

CHAPTER-I

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1.1 The audit of 23 Departments of Government of Uttar Pradesh comes under audit jurisdiction of the Accountant General (Audit-II), Uttar Pradesh. This Compliance Audit Report covers 16 Departments and entities thereunder as detailed in **Appendix-1** and summarised in **Table 1.1** below:

Table 1.1: List of Departments and entities under Audit jurisdiction

Sl. No.	Name of Department(s)	Number of		
		Public Sector Undertakings (PSUs)	Other Entities (Autonomous Bodies/ Authorities, etc.)	Total
1	Energy Department	13	1	14
2	Department of Additional Sources of Energy	-	1	1
3	Department of Information Technology and Electronics	8	-	8
4	Infrastructure and Industrial Development Department	14	12 ¹	26
5	Micro, Small and Medium Enterprises and Niryat Protsahan Department	7	-	7
6	Transport Department	1	-	1
7	Handloom and Textile Industry Department	5	-	5
8	Khadi and Village Industries Department	-	1	1
9	Department of Tourism	1	-	1
10	Civil Aviation Department	-	-	-
11	Geology and Mining Department	-	-	-
12	Culture Department	1	-	1
13	Religious Affairs Department	-	-	-
14	Public Works Department	2	-	2
15	Environment, Forest and Climate Change Department	1	2	3
16	Science and Technology Department	-	2	2
Total		53	19	72

Audit Coverage

1.2 During the year 2021-22, the office of the Accountant General (Audit-II), Uttar Pradesh conducted the compliance audit of 106 units out of total 2,040 auditable units under the 16 Departments of Government of Uttar Pradesh. This Report contains result of audit of 'Non-Functional Public Sector Undertakings of Government of Uttar Pradesh', 'Repair and Maintenance of Thermal Power Plants of Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited' and 14 compliance audit paragraphs pertaining to seven Departments² and PSUs/entities thereunder.

¹ This includes four Departmentally Managed Units of Infrastructure and Industrial Development Department (IIDD), i.e. Government Press.

² Energy Department; Department of Additional Sources of Energy; Department of Information Technology and Electronics; Infrastructure and Industrial Development Department; Department of Tourism; Public Works Department and Department of Public Enterprises and respective Administrative Departments.

Response of Government to Audit

1.3 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 (IR): Issued within a month 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 CAG's Audit Report.

Exit Conference: Opportunity is given to the head of departments and State Government to elicit Government/Departmental views on the audit observations prior to finalisation of the Audit Report.

In all these stages, Audit strives to provide full opportunity to audited units/head 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 CAG's Audit Report, as the case may be. However, in most of the cases, the audited entities do not submit timely and satisfactory replies as indicated below:

- **Status of Replies to Inspection Reports**

A detailed review of IRs issued up to March 2021 to 1,129 Drawing and Disbursing Officers (DDOs) pertaining to 16 Departments revealed that 38,596 paragraphs contained in 8,201 IRs were outstanding for settlement for want of convincing replies as on 31 March 2021. Of these, the DDOs submitted initial replies against 3,168 paragraphs contained in 557 IRs, while in respect of 35,428 paragraphs contained in 7,644 IRs, there was no response from DDOs.

The status of outstanding IRs is given in **Table 1.2**.

Table 1.2: Outstanding IRs and Paragraphs (issued up to 31 March 2021) as on 31 March 2021

Sl. No.	Period	No. of outstanding IRs (per cent)	No. of outstanding Paragraphs (per cent)
1	2020-21	133 (1.62)	1,149 (2.98)
2	1 year to 3 years	1,199 (14.62)	8,064 (20.89)
3	3 years to 5 years	1,283 (15.65)	6,451 (16.71)
4	More than 5 years	5,586 (68.11)	22,932 (59.42)
Total		8,201 (100)	38,596 (100)

Source: Information compiled by Audit

During the period 2020-21, one meeting (Audit Committee Meetings) of Audit with the departmental officers was held.

- **Status of Replies to Audit paragraphs included in Audit Report 2020-21**

For the present Audit Report 2020-21, Audit Report of 'Non-Functional Public Sector Undertakings of Government of Uttar Pradesh', Audit Report of 'Repair

and Maintenance of Thermal Power Plants of Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited' and 14 Audit paragraphs were forwarded to the Principal Secretaries/Secretaries of the concerned Administrative Departments to elicit their views on the audit observations. Regulation 138 of the Regulations on Audit and Accounts, 2020 (Regulations, 2020) provides that the Secretary to Government of the concerned Department shall furnish the replies to the paragraph within the specified time. Government of Uttar Pradesh has, while referring the Regulation 138 of the Regulations, 2020, directed (September 2020) all the Departments to furnish replies on Audit Reports in accordance with the procedures defined in the Regulation, 2020. Reply/response of Government in respect of only one audit paragraph has been received. The replies of the Government in respect of Audit Report of 'Non-Functional Public Sector Undertakings of Government of Uttar Pradesh', Audit Report of 'Repair and Maintenance of Thermal Power Plants of Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited' and 13 Audit paragraphs are still awaited (September 2022) despite repeated reminders. However, the replies of the Management have been received in respect of Audit Report of 'Repair and Maintenance of Thermal Power Plants of Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited' and 11 Paragraphs, which have been incorporated.

Follow up action taken on earlier Audit Reports

1.4 Replies outstanding to Audit Paragraphs included in earlier Audit Reports

The Report of the Comptroller and Auditor General of India represents the culmination of the process of audit scrutiny. It is, therefore, necessary that it elicits appropriate and timely response from the Executive. The Finance Department, Government of Uttar Pradesh issued (June 1987) instructions to all the Administrative Departments to submit replies/explanatory notes to paragraphs/performance audits included in the Audit Reports of the CAG of India within a period of two to three months of their presentation to the State Legislature. The position of replies/explanatory notes not received is given in **Table 1.3**.

Table 1.3: Explanatory notes not received (as on 30 June 2022)

Year of the Audit Report	Date of placement of Audit Report in the State Legislature	Total Performance Audit (PAs) and Compliance Audit (CAs) Paragraphs in the Audit Report		Number of PAs/CAs Paragraphs for which explanatory notes were not received ³	
		PAs	CAs	PAs	CAs
A. Economic Sector (Non-PSUs)					
2012-13	01.07.2014	2	6	2	0
2013-14	17.08.2015	2	5	1	2
2014-15	08.03.2016	4	4	4	4
2015-16	18.05.2017	2	4	1	4
2016-17	19.07.2019	-	4	-	1
2017-18	21.08.2020	-	10	-	9
2018-19	19.08.2021	-	9	-	8

³ Pertaining to Energy Department; Department of Additional Sources of Energy; Department of Finance; Infrastructure and Industrial Development Department; Housing and Urban Planning Department; Public Works Department; Urban Development Department; Department of Transport; Department of Micro, Small and Medium Enterprises and Niryat Protsahan; Environment, Forest and Climate change Department; Department of Tourism and Department of Information Technology and Electronics.

Year of the Audit Report	Date of placement of Audit Report in the State Legislature	Total Performance Audit (PAs) and Compliance Audit (CAs) Paragraphs in the Audit Report		Number of PAs/CAs Paragraphs for which explanatory notes were not received ³	
		PAs	CAs	PAs	CAs
2019-20	17.12.2021	1 ⁴	0	1	0
Total		11	42	9	28
B. Public Sector Undertakings (PSUs)					
2011-12	16.09.2013	2	14	1	1
2012-13	20.06.2014	1	19	0	1
2013-14	17.08.2015	2	15	1	4
2014-15	08.03.2016	6	12	2	3
2015-16	18.05.2017	6	11	3	0
2016-17	07.02.2019	3	7	2	4
2017-18	21.08.2020	1	12	0	5
2018-19	19.08.2020	-	06	0	1
	17.12.2021	1 ⁵	0	1	0
Total		22	96	10	19
Grand Total (A+B)		33	138	19	47

Source: Information compiled by Audit

- **Discussion of Audit Reports by Public Accounts Committee (PAC)**

During the years 2012-13 to 2019-20, 11 Performance Audits and 42 Compliance Audit Paragraphs related to Departments/Autonomous Bodies were reported in these Audit Reports. Of these, PAC had taken up 13 paragraphs (PAs/CAs) for discussion. The status of PAC discussion as on 30 June 2022 is detailed in **Table 1.4**.

Table 1.4: Status of PAC discussion, Uttar Pradesh, Vidhan Sabha

Status	PAs/CAs of Audit Report pertaining to Economic Sector for the year 2012-13 to 2019-20
Number of total Audit Paragraphs	53 (11 PAs ⁶ + 42 CAs)
Taken up by PAC for discussion	13 (5 PAs + 8 CAs)
Recommendation made by PAC	Nil
ATN received	Nil
Action taken by the Department	-

Source: Information compiled by Audit

- **Discussion of Audit Reports by Committee on Public Undertaking (COPU)**

During the years 1982-83 to 2019-20, 160 Performance Audits and 1,010 Compliance Audit Paragraphs of Public Sector Undertakings were reported in these Audit Reports. Of these, COPU had taken up 154 Performance Audits and 1,021 Compliance Audit Paragraphs for discussion. The status of COPU discussion as on 30 June 2022 is detailed in **Table 1.5**.

⁴ Standalone Performance Audit Report on 'Land Acquisition and Allotment of Properties in NOIDA' in Uttar Pradesh.

⁵ Standalone Performance Audit Report on 'Centralised Information Technology Billing System Being Operated by State Power Utilities' in Uttar Pradesh.

⁶ Included Standalone Performance Audit Reports on 'Land Acquisition and Allotment of Properties in NOIDA' in Uttar Pradesh.

Table 1.5: Status of COPU discussion, Uttar Pradesh, Vidhan Mandal

Status	PAs/CAs of Audit Report pertaining to PSUs for the year 1982-83 to 2019-20
Number of total Audit Paragraphs	1,170 (160 PAs ⁷ + 1,010 CAs)
Taken up by COPU for submission of written reply	1,175 (154 PAs + 1,021 CAs) ⁸
Recommendation made by COPU	270 (29 PAs + 241 CAs)
ATN received	Nil
Action taken by the Department	-

Source: Information compiled by Audit

Status of Audit of Accounts of Entities

1.5 In respect of Entities of the State Government audit of accounts of which is entrusted to the Comptroller and Auditor General of India (CAG) as per the Governing Acts of these Entities/Government orders/provisions of the Constitution of India, Separate Audit Reports on their accounts are to be prepared by the CAG and laid in the State Legislature along with annual report/accounts by the Government.

- **Arrears in finalisation and submission of Accounts of Entities**

As on 31 March 2021, audit of annual accounts of 11 entities of Uttar Pradesh had been entrusted to the CAG. As on 30 June 2022, no entity had finalised its accounts for the year 2020-21 and have arrears of 85 accounts up to 2020-21. Year(s) for which annual accounts are in arrears is detailed in **Table 1.6**.

Table 1.6: Statement showing arrears of accounts of various Entities

Sl. No.	Name of Entities	Year(s) for which Accounts are in arrears	Number of accounts in arrears
1	New Okhla Industrial Development Authority	2018-19 to 2020-21	03
2	Yamuna Expressway Industrial Development Authority	2005-06 to 2020-21	16
3	Lucknow Industrial Development Authority	2005-06 to 2020-21	16
4	Gorakhpur Industrial Development Authority	2005-06 to 2020-21	16
5	Satharia Industrial Development Authority	2005-06 to 2020-21	16
6	Uttar Pradesh State Industrial Development Authority	2018-19 to 2020-21	03
7	Greater Noida Industrial Development Authority	2020-21	01
8	Uttar Pradesh Expressway Industrial Development Authority	2017-18 to 2020-21	04
9	Uttar Pradesh Khadi and Village Industries Board	2019-20 & 2020-21	02
10	Compensatory Afforestation Fund Management and Planning Authority	2014-15 to 2020-21	07
11	Uttar Pradesh Electricity Regulatory Commission	2020-21	01
Total			85

Source: Information compiled by Audit

⁷ Included Standalone Performance Audit Reports on (1) 'Sale of Sugar Mills of Uttar Pradesh State Sugar Corporation Limited' and (2) 'Centralised Information Technology Billing System Being Operated by State Power Utilities' in Uttar Pradesh.

⁸ Includes the PAs/CAs taken up by COPU from 1976-77 to 2019-20.

Status of laying of Annual Reports/Accounts along with Separate Audit Reports of Entities in the State Legislature

1.6 Details of Annual Report/Accounts along with Separate Audit Reports (SARs) of three entities which are yet to be laid in the State Legislature up to 30 June 2022 are depicted in **Table 1.7**.

Table 1.7: Statement showing details of Annual Reports/Accounts along with Separate Audit Reports yet to be laid in the State Legislature

Sl. No.	Name of the Entities	Year up to which Annual Reports/Accounts along with SAR laid in the State Legislature	Position of Annual Reports/Accounts along with SARs not laid in the State Legislature	
			Year of Annual Report/Account along with SAR	Date of issue of SAR to Government
1	Uttar Pradesh Electricity Regulatory Commission (UPERC)	No SAR placed in legislature since its establishment (2003-04)	2003-04	19 October 2006
			2004-05	5 October 2007
			2005-06	5 October 2007
			2006-07	3 October 2008
			2007-08	17 August 2009
			2008-09	15 August 2010
			2009-10	26 May 2011
			2010-11	08 June 2012
			2011-12	24 September 2014
			2012-13	20 February 2015
			2013-14	22 June 2015
			2014-15	28 December 2015
			2015-16	18 May 2017
2016-17	08 March 2019			
2017-18	15 May 2020			
2018-19	18 December 2020			
2	Compensatory Afforestation Fund Management and Planning Authority (CAMPA)	Nil	2010-11	2 May 2019
			2011-12	1 October 2019
			2012-13	1 October 2019
			2013-14	6 April 2022
3	Uttar Pradesh Expressway Industrial Development Authority (UPEIDA)	Nil	2007-08	03 July 20019
			2008-09	10 June 2020
			2009-10	18 December 2020
			2010-11	10 August 2020
			2011-12	29 March 2022
			2012-13	12 April 2022
			2013-14	27 April 2022
			2014-15	26 May 2022
2015-16	20 June 2022			

Recoveries at the instance of Audit

1.7 During the course of audit, recoveries of ₹ 23.95 crore pointed out in seven cases of three Departments and was accepted by the respective Departments. Against this, recoveries of ₹ 21.23 crore in six cases were effected as per the details given in **Table 1.8**.

Table 1.8: Recoveries pointed out by audit and accepted/recovered by the Departments/Entities

(₹ in crore)

Department	Particulars of recoveries	Recoveries pointed out in Audit and accepted by the Department/Entity		Recoveries effected	
		Number of cases	Amount involved	Number of cases	Amount involved
Energy Department	Loss of revenue due to incorrect application of tariff ⁹	4	10.16	3	6.62
Department of Information Technology and Electronics	Improper planning and poor follow up resulting in abandonment of EMC Project and forfeiture of UPLC's security deposit ₹ 5.75 crore	1	5.75	1	5.75
Public Works Department	Advance payment to the contractor for purchase of machinery before execution of agreement	1	6.98	1	8.06
	Excess payment of Goods and Service Tax to the Contractor	1	1.06	1	0.80
Total		7	23.95	6	21.23

Source: Information compiled by audit.

Conclusion

1.8 Not submitting replies to Audit, large arrears in preparation of annual accounts of most of the State entities and not laying the Annual Reports/Accounts along with SARs in the State Legislature adversely affects accountability and transparency in the Government and is therefore a cause of concern.

⁹ Related to two cases of Madhyanchal Vidyut Vitran Nigam Limited, one case of Paschimanchal Vidyut Vitran Nigam Limited and one case of Purvanchal Vidyut Vitran Nigam Limited.

