

## Chapter-I

### INTRODUCTION

#### 1.1 About this Report

This report contains the results of Performance and Compliance Audits of various Departments under General and Social Sectors of the Government of Uttar Pradesh in compliance with the CAG's audit mandate under the Constitution of India and the CAG's (Duties, Powers and Conditions of Service) Act, 1971.

The report aims to bring to the notice of the State Legislature audit findings of significant materiality in respect of Performance Audit and Compliance Audits conducted during 2018-19 as well as instances which came to the notice in earlier years, but could not be reported in previous Audit Reports.

The layout of the Report is as under:

1. **Chapter I:** Introduction on general information about the audited entities.
2. **Chapter II:** Performance Audit on 'Indo-Nepal Border Road Project'.
3. **Chapter III:** Compliance Audit on 'Adequacy and Development of Infrastructure for Animal Husbandry', 'Road works funded through State Road Fund', 'Kumbh Mela 2019', 'Upgradation of Government Industrial Training Institutes in Uttar Pradesh' and 17 Audit paragraphs.

#### 1.2 Auditee Profile

During 2018-19, against the budget of ₹ 3,97,838 crore<sup>1</sup> for the entire State, total expenditure of ₹ 3,70,494 crore<sup>2</sup> was incurred out of which ₹ 2,18,413 crore pertained to 48 departments<sup>3</sup> which were audited under General and Social Sector. The expenditure incurred by ten major Departments were: Basic Education Department (₹ 38,178 crore), Panchayat Raj Department (₹ 23,739 crore), Public Works Department (19,642 crore), Home Department (₹ 17,461 crore), Food, Civil Supplies and Consumer Forum Department (₹ 12,283 crore), Medical Health and Family Welfare Department (₹ 11,955 crore), Irrigation and Water Resources Department (₹ 11,134 crore), Rural Development Department (₹ 10,960 crore), Department of Secondary Education (₹ 9,126 crore) and Agriculture and Krishi Vipanan Department (₹ 8,531 crore). Results of audit of the financial performance of the Government for 2018-19 are included in the State Finances Audit Report.

<sup>1</sup> Budget estimates for revenue expenditure, capital expenditure and disbursement of loans and advances (source: Annual Financial Statement of State Government for the year 2018-19)

<sup>2</sup> Source: Finance Accounts for the year 2018-19

<sup>3</sup> Source: 'koshvani' (koshvani.up.nic.in), a website of Government of Uttar Pradesh on finance activities in the State.

### 1.3 Audit Coverage

During the year 2018-19, the office of Principal Accountant General (General and Social Sector Audit), Uttar Pradesh<sup>4</sup> conducted one Performance Audit on ‘Indo-Nepal Border Road Project’ and compliance audit of 920 out of 5,535 auditable units under the 48 Departments of the State Government pertaining to the General and Social Sectors.

### 1.4 Response of the Government to Audit

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

At 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)

The status of outstanding IRs (as on 30 September 2020) issued up to 31 March 2019 to 4,619 Drawing and Disbursing Officers (DDOs) pertaining to 48 departments is given in **Table 1.1**.

**Table 1.1: Status of outstanding IRs (issued up to 31 March 2019) as on 30 September 2020**

| Sl. No.      | Period             | No of outstanding IRs<br>(per cent) | No of outstanding paras<br>(per cent) |
|--------------|--------------------|-------------------------------------|---------------------------------------|
| 1            | Less than one year | 846 (7)                             | 4844 (10)                             |
| 2            | 1 year to 3 years  | 3260 (29)                           | 15949 (33)                            |
| 3            | 3 year to 5 years  | 2935 (26)                           | 11889 (24)                            |
| 4            | More than 5 years  | 4306 (38)                           | 16007 (33)                            |
| <b>Total</b> |                    | 11347                               | 48689                                 |

<sup>4</sup> Presently, Principal Accountant General (Audit-I) Uttar Pradesh

A detailed review of outstanding IRs revealed that the DDOs submitted initial replies against 12,639 paragraphs contained in 3,220 IRs while, in respect of 36,050 paragraphs contained in 8,127 IRs, there was no response from DDOs. During 2018-19, one audit committee meeting was held with the departmental officers in which eight IRs and 27 paragraphs were settled.

#### **1.4.2 Performance and Compliance Audit**

For the present Audit Report, the draft report on Performance Audit of ‘Indo-Nepal Border Road Project’ and Compliance Audit of ‘Adequacy and Development of Infrastructure for Animal Husbandry’, ‘Kumbh Mela 2019’, ‘Road works funded through State Road Fund’, ‘Upgradation of Government Industrial Training Institutes in Uttar Pradesh’ and 17 audit paragraphs were forwarded to the concerned Administrative Secretaries. Replies of Government have been received in respect of Performance Audit, Compliance Audits and 12 audit paragraphs. However, replies of Government was awaited (January 2021) in case of five audit paragraphs<sup>5</sup> despite requests from Audit.

#### **1.5 Action taken on earlier Audit Reports**

‘Regulations on Audit and Accounts, 2007’ envisages<sup>6</sup> that the Secretary to Government of the concerned department shall cause preparation of self-explanatory action taken notes (ATNs) on the audit paragraphs relating to his department, that are included in the audit report, for submission to the Public Accounts Committee. The Finance Department, Government of Uttar Pradesh issued (June 1987) instructions to all the Administrative Departments to submit ATNs within a period of two to three months of presentation of Audit Reports of the CAG to the State Legislature. However, 1119 ATNs in respect of paragraphs included in Audit Reports up to the period ended 31 March 2018 were pending as on 30 September 2020.

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<sup>5</sup> Out of five Audit Paragraphs, partial reply of Government was received in respect of one Audit Paragraph.

<sup>6</sup> Regulation 212