

Chapter 1

Introduction

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1.1 Introduction

There are 53 Departments, 37 Public Sector Undertakings and 37 Autonomous bodies under 16¹ clusters functioning under the Government of Haryana as detailed in *Appendix 1*. This Report of Comptroller and Auditor General of India (CAG) relates to matters arising from compliance audit of seven Departments, 17 Public Sector Undertakings and seven Autonomous bodies functioning under three clusters of Energy and Power, Industries and Commerce and Urban Development as detailed in *Appendix 2*.

The list of departments, public sector undertakings and autonomous bodies under three clusters are shown in *Table 1.1*.

Table 1.1: Details of departments, autonomous bodies and public sector undertakings under three clusters

Sr. No.	Cluster	Number of departments	Number of public sector undertakings	Number of Autonomous bodies
1	Energy and Power	2	5	1
2	Industries and Commerce	2	6	1
3	Urban Development	3	6	5
	Total	7	17	7

Compliance audit refers to examination of the expenditure and revenue of the audited entities to ascertain whether the provisions of the Constitution of India, applicable laws, rules, regulations and various orders and instructions issued by the competent authorities are being complied with.

The primary purpose of this report is to bring important results of audit to the notice of the State Legislature. 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 actions and also to frame policies and directives that will lead to improved operational efficiency and financial management of the organisations, thus contributing to better governance.

This chapter explains the authority for audit, planning and extent of audit and responsiveness of Government to audit. Chapters 2, 3 and 4 contain

¹ (i) Health & Welfare, (ii) Education, Skill Development and Employment, (iii) Finance, (iv) Rural Development, (v) Agriculture, Food & Allied Industries, (vi) Water Resources, (vii) Energy and Power, (viii) Industry and Commerce, (ix) Transport, (x) Urban Development, (xi) Environment, Science and Technology, (xii) Public Works, (xiii) IT and Communication, (xiv) Law and Order, (xv) Culture and Tourism, and (xvi) General Administration

observations emanating from compliance audit in government departments, autonomous bodies and public sector undertakings pertaining to clusters of Energy & Power, Industries & Commerce and Urban Development respectively.

Apart from this Compliance Audit Report pertaining to the three clusters (Energy & Power, Industries & Commerce and Urban Development), Reports containing results of compliance audit of other clusters/ sectors and Performance Audit Reports are presented separately.

1.2 Budget profile

The position of budget estimates and actual expenditure there against by the State Government during 2016-21 is given in *Table 1.2*.

Table 1.2: Budget and actual expenditure of the State during 2016-21

(₹ in crore)

Expenditure	2016-17		2017-18		2018-19		2019-20		2020-21	
	Budget Estimates	Actual	Budget Estimates	Actual	Budget Estimates	Actual	Budget Estimates	Actual	Budget Estimates	Actual
General Services	21,663	21,631	24,379	26,699	29,788	28,169	35,358	31,884	37,228	34,734
Social Services	29,403	25,473	31,404	28,061	34,176	29,743	36,114	33,726	43,090	36,164
Economic Services	23,482	20,875	23,752	18,107	20,916	19,022	22,770	19,238	25,020	19,048
Grants-in-aid and Contributions	248	424	401	390	306	222	0	0	0	0
Total (1)	74,796	68,403	79,936	73,257	85,186	77,156	94,242	84,848	1,05,338	89,946
Capital Outlay	8,817	6,863	11,122	13,538	15,780	15,306	16,260	17,666	13,201	5,870
Loans and Advances Disbursed	4,729	4,515	1,326	1,395	1,766	756	1,407	1,309	1,213	926
Repayment of Public Debt	9,677	5,276	9,945	6,339	12,466	17,184	20,257	15,776	22,592	29,498
Contingency Fund	-	80	-	27	-	13	-	-	-	-
Appropriation to Contingency Fund	-	-	-	-	-	-	-	-	-	800
Public Accounts disbursements	96,756	29,276	2,04,107	31,171	2,32,569	37,386	1,41,707	42,171	51,356	50,245
Closing Cash balance	-	5,658	-	4,417	-	2,985	-	3,999	-	3,148
Total (2)	1,19,979	51,668	2,26,500	56,887	2,62,581	73,630	1,79,631	80,921	88,362	90,487
Grand Total (1+2)	1,94,775	1,20,071	3,06,436	1,30,144	3,47,767	1,50,786	2,73,873	1,65,769	1,93,700	1,80,433

Source: Annual Financial Statements and Explanatory Memorandum of the Budget of the State Government.

Out of the above services, the position of budget estimates and actual expenditure in respect of three clusters i.e. Energy & Power, Industries & Commerce and Urban Development during 2016-21 is given in *Table 1.3*.

Table 1.3: Details of Budget and actual expenditure of three clusters

(₹ in crore)

Expenditure	2016-17		2017-18		2018-19		2019-20		2020-21	
	Budget Estimates	Actual	Budget Estimates	Actual	Budget Estimates	Actual	Budget Estimates	Actual	Budget Estimates	Actual
Energy & Power										
Revenue expenditure	10716.77	10514.98	10230.3	7631.52	6586.09	7447.42	7338.16	7015.3	6684.51	5788.32
Capital Outlay	1933.51	1894.73	1525.34	5454.44	5490.01	5500.25	5834.19	5829.63	752.85	527.09
Loans and Advances Disbursed	4176.42	3647.08	923.15	887.48	1274.64	52.84	285.21	160.63	115.01	56.16
Total	16826.7	16056.79	12678.79	13973.44	13350.74	13000.51	13457.56	13005.56	7552.37	6371.57
Industries & Commerce										
Revenue expenditure	803.78	349.80	540.29	317.7	533.5	402.78	575.34	392.19	498.35	390.6
Capital Outlay	5.22	2.20	10.21	2.24	15.21	2.11	15.21	13.21	14.71	4.79
Loans and Advances Disbursed	425	322.00	235	230	270.01	413.96	870	815.64	600	479.9
Total	1234	674.00	785.5	549.94	818.72	818.85	1460.55	1221.04	1113.06	875.29
Urban Development										
Revenue expenditure	3673.05	2782.54	3984.96	4066.73	4362.52	2970.12	4637.78	3339.49	5136.22	3684.78
Capital Outlay	132	68.2	1132	1000	1300	1388.83	1468.2	979.14	1610	650.38
Loans and Advances Disbursed	0	0	0	0	0	0	0	0	0	0
Total	3805.05	2850.74	5116.96	5066.73	5662.52	4358.95	6105.98	4318.63	6746.22	4335.16
Grand Total	21865.75	19581.53	18581.25	19590.11	19831.98	18178.31	21024.09	18545.23	15411.65	11582.02

Source: Annual Financial Statements and Explanatory Memorandum of the Budget of the State Government.

1.3 Application of resources of the State Government

As against the total budget outlay of the State of ₹ 1,93,700 crore, the application of resources was ₹ 1,80,433 crore during 2020-21. The total expenditure² of these three clusters was ₹ 11,582 crore during 2020-21. Total expenditure of three clusters decreased by 40.85 per cent from ₹ 19,581.53 crore to ₹ 11,582.02 crore during the period 2016-17 to 2020-21. The Revenue expenditure decreased by 27.72 per cent from ₹ 13,647.32 crore to ₹ 9,863.70 crore during the same period. The revenue expenditure constituted 57.95 to 85.16 per cent of the total expenditure while capital expenditure was 10.04 to 37.91 per cent during the period from 2016-17 to 2020-21.

1.4 Planning and conduct of audit

The audit process commences with risk assessment of various departments, autonomous bodies and schemes/projects which involves assessing the criticality/complexity of activities, the level of delegated financial powers, internal controls and concerns of stakeholders and previous audit findings. Based on the risk assessment, the frequency and extent of audit are decided and an Annual Audit Plan is formulated.

² Total of Revenue Expenditure, Capital Outlay and Loans and Advances.

After completion of audit, an Inspection Report containing audit findings is issued to the head of the office with the request to furnish replies within four weeks. Whenever replies are received, audit findings are either settled or further action for compliance is advised. Important audit observations pointed out in these Inspection Reports are processed for inclusion in the Audit Reports of the Comptroller and Auditor General of India which are to be submitted to the Governor of Haryana under Article 151 of the Constitution of India.

During 2020-21, compliance audit of 10 departmental auditee units out of 86 units auditable under Section 13, 10 units out of 85 auditable units of 17 PSUs under Section 19 (1) and 15 units out of 79 auditable units of seven autonomous bodies under Sections 19 (2) and 19 (3) of Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act 1971, was conducted by the office of the Principal Accountant General (Audit), Haryana as a sub-ordinate formation of Comptroller and Auditor General of India.

1.5 Significant audit observations and response of Government to audit

In the last few years, Audit has reported on several significant deficiencies in implementation of various programmes/activities as well as on the quality of internal controls in selected departments/Public Sector Undertakings (PSUs) which have negative impact on the success of programmes and functioning of the departments/PSUs. The focus was on offering suitable recommendations to the Executive/Management for taking corrective action and improving service delivery to the citizens. The Departments/PSUs are required to send their responses to draft paragraphs proposed for inclusion in the Comptroller and Auditor General of India's Audit Reports within six weeks.

This Audit Report contains nine compliance audit paragraphs which were forwarded to the concerned Administrative Secretaries. Replies from the administrative departments were awaited.

1.6 Responsiveness of Government to Audit

After periodical inspection of the Government departments/PSUs, the Principal Accountant General (Audit) issues the Inspection Reports (IRs) to the concerned heads of offices with copies to their higher Management. The executive authorities/Managements are expected to rectify the defects and omissions pointed out and report compliances to the Principal Accountant General (Audit) within four weeks. Half yearly reports of Inspection Reports (IRs) pending for more than six months are also sent to the concerned Administrative Secretaries of the departments to facilitate monitoring and compliance of the audit observations in the pending IRs.

A total of 3,332 paragraphs pertaining to 962 IRs were outstanding as of 30 September 2021, against various auditable units pertaining to various

Departments, Public Sector Undertakings and Autonomous bodies under Energy & Power, Industries & Commerce and Urban Development Clusters as detailed in the **Table 1.4**.

Table 1.4: Year wise breakup of outstanding Inspection Reports and paragraphs
(₹ in crore)

Year	Energy & Power		Industries & Commerce		Urban Development	
	Number of IRs (paragraphs)	Money value	Number of IRs (paragraphs)	Money value	Number of IRs (paragraphs)	Money value
Prior to 2014-15	69 (156)	3,051.29	118 (188)	104.30	315 (841)	9,574.91
2015-16	22 (59)	1,716.54	12 (24)	119.70	43 (195)	1,431.87
2016-17	30 (73)	596.98	11 (39)	186.88	27 (133)	32,236.73
2017-18	38 (135)	1,008.97	15 (42)	121.49	52 (272)	78,338.17
2018-19	40 (182)	829.77	12 (38)	164.01	48 (294)	1,67,190.75
2019-20	36 (194)	1,927.22	12 (47)	292.83	17 (142)	767.16
2020-21	15 (115)	3,091.67	9 (53)	659.32	21 (110)	2,900.28
Total	250 (914)	12,222.44	189 (431)	1,648.53	523 (1987)	2,92,439.87

Source: Information derived from IR Registers maintained in PAG (Audit) Office.

Category-wise details of irregularities pointed out through these IRs which had not been settled as of September 2021 are indicated in **Appendix 3**.

1.7 Follow-up on Audit Reports

Discussion in PAC and Committee on Public Undertakings (COPU)

1.7.1 Compliance with Audit Reports

According to the instructions issued (October 1995) by the Government of Haryana, Finance Department and reiterated in March 1997 and July 2001, the administrative departments were to initiate *suo moto* action on all audit paragraphs featuring in the Comptroller and Auditor General's Audit Reports regardless of whether the cases were taken up for examination by the Public Accounts Committee (PAC) /Committee on Public Undertakings (COPU) or not. The Administrative Departments were required to furnish Action Taken Notes (ATNs) indicating the remedial action taken or proposed to be taken by them within three months of the presentation of the Audit Reports to the Legislature.

The Audit Report on Social, General and Economic Sectors (Non-PSUs) for the year 2018-19 has been discussed in PAC during the year 2021-22. The Audit Report Social, General and Economic Sectors (PSUs) for the year 2018-19 containing 15 paragraphs and Compliance Audit Report on Social, General and Economic Sectors for the year 2019-20 containing 19 paragraphs were placed before the State Legislature Assembly respectively on 5 March 2021 and 22 December 2021 (**Appendix 4**) and are yet to be discussed in PAC/COPU (March 2022). Status of paragraphs of departments/PSUs/ABs pertaining to three clusters is given **Table 1.5**.

Table 1.5: Detail of Paragraphs/ATNs to be discussed in PAC/COPU of Deptt./PSUs/ABs pertaining to three clusters as on 31 March 2022

Cluster	PSUs 2018-2019		Compliance Audit Report 2019-20	
	Total PAs / Paragraph in the Audit Report	Number of PAs/Paragraph for which ATNs were not received	Total PAs /Paragraph in the Audit Report	Number of PAs/Paragraph for which ATNs were not received
Energy and Power	08	01	03	03
Industries and Commerce	03	03	02	02
Urban Development	NIL	NIL	03	03

1.7.2 Action taken on paragraphs pointed out in Audit reports

24 administrative departments had 45 outstanding paragraphs (including Performance Audit) pertaining to the Audit Reports for the years 2000-01 to 2018-19 of monetary impact of ₹ 28,570.81 crore where action had not been taken, as detailed in *Appendix 5*. Detail of monetary impact of outstanding paragraphs in respect of Departments/Public Sector Undertakings (PSUs)/Autonomous Bodies (ABs) pertaining to three clusters is given in *Table 1.6*.

Table 1.6: Detail of impact of outstanding paragraphs in respect of Departments/PSUs/ABs pertaining to three clusters as on 31 March 2021

Department/PSUs/ABs	Year of Audit Report	Para Number of CAG Report	Amount (₹ in Lakh)	
ENERGY AND POWER				
-	NIL	NIL	NIL	
INDUSTRIES AND COMMERCE				
Industries and Commerce Department	2017-18	3.10	145.00	
URBAN DEVELOPMENT				
Town and Country Planning (HUDA)	2000-01	3.16	15,529.00	
		6.10	4,055.00	
	2011-12	2.3.10.8	1,6700.00	
		2.3.10.6	1,266.00	
	2013-14	2.3.10.11	37,386.00	
		3.20	84.64	
		3.18 (a)	41,715.00	
	2015-16	3.18 (b)	1,077.00	
		2017-18	3.17 A	16,086.00
	3.17 B		1,972.00	
	3.18.7 (i)		11,14,413.00	
	3.18.7 (ii)		1,955.00	
	3.18.10		4,678.00	
	3.18.11 (i)		342.00	
	3.18.11 (ii)		2,025.00	
	3.18.11 (iii)		2,690.00	
	2018-19		3.14.3.3	3,189.00
			3.14.3.4	713.00
		3.14.3.7	15,21,661.00	
		3.14.3.8	1,314.00	
3.14.3.11		96.00		
3.14.4.3		1,122.00		
3.14.4.5		72.00		
3.15	561.00			
Urban Local Bodies	2012-13	2.2.8.1	17,040.00	
		2.2.8.6	10,182.00	
		3.20	554.00	
Housing	2018-19	3.9	41.00	
TOTAL			28,18,663.64	

1.7.3 Compliance to Reports of COPU and PAC

The response of the Administrative Departments towards the recommendations of the PAC and COPU was not encouraging. As many as 673 recommendations contained in 16th to 82nd Reports of PAC for the year 1979-80 to 2021-22 and 232 recommendations contained in 16th to 68th Reports of COPU for the year 1983-84 to 2021-22 were still awaiting final action by the concerned administrative departments as per details given in **Appendix 6**. Detail of pending recommendations in respect of Departments/PSUs/ABs pertaining to three clusters is given in **Table 1.7**.

Table 1.7: Detail of Recommendations of PAC/COPU in respect of Departments/PSUs/ABs pertaining to three clusters as on 31 March 2022

No. of COPU Recommendations	COPU Report	Number of PAC Recommendations	PAC Report
Energy and Powers			
47	35 th , 52 nd , 53 rd , 57 th , 58 th , 60 th , 61 st , 62 nd , 63 rd , 64 th , 65 th , 66 th , 67 th , 68 th	2	35 th , 74 th
Industries and Commerce			
51	41 st , 45 th , 48 th , 49 th , 50 th , 52 nd , 56 th , 57 th , 58 th , 60 th , 62 nd , 65 th , 67 th , 68 th	15	9 th , 16 th , 22 nd , 32 nd , 36 th , 50 th , 68 th , 70 th , 73 rd , 79 th , 81 st
Urban Development			
15	47 th , 67 th	119	25 th , 32 nd , 36 th , 40 th , 44 th , 48 th , 50 th , 52 nd , 54 th , 58 th , 60 th , 61 st , 62 nd , 63 rd , 65 th , 67 th , 68 th , 72 nd , 73 rd , 74 th , 75 th , 79 th , 80 th , 81 st , 82 nd
113		136	

