Sector and Audit Universe

As per the Budget Publication, the Government of West Bengal releases 75 grants, of which 54 are active¹, related to its various departments. The audit universe under General and Social Sector of the office of the Principal Accountant General (General & Social Sector Audit), West Bengal, comprises 2,261 units of various levels related to 29 Grants. It also includes 127 bodies/authorities which are either substantially financed from the Consolidated Fund of the State or audit of which has been entrusted by the Government under various sections of the Comptroller & Auditor General's (CAG's) DPC (Duties, Powers and Conditions of Service) Act, 1971 under these two sectors. List of the Departments, autonomous bodies and companies under the audit jurisdiction of the office of the Principal Accountant General (General & Social Sector Audit), West Bengal is shown in *Appendix 1.1*.

Trend of expenditure in major Departments under the audit jurisdiction of the office of the Principal Accountant General (General & Social Sector Audit), West Bengal during 2013-18 is shown in **Table 1.1**.

¹ Against the remaining 21 grants there was no budgetary allocation

Table 1.1: Trend of expenditure of the Departments under the audit jurisdiction of Principal Accountant General (General & Social Sector Audit), West Bengal with annual expenditure exceeding ₹ 100 crore (₹ in crore)

Name of the Department	2013-14	2014-15	2015-16	2016-17	2017-18
Backward Classes Welfare	914.16	645.44	1,484.31	1,068.11	1,664.12
Correctional Administration	186.42	206.38	197.95	232.73	270.66
Disaster Management and Civil Defence	824.71	839.48	1,076.76	1,911.82	1,138.20
Finance	66,944.10	67,013.18	57,860.49	53,899.43	68,868.68
Fire & Emergency Services	225.29	199.19	282.25	246.64	259.38
Food & Supplies	2,707.30	1,288.35	3,958.69	8,156.28	9,316.91
Health & Family Welfare	4,723.99	6,252.44	7,727.98	8,124.24	8,772.55
Higher Education, Science & Technology and Bio-Technology	2,466.75	2,520.95	2,661.69	2,996.61	3,024.43
Home and Hill Affairs	5,043.20	5,757.81	6,160.27	6,639.84	6,789.94
Housing	645.37	735.77	765.16	783.29	993.15
Information & Cultural Affairs	152.72	230.19	283.48	318.75	415.25
Judicial	466.78	517.09	533.17	620.01	630.85
Labour	505.42	706.38	652.11	753.50	841.86
Mass Education Extension & Library Services	198.82	224.60	241.25	277.99	249.75
Minority Affairs & Madrasah Education	1,746.10	1,973.57	1,814.35	1,579.78	2,035.40
Panchayats & Rural Development	6,605.50	13,897.12	16,975.89	14,988.96	21,001.77
Planning, Statistics and Programme Monitoring	341.26	348.69	385.38	370.78	395.88
Public Health Engineering	1,354.22	1,429.32	1,879.02	1,947.16	3,042.55
School Education	14,500.99	16,592.53	16,833.02	18,599.25	20,103.68
Self Help Groups & Self Employment	198.71	237.91	455.17	450.15	612.22
Technical Education, Training & Skill Development	468.12	641.51	622.37	699.19	480.54
Tribal Development [#]	-	493.94	494.26	588.67	562.96
Urban Development and Municipal Affairs	5,089.23	5,571.66	6,727.86	7,805.39	9,520.11
Women & Child Development and Social Welfare	2,796.62	3,245.11	3,644.86	3,966.39	4,293.77
Others ²	407.64	454.10	564.90	679.99	746.54
Total	1,19,513.42	1,32,022.71	1,34,282.64	1,37,704.95	1,66,031.15

Source: Sub-Head Accounts and Appropriation Accounts 2013-14 to 2017-18.

[#] came into being in November 2013, however, allotment made from 2014-15 onwards.

1.3 Authority for audit

Authority for audit by the CAG is derived from Articles 149 and 151 of the Constitution of India and the CAG's (Duties, Powers & Conditions of Service) Act, 1971 (DPC Act). CAG conducts audit of expenditure of State Government Departments under Section 13³ of the CAG's DPC Act. CAG is the sole auditor in respect of Autonomous Bodies, which are audited under sections

² Others include Law, Parliamentary Affairs, Governor's Secretariat, Council of Ministers, Personnel & Administrative Reforms, Legislative Assembly Secretariat, Land & Land Reforms and Refugee Relief & Rehabilitation and Sports & Youth Services, etc.

³ Audit of (i) all expenditure from the Consolidated Fund of State, (ii) all transactions relating to Contingency Funds and Public Accounts and (iii) all trading, manufacturing, profit & loss accounts, balance-sheets & other subsidiary accounts.

19 (2), 19 (3)⁴ and 20 (1)⁵ of the DPC Act. In addition, CAG also conducts audit of other Autonomous Bodies which are substantially financed by the Government under Section 14⁶ of DPC Act. Principles and methodologies for various audits are prescribed in the Regulations on Audit & Accounts, 2007 and Auditing Standards issued by the Indian Audit & Accounts Department.

1.4 Planning and conduct of Audit

Performance Audit and Compliance Audit is conducted as per the Annual Audit Plan (AAP). Units for Compliance Audit are selected on the basis of risk assessment of the Apex unit, Audit Unit and Implementing Agencies involving matters of financial significance, social relevance, internal control systems, past instances of defalcation, misappropriation, embezzlement, *etc.* as well as findings of previous Audit Reports.

Inspection Reports are issued to the heads of Units after completion of audit. Based on the replies received, audit observations are either settled or further action for compliance is advised. Important audit findings are processed further as Draft Paragraphs for inclusion in the Audit Report.

Formal replies furnished by the Departments as well as views expressed by the Heads of Departments in Exit Conferences are carefully considered while finalising the materials for inclusion in the Audit Report. Audit Reports are laid before the State Legislature under Article 151 of the Constitution of India.

1.5 Lack of response of Government to audit

1.5.1 Response of the Government to Inspection Reports

Principal Accountant General (General & Social Sector Audit), West Bengal, (PAG) conducts audit of Government Departments to check for compliance to rules and regulations in transactions and to verify the regularity in maintenance of important accounting and other records as per the prescribed rules and procedures. After these audits, Inspection Reports (IRs) are issued to the Heads of Offices inspected with copies to the next higher authorities. Important irregularities and other points detected during inspection, which are not settled on the spot, find place in IRs. Serious irregularities are brought to the notice of the Government by the Office of the PAG.

As per the Regulations on Audit & Accounts, 2007, the Officer-in-charge of the auditee entity shall send the reply⁷ to an Inspection Report (IR) within four weeks of its receipt. On intimation of any serious irregularity by Audit, the Government shall undertake *prima facie* verification of facts and send a

⁴ Audit of the accounts of Corporations (not being Companies) established by or under law made by the State Legislature in accordance with the provisions of the respective legislations or as per request of the Governor of the State in the public interest.

⁵ Audit of accounts of anybody or authority on the request of the Governor, on such terms and conditions as may be agreed upon between the C&AG and the Government.

⁶ Several non-Commercial Autonomous/ Semi-Autonomous Bodies, established to implement Schemes for employment generation, poverty alleviation, spread of literacy, health for all and prevention of diseases, environment, *etc.* and substantially financed by the Government, are audited under Section 14.

⁷ Even if it is not feasible to furnish the final replies to some of the observations in the audit note or inspection report within the aforesaid time limit, the first reply shall not be delayed on that account and an interim reply may be given indicating the likely date by which the final reply shall be furnished.

preliminary report to Audit confirming or denying the facts within six weeks of receipt of intimation. Where the fact of major irregularity is not denied by the Government in the preliminary report, the Government shall further send a detailed report to Audit within three months of preliminary report indicating the remedial action taken to prevent recurrence and action taken against those responsible for the lapse.

Besides the above, Finance Department of Government of West Bengal had also issued instructions (June 1982)⁸ for prompt response by the executive to IRs issued by the PAG to ensure timely corrective action in compliance with the prescribed rules and procedures and to ensure accountability for the deficiencies, lapses, *etc.* observed during inspections.

A six monthly report showing the pendency of IRs is sent to the Principal Secretary/ Secretary of the respective department to facilitate monitoring and settlement of outstanding audit observations in the pending IRs.

Inspection Reports issued up to March 2018 relating to 189 offices under four departments⁹ showed that 714 paragraphs relating to 255 IRs had remained outstanding to the end of March 2018. It was observed that replies were received only in case of 21¹⁰ out of 44 IRs issued during the period from April 2017 to March 2018 relating to these four departments.

Department-wise and year-wise break-up of the outstanding IRs and Paragraphs are detailed in *Appendix 1.2*.

The unsettled IRs contained 79 paragraphs involving serious irregularities like theft, defalcation, misappropriation, *etc.* of Government money, loss of revenue and shortages, losses not recovered/ written off amounting ₹ 194.01 crore. The Department-wise and nature-wise analysis of the outstanding paragraphs of serious nature showed the following position:

Table 1.2: Analysis of outstanding paragraphs on serious irregularities
(₹ in lakh)

Name of the department	Cases of theft/ defalcation/ misappropriation		Loss of revenue		Shortage/ losses neither recovered nor written off		Total	
	Para	Amount	Para	Amount	Para	Amount	Para	Amount
Food & Supplies	03	72.64	09	5,506.44	05	240.68	17	5,819.76
Housing	08	2,028.95	11	3,187.66	07	783.41	26	6,000.02
Information & Cultural Affairs	02	1.15	10	335.15	08	7,098.41	20	7,434.71
Judicial	02	4.84	08	40.37	06	101.13	16	146.34
Total	15	2,107.58	38	9,069.62	26	8,223.63	79	19,400.83

Source: Inspection Reports

Audit Committees, comprising the Principal Secretary/ Secretary of the administrative departments and representatives of the Finance Department and Audit, were formed in 25 out of 29 Departments under the General and Social

⁸ Vide Memo No. 5703 (72)/ FB dated 29.08.1982

⁹ Food & Supplies Department: 52 offices; Housing Department: 20 offices; Information & Cultural Affairs Department: 39 offices and Judicial Department: 78 offices

¹⁰ Food & Supplies Department: 4 IRs; Housing Department: Nil; Information & Cultural Affairs Department: 11 IRs and Judicial Department: 6 IRs

Sector for expeditious settlement of outstanding Inspection Reports/ Paragraphs. Audit Committees were not formed by the remaining four Departments¹¹ under the General and Social Sector. Of the 25 Departments where Audit Committees were formed, meetings were held by only three¹² Departments during April 2017 to March 2018 wherein 73 paragraphs and 32 Inspection Reports were settled. Though other 22 Departments had Audit Committees, they did not hold any meeting during this period.

It is recommended that Government should ensure that a procedure is put in place for (i) action against officials failing to send replies to IRs/ paras as per the prescribed time schedule, (ii) recovery of losses/ outstanding advances/ overpayments, *etc.* in a time-bound manner and (iii) holding at least one meeting of each Audit Committee every quarter.

1.5.2 Impairment to Audit Scope

Section 18(1) (b) of the DPC Act stipulates that the CAG has the authority in connection with the performance of his duties under the said DPC Act to requisition any accounts, books, papers and other documents which deal with or form the basis of or otherwise relevant to the transactions to which his duties in respect of audit extends. The provision has been further amplified by Regulation 181 of the Regulations on Audit and Accounts, 2007 which provides 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. Further, section 7A of Information Technology (Amendment) Act, 2008 provides that where in any law for the time being in force, there is a provision for audit of documents, records or information, that provision shall also be applicable for audit of documents, records or information processed and maintained in electronic form.

Despite such clear provisions, instances of non-production of records to audit are many which restrict the effectiveness of Audit. Though such instances are brought to the notice of the Authorities on each occasion, follow up action by the auditee units/ authorities concerned have not been uniformly swift and effective. During inspection of different audited entities under various Departments of the Government of West Bengal (GoWB), Audit came across numerous instances of non-production of records, as detailed below:

- Out of 1,453 units under various Departments audited during February 2017 to July 2018, 63 audited entities under 14¹³ Departments did not provide the vouchers relating to transactions involving ₹ 51.35 crore though sought for while conducting audit scrutiny as detailed in the **Appendix 1.3**.

¹¹ Mass Education Extension & Library Services, Fire & Emergency Services, Self-Help Groups & Self Employment and Tribal Development Department.

¹² Public Health Engineering Department- four meetings, Housing Department- one meeting and Urban Development and Municipal Affairs Department- one meeting

¹³ 1. Health & Family Welfare (14 entities), 2. Correctional Administration (one entity), 3. Judicial (six entities), 4. Women & Child Development and Social Welfare (four entities), 5. Disaster Management and Civil Defence (two entities), 6. Labour (four entities), 7. Land & Land Reforms and Refugee Relief & Rehabilitation (five entities), 8. Food & Supplies (two entities), 9. Urban Development & Municipal Affairs (four entities), 10. Higher Education (two entities), 11. School Education (two entities), 12. Youth Services & Sports (two entities), 13. Panchayats & Rural Development (13 entities) and 14. Housing (two entities).

- In the wake of a paradigm shift by the GoWB towards e-governance, the topic on '*Kanyashree Prakalpa*'¹⁴ was selected by this office for the Annual Audit Plan 2016-17 for identifying risk areas through audit data analytics. The concerned Department was accordingly intimated (September 2016) to provide related data and documents. In response to our request, the Joint Secretary of the Department of the Women & Child Development and Social Welfare (WCD&SW) communicated (February 2017) their inability to furnish data relating to '*Kanyashree Prakalpa*' considering violation of rule of ethics regarding disclosure of information about adolescent girls. The reasons for refusing data was, however, not on valid grounds as Section 18 (1) (b) of the Act stipulates that the CAG has the authority under the said DPC Act to requisition any accounts, books, papers and other documents which deal with or form the basis of or otherwise relevant to the transactions to which his duties in respect of audit extends. Further, during audit of the offices of the District Magistrates¹⁵ (DM), the Joint Secretary of the WCD&SW Department again instructed (August 2018) the DMs not to provide the names and other details of beneficiaries as sought for by Audit for scrutiny in relation to *Kanyashree Prakalpa*. Even after follow up at the highest echelons¹⁶ no data was provided to Audit by the Department.

It is evident from the facts above that there was absence of co-operation by the concerned authorities of the GoWB, which was in violation of the provision of Constitution of India, CAG's (Duties, Powers and Conditions of Service) Act, 1971, Information Technology Act, 2008 and CAG's Regulations on Audit and Accounts, 2007.

Such non-production of records prevented the CAG from exercising his Constitutional authority/ mandate of providing assurance to the Legislature regarding accountability of the State Government. Due to non-production of data related to *Kanyashree Prakalpa* and vouchers by 14 Departments of the State Government, transactions could not be evaluated in audit for their regularity and propriety. Further, due to non-production of records, instances of violation of Government Orders/ directives, financial rules and regulations, etc., if any, in finalising the tenders and implementing the different schemes and programmes could not be ascertained in audit.

1.6 Response of the Departments to Draft Audit Paragraphs

Regulations on Audit & Accounts, 2007 stipulate that responses to Draft Audit Paragraphs proposed for inclusion in the Report of the Comptroller & Auditor General of India should be sent within six weeks¹⁷.

¹⁴ A conditional cash transfer scheme for incentivising the education of girl child and preventing child marriage was being implemented by the Women & Child Development and Social Welfare (WCD&SW) Department

¹⁵ Jalpaiguri, Murshidabad and North 24 Parganas

¹⁶ DO letters from Principal Accountant General (General & Social Sector Audit), West Bengal addressed to the Chief Secretary to the GoWB (in March 2017) and to the Additional Chief Secretary (ACS) to the GoWB, Finance Department (in November 2018). This apart, the matter of non-production of records was also discussed with the ACS to the GoWB, Finance Department in a meeting held in October 2018.

¹⁷ State Government's Finance (Budget) Department, in its order dated June 1982, however, directed all the Departments to submit their responses to proposed Draft Paragraphs within one month.

Draft Paragraphs are forwarded to the Principal Secretaries /Secretaries of the concerned Departments drawing attention to the audit findings and requesting them to send their response within prescribed time frame. It is also brought to their personal attention that in view of the likely inclusion of such paragraphs in the Audit Reports of the Comptroller & Auditor General of India which are placed before the Legislature, it would be desirable to include their comments on these audit findings.

Draft Paragraphs proposed for inclusion in this Report were forwarded to the Secretaries of the concerned Departments between July 2018 and December 2018 through Demi-Official letters addressed to them by name. The concerned Departments/ Directorates did not send replies to 4¹⁸ out of 7¹⁹ Draft Paragraphs featured in Audit Report.

The responses of concerned Directorates/ Departments as well as replies to initial audit memos, wherever received, have been suitably incorporated in the Report.

1.7 Follow up on Audit Reports

Audit Report for the year 2015-16, which was submitted to the Governor in February 2017, was laid on the floor of the State Legislature in March 2018. Audit Report for the year 2016-17, which was submitted to the Governor in July 2018, was laid in July 2019. A mechanism to ensure promptness in tabling of Audit Reports should be put in place.

After tabling of the Reports of the C&AG of India in the State Legislature, the State Government Departments are required to submit *suo motu* replies to the audit observations within one month. Review of outstanding replies on paragraphs included in the CAG's Reports on the General and Social Sector on the Government of West Bengal up to 2016-17 showed that replies on 226 paragraphs pertaining to the period 1981-82 to 2015-16 involving 25 Departments (excluding omnibus paragraphs involving a number of Departments) remained outstanding as of December 2018 (*Appendix 1.4*). Out of 226 paragraphs, 41 paragraphs pertaining to 2005-06 to 2015-16 were selected for discussion by the Public Accounts Committee (PAC), while remaining 185 paragraphs pertaining to the period 1981-82 to 2012-13 have not been selected.

As stipulated in the Rules of Procedure of the PAC, Administrative Departments were required to take suitable action on the recommendations made in the Reports of PAC presented to the State Legislature and submit comments on the action taken or proposed to be taken on those recommendations within three months.

Action Taken Notes on 17 paras contained in 14²⁰ Reports of the PAC, presented to the Legislature between 1993-94 and 2017-18 had not been submitted by

¹⁸ This apart, reply from H&FW Department in respect of Performance Audit on Bio-Medical Waste Management in West Bengal was not furnished till November 2019.

¹⁹ Excluding Paragraph of general nature each involving a number of Departments

²⁰ 14th PAC Report 1993-94, 36th PAC Report 1999-2000, 14th PAC Report 2002-03, 18th PAC Report 2003-04, 29th PAC Report 2004-05, 1st PAC Report 2006-07, 4th PAC Report 2006-07, 9th PAC Report 2006-07, 32nd PAC Report 2010-11, 33rd PAC Report 2010-11, 29th PAC Report 2009-10, 2nd PAC Report 2012-13, 3rd PAC Report 2012-13 and 13th PAC Report 2014-15 & 2015-16.

nine²¹ Departments to the Assembly Secretariat as of December 2018. These 14 Reports of the PAC had suggested recovery, disciplinary action, *etc.* A few significant cases are elaborated in ***Appendix 1.5***.

Action taken by Administrative Departments on the recommendations of the PAC were, however, found to be inadequate and wanting.

²¹ (i) *Refugee, Relief and Rehabilitation (erstwhile Refugee Welfare)*; (ii) *Panchayats & Rural Development*; (iii) *Public Health Engineering*; (iv) *Finance*; (v) *Home & Hill Affairs*; (vi) *Urban Development & Municipal Affairs*; (vii) *School Education*; (viii) *Health & Family Welfare and* (ix) *Higher Education, Science & Technology and Bio-Technology Departments*