

**Part-B**  
**EXPENDITURE SECTOR**

**CHAPTER-VI**  
**GENERAL**

## CHAPTER-VI : GENERAL

### 6.1 Profile of the Audited Entity

There are 66 Departments, 234 Autonomous Bodies (ABs) and 14 Public Sector Undertakings (PSUs) under General and Social Sector of the Government of Rajasthan, headed by Additional Chief Secretary/Principal Secretaries/Secretaries, which are audited by the Accountant General<sup>1</sup> (Audit-I), Rajasthan, Jaipur. A list of the Departments is given at *Appendix 6.1*.

The comparative position of expenditure incurred by the Government of Rajasthan during 2015-16 to 2019-20 is given in the **Table 6.1** below:

**Table 6.1: Comparative position of expenditure**

Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
(₹ in crore)					
<b>Revenue expenditure</b>					
General services	31,016	39,203	43,450	54,364	56,186
Social services	43,349	49,371	53,064	65,687	68,313
Economic services	31,874	38,565	49,327	46,722	51,986
Grants-in-aid and Contribution	_#	_##	_*	_**	_***
<b>Total</b>	<b>1,06,239</b>	<b>1,27,139</b>	<b>1,45,841</b>	<b>1,66,773</b>	<b>1,76,485</b>
<b>Capital and other expenditure</b>					
Capital Outlay	21,985	16,980	20,623	19,638	14,718
Loans and Advances disbursed	36,602	12,965	1,334	1,113	2,255
Payment of Public Debt	4,959	5,015	11,674	16,915	20,033
Contingency Fund	-	-	-	-	-
Public Accounts disbursement	1,40,432	1,48,885	1,47,088	1,60,570	1,79,741
<b>Total</b>	<b>2,03,978</b>	<b>1,83,845</b>	<b>1,80,719</b>	<b>1,98,236</b>	<b>2,16,747</b>
<b>Grand Total</b>	<b>3,10,217</b>	<b>3,10,984</b>	<b>3,26,560</b>	<b>3,65,009</b>	<b>3,93,232</b>

Source: Audit Reports on State Finances of the respective years.

# ₹ 10 lakh only, ## ₹ 6 lakh only, \* ₹ 11 lakh only, \*\* ₹ 9 lakh only, \*\*\* ₹ 7 lakh only.

### 6.2 Authority for Audit

The authority for Audit by the Comptroller and Auditor General of India (C&AG) is derived from Articles 149 and 151 of the Constitution of India and section 13, 14, 15 & 17 of the CAG's Duties, Powers and Conditions of Service (DPC) Act, 1971. Principles and methodologies for various audits are prescribed in the Regulations on Audit and Accounts, 2007, as amended in 2020, and the Auditing Standards, 2017 issued by the CAG.

1 Erstwhile Office of the 'Principal Accountant General (General and Social Sector Audit)' has been renamed as Office of the 'Accountant General (Audit-I)' with effect from 18.05.2020.

### **6.3 Audit Planning and conduct of Audit**

The Office of the Accountant General (Audit-I), Rajasthan conducts audit of Government Departments/Offices/Autonomous Bodies/PSUs/Institutions under the General and Social Sector under the directions of the C&AG. During 2019-20, financial and compliance audits of the selected units under various General and Social Sector Departments, Autonomous Bodies (except Panchayati Raj Institutions and Urban Local Bodies), PSUs and externally-aided projects of the GoR were conducted by audit teams of the office of Accountant General (Audit-I), Rajasthan, Jaipur.

The audit process starts with an assessment of risk exposure of various Government Departments/Organisations/Autonomous Bodies and schemes/projects, etc. Risk assessment is based on expenditure, criticality/complexity of activities, level of delegated financial powers and assessment of overall internal controls and the concerns of stakeholders. Audit findings during previous years are also considered in this exercise.

After completion of audit of each unit, Inspection Reports containing audit findings are issued to the Heads of the units/departments with the request to furnish replies on audit findings within one month of receipt of the Inspection Report. When the replies are received, audit findings are either settled or further compliance is advised. The important audit observations arising out of these Inspection Reports are processed for inclusion in the Audit Reports.

The audit of 951 out of the 22,016 units of General and Social Sector Departments, have been carried out. Further, 19,693 mandays (for financial audit and compliance audit) were used during 2019-20. The audit plan covered those units/entities, which were vulnerable to significant risk, as per the risk assessment.

### **6.4 Response of the Government/ Departments to Audit observation**

**6.4.1** The draft paragraphs are forwarded to the Principal Secretaries/Secretaries of the departments concerned, drawing their attention, for their response. It is brought to their personal attention that in view of likely inclusion of such paragraphs in the Audit Reports of the Comptroller and Auditor General of India, which are placed before State Legislature, it would be desirable to include their comments. Accordingly, draft paragraphs proposed for inclusion in this report, were forwarded to the Principal Secretaries/Secretaries concerned.

The concerned departments did not send replies to three out of 11 compliance audit paragraphs that are featured in Chapter VII. The responses of the concerned departments received have been suitably incorporated in the Report.

**6.4.2** Rule 327 (1), read with Appendix 6 of General Financial and Accounts Rules prescribes the retention period of various accounting records, which ranges between one and three years after Audit by Accountants General.

Failure of the departmental officers to furnish compliance of the audit observations in Inspection Reports (IRs) results in non-settlement of IR

paragraphs. As on October 2020, there were 8,306 IRs containing 34,464 paragraphs, issued during the period from 2002-03 to 2019-20 which were pending for settlement. Year-wise pendency is given in the **Table 6.2** below:

**Table 6.2**

Year	IRs	Paragraphs
Up to 2012-13	3,176	8,548
2013-14	885	2,962
2014-15	908	3,308
2015-16	736	2,617
2016-17	759	3,980
2017-18	531	3,269
2018-19	649	4,548
2019-20 (issued up to March 2020)	662	5,232
<b>Total</b>	<b>8,306</b>	<b>34,464</b>

For early settlement of outstanding paragraphs in IRs, GoR issued (August 1969) instructions to all the departmental officers for sending first reply to IRs within a month and replies to further audit observations within a fortnight. These instructions have been reiterated from time to time. The instructions issued in March 2002 envisaged appointment of nodal officers and Departmental Committee in each of the Administrative Department for ensuring compliance to all the matters relating to audit.

Detailed analysis of IRs issued to three Departments was carried out to study the pendency of responses to the paragraphs brought out in the IRs. Analysis of the IRs of various units of Medical and Health Department (1603 IRs), Water Resources Department (671 IRs) and Secondary Education Department (619 IRs) revealed that 14,878 paragraphs (including sub-para) pertaining to 2,893 IRs were outstanding as on 31 October 2020. Category-wise details of irregularities commented in IRs is given in **Appendix.6.2**. It was further noticed that the first compliances, which had to be submitted to Audit within one month of issue of IRs, were pending for an average delay of 66 months (ranging from 8 to 141 months) in respect of 28 IRs<sup>2</sup> pertaining to Water Resources Department and Secondary Education Department.

## **6.5 Coverage of this part of the Report**

During the last few years, audit has reported several significant deficiencies in implementation of various programmes/activities as well as the quality of internal controls in selected departments through performance audits, which had impacted the success of programmes and functioning of the departments. Similarly, the deficiencies noticed during compliance audit of the government departments/organizations were also reported.

The current report brings out deficiencies in critical areas, which impact the effectiveness of the GoR. Some important findings of compliance audit

2 Pending first compliance: Water Resources Department: 3 (8 to 12 months) + Secondary Education Department: 25 (14 to 141 months) = 28

paragraphs have been reported in Chapter VII. The major observations are as follows:

The Maharana Pratap University of Agriculture and Technology (MPUAT), Udaipur disallowed certain items in a construction contract in order to keep additional expenditure under the permissible limit of RTPP Rules. Later MPUAT got these items re-executed by the same contractor under a new tender in violation of provisions of PWF&ARs.

**(Paragraph 7.1)**

The Employees' State Insurance Scheme (ESIS) was started for protecting employees against the impact of incidences of sickness, maternity, death or disablement due to employment injury and occupational disease and to provide medical care to Insured Persons (IPs) and their families. The scheme is administered by a corporate body called the Employees' State Insurance Corporation (ESIC). The Scheme is financed by contributions raised by employees covered under the scheme and their employers as a fixed percentage. Important reforms under ESIC 2.0 for expansion of ESIS in the state to cover all the IPs and for providing better services to IPs were not implemented. The State Government did not utilise the unspent 60.63 *per cent* of maximum admissible expenditure as per prescribed ceiling for managing manpower and to provide required medical facilities to the IPs. Due to shortage of Medical Specialists/Officers and Para Medical staff such as nursing staff, pharmacists etc., the hospitals/dispensaries could not function at their optimal potential. ESI hospitals/dispensaries lacked infrastructure and laboratory facilities. This resulted in decreasing trend in number of patients attending OPD/IPD and patients had to be referred to tie up/government hospitals for basic tests/investigations and specialist facilities. Even though ESIC initiated an IT project for hospital management, the same could not be implemented completely by ESIS. To improve the services being provided in the hospitals and dispensaries, ESI Society was to be formed under section 58(5) of the Act. It was not formed by the State Government despite the fact that 100 *per cent* expenditure upto the prescribed ceiling was to be borne by Employees State Insurance Corporation (ESIC) upto three years.

**(Paragraph 7.2)**

Failure of the Medical Education Department to apply for increase in sanctioned load led to avoidable payment of demand surcharges and irregular payment of electricity duty by Medical Colleges/Hospitals amounting to ₹ 1.40 crore.

**(Paragraph 7.3)**

Lack of action on part of the Medical Education Department led to short receipt of concession fee plus penal interest for delay in payment, short-recovery of amount related to unutilised below poverty line quota and resultant extension of undue benefit to the concessionaire causing a loss of revenue of ₹ 5.09 crore to the State Government.

**(Paragraph 7.4)**

Irregular expenditure of ₹ 3.72 crore on the execution of additional works in contravention of Rajasthan Public Works Financial and Accounts Rules by Medical and Health Department.

**(Paragraph 7.5)**

Failure to recover loan from beneficiaries and irregular utilization of funds by Department of Minority Affairs and WAQF Board, for repayment to National Minorities Development and Finance Corporation resulted in avoidable penal interest of ₹ 3.17 crore.

**(Paragraph 7.6)**

Imprudent decision to change construction site for Directorate building and non-completion of Rehabilitation and Research Institute building not only led to non-utilization of Central Grant of ₹ 3.27 crore and unfruitful expenditure of ₹ 5.47 crore but also deprived the beneficiaries from the intended benefits even after lapse of more than eight years in Social Justice and Empowerment Department.

**(Paragraph 7.7)**

In Social Justice and Empowerment Department, non-adherence to rules of procurement and poor monitoring resulted in unfruitful expenditure of ₹ 1.24 crore on non-functional Solar Home Lighting Systems.

**(Paragraph 7.8)**

In Social Justice and Empowerment Department, non-adherence to procurement rules relating to execution of contract and performance security resulted in unfruitful expenditure of ₹ 2.98 crore incurred on non-functioning 256 Solar Water Heating Systems.

**(Paragraph 7.9)**

The Water Resources Department, while making payment of compensation for acquisition of land falling under urban area, considered the incorrect multiplying factor of rural area which resulted in an excess payment of ₹ 1.65 crore.

**(Paragraph 7.10)**

Unauthorised execution of additional works worth ₹ 1.55 crore in gross violation of Public Works Financial & Accounts Rules by Water Resources Department.

**(Paragraph 7.11)**

## **6.6 Follow-up on Audit Reports**

The Finance Department of the GoR decided (December 1996) that Action Taken Notes (ATNs) on all paragraphs/performance audits that have appeared in Audit Reports be submitted to the Public Accounts Committee, duly vetted by Audit, within three months from the date of laying of the Reports in the State Legislature.

86 paragraphs (including performance audit) included in the Reports of the Comptroller and Auditor General of India on Expenditure Sector (erstwhile General and Social Sector) for the years ended 31 March 2015, 2016, 2017, 2018 and 2019 were placed before the State Legislative Assembly between 02 September 2016 and 21 August 2020. The action taken explanatory notes from the concerned Departments on 78 of these paragraphs were received late with an average delay of 3 to 4 months. The PAC discussed 65 selected paragraphs pertaining to the Audit reports for the years from 2014-15 to 2018-19 and its recommendations on 62 paragraphs were incorporated in 47 Reports (pertaining to 21 departments) of PAC (2020-21).

A review of the outstanding ATNs on paragraphs/performance audits included in the Reports of the Comptroller and Auditor General of India pertaining to various Departments as on 31 January 2021 revealed that 13 ATNs<sup>3</sup> were pending from the concerned Departments.

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3 11 Paragraphs (1.2.4, 1.4.3, 1.8.3, 1.9.2, 1.10.4, 2.4, 3.1, 3.2; 3.3; 3.4; 3.5) of Audit Report (State Finances) 2018-19 and 02 Paragraphs of Audit Report (General and Social Sector) 2018-19.