

CHAPTER-I: General

1.1 Introduction

This part of Report of the Comptroller and Auditor General of India (C&AG) relates to the matters arising from Compliance Audit of 12 Departments¹ of the Government of Rajasthan.

Compliance audit refers to the examination of transactions relating to expenditure, receipts as well as assets and liabilities of audited entities to examine and report on their compliance to the provisions of the Constitution of India as well as other applicable laws, rules, regulations and various orders and instructions issued by competent authorities. Compliance audit also includes an examination of the rules, regulations, orders and instructions for their legality, adequacy, transparency, propriety and prudence. The basic purpose of the Report is to bring to the notice of the State Legislature, important results of the audit. Auditing Standards require that the materiality level for reporting should be commensurate with the nature, volume and magnitude of transactions. The findings of audit are expected to enable the Executive to take corrective measures and also to frame policies and directives that will lead to improved financial management of the organisations, thus, contributing to better governance.

This chapter, in addition to explaining the planning and extent of audit, provides information on follow-up of previous Audit Reports.

1.2 Profile of Audited Entities

The Departments are headed by Additional Chief Secretaries/Principal Secretaries/Secretaries, who are assisted by Commissioners/Deputy Secretaries and subordinate officers. Audit observations on State Public Sector Enterprises are covered in Part -2 of this report.

A brief profile of the 12 departments covered in this part of the report, is discussed in *Appendix-1*.

The summary of fiscal operations of Government of Rajasthan during the year 2018-19 and 2019-20 is given in **Table 1.1**:

1 Civil Aviation Department, Environment Department, Factory and Boilers Department, Forest Department, Industries Department, Mines and Geology Department, Public Health and Engineering Department, Public Works Department, Science and Technology Department, State Enterprises Department, Rajasthan State Motor Garage Department and Transport Department.

Table 1.1: Summary of Fiscal Operations

(₹ in crore)

Receipts			Disbursements		
	2018-19	2019-20		2018-19	2019-20
Section-A: Revenue Account					
Tax Revenue	57,380.34	59,244.98	General Services	54,364.06	56,186.29
Non-Tax Revenue	18,603.01	15,714.16	Social Services	65,686.92	68,313.23
Share of Union Taxes/Duties	41,852.35	36,049.14	Economic Services	46,722.12	51,985.51
Grants-in-aid from Government of India	20,037.32	29,105.53	Grants-in-aid and Contributions	0.09	0.07
Total Section-A Revenue Receipts	1,37,873.02	1,40,113.81	Total Section-A Revenue Expenditure	1,66,773.19	1,76,485.10
Section-B: Capital Account and others					
Miscellaneous Capital Receipts	20.13	20.42	Capital Outlay	19,638.20	14,718.05
Recoveries of Loans and Advances	15,158.41	15,669.75	Loans and Advances disbursed	1,113.09	2,255.18
Public Debt Receipts*	37,846.82	46,173.72	Repayment of Public Debt*	16,914.80	20,032.69
Contingency Fund	-	-	Contingency Fund	-	-
Public Account Receipts#	1,70,527.88	1,93,165.05	Public Account Disbursements#	1,60,570.22	1,79,741.07
Opening Cash Balance	9,376.99	5,793.75	Closing Cash Balance	5,793.75	7,704.41
Total Section-B Receipts	2,32,930.23	2,60,822.69	Total Section-B Disbursements	2,04,030.06	2,24,451.40
Grand Total (A +B)	3,70,803.25	4,00,936.50	Grand Total (A+B)	3,70,803.25	4,00,936.50

Source: Finance Accounts of the respective years

* Excluding net transaction under Ways and Means advances and overdraft.

Figures of Public Account Receipts/Disbursements are shown on gross basis.

1.3 Authority for Audit

The authority for audit by the C&AG is derived from Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

The Accountant General (Audit-II), Rajasthan, Jaipur conducts audit of receipts and expenditure of Departments, including Public Sector Undertakings and Autonomous Bodies of the Government of Rajasthan under the provisions of the C&AG's (Duties, Powers and Conditions of Service) Act, 1971. The principles and methodologies for various audits are prescribed in the Regulations on Audit and Accounts, 2020 and Auditing Standards, 2017 issued by the C&AG.

1.4 Planning and conduct of audit

Audit process starts with the assessment of risk of various Government departments/organisations/autonomous bodies and schemes/projects, etc. Risk assessments are based on quantum of expenditure, criticality of activities, position of overall internal control systems and the concerns of stakeholders. Previous audit findings are also considered in this exercise. During 2019-20,

audit of 683 units of 16 departments² was carried out.

An Inspection Report containing audit findings is issued to the head of the unit, after completion of audit of each unit. The units are requested to furnish replies to the audit findings within one month of receipt of the Inspection Report. Whenever 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.

1.5 Response of the Government/Departments to Audit observations

The Accountant General (Audit-II), Rajasthan, Jaipur audits the Government/Departments to test check the transactions and verify the maintenance of important accounts and other records as prescribed in the rules and procedures. These inspections are followed by Inspection Reports (IRs) which incorporate irregularities detected during the audit and not settled on the spot.

Analysis of IRs issued upto March 2020 disclosed that 17,119 paragraphs involving ₹ 24,383.73 crore relating to 3,644 IRs issued for these departments remained outstanding at the end of September 2020. The figures as on September 2020 along with the corresponding figures for the preceding two years are given in the **Table 1.2:**

Table 1.2

Particulars	September 2018	September 2019	September 2020
Number of IRs pending for settlement	3,851	3,525	3,644
Number of outstanding audit paragraphs	16,220	15,858	17,119
Amount involved (₹ in crore)	19,755.61	22,201.38	24,383.73

1.5.1 The Department-wise details of the IRs and audit paragraphs outstanding as on 30 September 2020 and the amount involved are given in the **Table 1.3:**

Table 1.3

Sl. No.	Name of the Department	Number of outstanding IRs	Number of outstanding audit paragraphs	(₹ in crore)
				Amount involved
1	Civil Aviation	5	13	42.45
2	Environment	8	53	613.05
3	Factory and Boilers	5	7	0.14
4	Forest	371	1,836	1,713.95
5	Industries	37	107	147.42
6	Mines and Geology	334	1,372	2,099.07

2 Command Area Development, Commercial Taxes, Environment, Forest, Ground Water, Indira Gandhi Nahar Project, Information Technology, Land Revenue, Mines and Geology, Petroleum, Public Works, Science and Technology, Stamps and Registration, State Excise, Transport and Water Resources.

Sl. No.	Name of the Department	Number of outstanding IRs	Number of outstanding audit paragraphs	Amount involved
7	Public Health and Engineering	1,221	5,209	12,298.87
8	Public Works	1,356	7,045	7,321.86
9	Science and Technology	14	40	21.63
10	State Enterprises	4	11	26.21
11	Rajasthan State Motor Garage	5	21	15.19
12	Transport	284	1,405	83.89
Total		3,644	17,119	24,383.73

As can be seen from the table, the pendency in terms of outstanding IRs and outstanding paragraphs is highest in the Public Works Department whereas the amount involved in the pending paragraphs is highest in Public Health and Engineering Department. Age wise analysis of outstanding IRs and audit paragraphs is detailed in *Appendix-2*, which reveals that 1,830 IRs (50.22 per cent of total outstanding IRs) were outstanding for more than five years.

The pendency is indicative of the fact that the heads of offices and the Departments need to take effective action to rectify the defects and irregularities pointed out by Audit through the IRs.

1.5.2 Departmental Audit Committee Meeting

The Government constituted Audit Committees³ to monitor and expedite the progress of the settlement of the paragraphs in the IRs. The details of the Audit Committee/Audit sub-committee meetings held during the year 2019-20 and the paragraphs settled therein are given in the **Table 1.4**:

Table 1.4

(₹ in crore)

Sl. No.	Name of the Department	Number of Audit Committee meetings held	Number of Audit sub-committee meetings held	Number of paragraphs settled	Amount
1	Civil Aviation	1	0	0	0.00
2	Environment	0	0	0	0.00
3	Factory and Boilers	0	0	0	0.00
4	Forest	2	0	0	0.00
5	Industries	3	0	0	0.00
6	Mines and Geology	1	7	135	52.89
7	Public Health and Engineering	2	2	26	81.00
8	Public Works	3	6	258	98.17
9	Science and Technology	0	0	0	0.00

3 Audit Committees, *inter alia*, comprising of Secretary of concerned Departments and Accountant General/his representative, were formed as per Circular No. 1/2005 dated 18 January 2005 of Government of Rajasthan and it was decided by the Government that one Audit Committee meeting shall be held in each quarter. In addition to this, Audit sub-committees comprising of officers of the Departments and representative of Accountant General, are also formed.

Sl. No.	Name of the Department	Number of Audit Committee meetings held	Number of Audit sub-committee meetings held	Number of paragraphs settled	Amount
10	State Enterprises	1	0	0	0.00
11	Rajasthan State Motor Garage	1	0	0	0.00
12	Transport	2	4	22	0.20
Total		16	19	441	232.26

It can be seen from Table-1.4 that four Audit Committee meetings were not held in respect of any of the department during the year 2019-20, as required. Further, in respect of three departments *i.e.* Environment, Factory and Boilers, and Science and Technology, no Audit Committee meeting was held during 2019-20. Audit sub-Committee meetings were held in four departments only *i.e.* Mines and Geology, Public Health and Engineering, Public Works, and Transport Departments where 441 paragraphs involving ₹ 232.26 crore were settled.

1.5.3 Response of the Departments to the draft audit paragraphs

Factual statements followed by draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India are forwarded to the Principal Secretaries/Secretaries of the five concerned Departments⁴, 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 Department/Government is invariably indicated at the end of such paragraphs included in the Audit Report.

Twelve draft paragraphs (combined into seven paragraphs of the report) were sent to the Principal Secretaries/Secretaries of the respective Departments between June 2020 and February 2021. Replies to all the Draft Paragraphs have been received and suitably incorporated in the Report.

1.6 Follow-up on Audit Reports

The Finance Department of the State Government decided (December 1996) that explanatory notes on all paragraphs/performance audits that have appeared in Audit Reports be submitted to the Public Accounts Committee (PAC), duly vetted by Audit, within three months from the date of laying of the Reports in the State Legislature. No explanatory note on paragraphs/performance audits was pending as of 31 August 2021.

⁴ Forest, Industries, Mines and Geology, Public Works and Transport.

Discussion of Audit Reports by PAC

The status of discussion of Performance Audits and Paragraphs which appeared in Audit Reports (Revenue Sector/Economic Sector/Revenue and Economic Sectors/General and Social Sector) by the PAC as of 31 August 2021 is given in the **Table 1.5:**

Table 1.5: Performance Audits/Paragraphs appeared in Audit Reports vis-a-vis discussed

Period of Audit Report		Number of Performance Audit/Paragraphs			
		Appeared in Audit Report		Paragraphs discussed	
		Performance Audit	Paragraphs	Performance Audit	Paragraphs
2016-17	Revenue Sector	-	7	-	4
	Economic Sector	1	2	1	1
	General and Social Sector	2	-	1	-
2017-18	Revenue Sector	0	7	-	-
	Economic Sector	2	5	-	-
	General and Social Sector	-	4	-	1
2018-19	Revenue and Economic Sectors	1	12	-	-
	General and Social Sector	-	4	-	1

The discussion on Performance Audits and Paragraphs which appeared in Audit Reports (Revenue Sector/Economic Sector/General and Social Sector) upto 2015-16 has been completed.

1.7 Coverage of this part of the Report

This part of the Report contains seven paragraphs. The total financial impact of the paragraphs is ₹ 21.97 crore. These are discussed in Chapters II and III. The Departments/Government have accepted audit observations involving ₹ 18.54 crore (as of July 2021). Out of the accepted audit observations, the Departments had recovered ₹ 7.02 crore upto July 2021 which was in addition to the recoveries (₹ 13.12 crore) made in response to Audit findings in the local audit inspection reports during the year 2019-20. Further, the concerned Departments recovered ₹ 16.24 crore during the year 2019-20 in respect of objections raised in previous Audit Reports. Thus, total recoveries made at the instance of Audit during the year aggregated to ₹ 36.38 crore.