

Chapter-1

Introduction

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1.1 Introduction

The audit of 55 Departments of Government of Uttarakhand along with 32 Public Sector Undertakings (PSUs) and 53 other entities (Autonomous Bodies/Authorities, *etc.*) thereunder, comes under audit jurisdiction of the Principal Accountant General (Audit), Uttarakhand. The details of Departments and respective entities are given in *Appendix-1.1.1* and are 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	Other Entities (Autonomous Bodies/ Authorities, <i>etc.</i>)	Total
1.	Agriculture	1	-	1
2.	Animal Husbandry	-	-	-
3.	Art & Culture	-	-	-
4.	Ayurvedic & Unani Services	-	-	-
5.	Cane Development	2	-	2
6.	Civil Aviation	-	1	1
7.	Cooperatives	1	1	2
8.	Dairy Development	-	-	-
9.	Disaster Management and Rehabilitation	-	-	-
10.	Drinking Water and Sanitation	1	2	3
11.	Election	-	1	1
12.	Finance	-	-	-
13.	Fisheries	-	-	-
14.	Food and Civil Supplies	-	-	-
15.	Forest and Environment	1	1	2
16.	General Administration	-	-	-
17.	Higher Education	-	17	17
18.	Home	-	-	-
19.	Homeopathy Medical Services	-	-	-
20.	Horticulture	-	-	-
21.	Housing	-	1	1
22.	Industries	9	1	10
23.	Information & Public Relation	-	-	-
24.	Irrigation	-	-	-
25.	Labour	-	3	3
26.	Law and Justice	-	-	-
27.	Legislative and Parliamentary Affairs	-	-	-
28.	Medical Education	-	-	-
29.	Medical Health & Family Welfare	-	2	2
30.	Mining & Geology	-	-	-
31.	Minor Irrigation	-	-	-
32.	Panchayati Raj	-	2	2
33.	Personnel	-	2	2
34.	Planning	-	-	-
35.	Power	4	2	6
36.	Public Works	2	-	2
37.	Revenue	-	-	-
38.	Rural Development	-	1	1

Sl. No.	Name of Department(s)	Number of		
		Public Sector Undertakings	Other Entities (Autonomous Bodies/ Authorities, etc.)	Total
39.	Rural Works	-	-	-
40.	Sanskrit Education	-	1	1
41.	School Education	-	5	5
42.	Sericulture	-	-	-
43.	Skill Development	-	-	-
44.	Social Welfare	5	-	5
45.	Soldier Welfare and Rehabilitation	-	-	-
46.	Sports	-	-	-
47.	Stamp and Registration	-	-	-
48.	State Excise	-	-	-
49.	State Tax	-	-	-
50.	Technical Education	-	4	4
51.	Tourism	3	-	3
52.	Transport	2	-	2
53.	Urban Development	1	1	2
54.	Women Empowerment & Child Development	-	-	-
55.	Youth Welfare & Prantiya Raksha Dal	-	-	-
56.	Others	-	5	5
Total		32	53	85

1.2 Audit Coverage

During the year 2019-20 and 2020-21, out of total 48,735 auditable units under the 55 Departments of Government of Uttarakhand, the office of the Principal Accountant General (Audit), Uttarakhand conducted the compliance audit of 958 units under 48 Departments and 725 units under 33 Departments respectively. This Report contains results of five Subject Specific Compliance Audit (SSCA) on Implementation of Direct Benefit Transfer in Uttarakhand, Effective Use of Remote Sensing/Geographic Information System in Forest Fire Management, Mining activities in Dehradun district, Processing of Refund Claims under Goods and Services Tax and Transitional Credit under Goods and Services Tax and 16 compliance audit paragraphs pertaining to six Departments and PSUs/Authorities thereunder.

1.3 Resources and Application

The total revenue receipts of the State Government for the year 2020-21 was ₹ 38,205 crore as compared to ₹ 30,723 crore during the year 2019-20. Out of this, 31 per cent was raised through tax revenue (₹ 11,938 crore) and 11 per cent was raised through non-tax revenue (₹ 4,171 crore). The balance 58 per cent was received from the Government of India as State's share of divisible Union taxes (₹ 6,569 crore) and Grants-in-aid (₹ 15,527 crore).

The total expenditure of the State increased from ₹ 30,391 crore to ₹ 43,667 crore during 2016-17 to 2020-21. Revenue Expenditure formed on an average 84.02 per cent (ranging from 82.92 per cent to 85.57 per cent during 2016-21) of the total expenditure during the period 2016-17 to 2020-21, whereas the Capital Expenditure in the same period was between 14.10 per cent to 16.86 per cent.

During 2020-21, there was a significant increase of 24.35 *per cent* (₹ 7,482 crore) in Revenue Receipts. The Revenue Expenditure on the other hand increased only by 12.88 *per cent* (₹ 4,232 crore). This resulted into State being Revenue surplus during the year.

1.4 Audit Process and Response of 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 (IRs): 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 Comptroller and Auditor General of India's (CAG) Audit Report.

Exit Conference: Opportunity is given to the head of the 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 IR 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 revealed that 29,826 paragraphs contained in 10,090 IRs, as detailed in **Table-1.2** below, were outstanding for settlement as on 31 March 2021. Of these, the DDOs submitted initial replies against 2,325 paragraphs contained in 2,150 IRs, while in respect of 27,501 paragraphs contained in 7,940 IRs, there was no response from DDOs.

Table-1.2: Outstanding IRs and Paragraphs

Sl. No.	Period	No. of outstanding IRs (<i>per cent</i>)	No. of outstanding Paras (<i>per cent</i>)
1	2020-21	420 (4.16)	1,745 (5.85)
2	More than 1 year but equal to or less than 3 years	2,320 (22.99)	7,930 (26.59)
3	More than 3 years but equal to or less than 5 years	1,173 (11.63)	4,110 (13.78)
4	More than 5 years	6,177 (61.22)	16,041 (53.78)
Total		10,090 (100)	29,826 (100)

Source: Information compiled by Audit.

During the year 2019-20, 20 Audit Committee Meetings (ACMs) with the departmental officers were held, in which 22 IRs and 111 Paragraphs were settled. Similarly, in the year 2020-21, 23 ACMs with the departmental officers were held, in which three IRs and 98 Paragraphs were settled.

- **Status of Replies to Audit paragraphs included in Audit Report 2019-21**

For the present Audit Report 2019-21, five SSCA on Implementation of Direct Benefit Transfer in Uttarakhand, Effective use of Remote Sensing/Geographic Information System in Forest Fire Management, Mining Activities in Dehradun district, Processing of Refund Claims under Goods and Services Tax and Transitional Credit under Goods and Services Tax and 16 Compliance 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 draft paragraph within the specified time. The replies/responses of the Government in respect of five SSCAs and 11 audit paragraphs have been received. The replies of the Government in respect of five audit paragraphs are still awaited (September 2022) despite reminders.

1.5 Follow up action taken on earlier Audit Reports

1.5.1 Replies outstanding to Audit Paragraphs included in earlier Audit Reports

The Report of the CAG 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 position of replies/explanatory notes not received is given in **Table-1.3** below.

Table-1.3: Position of replies not received

Year of the Audit Report	Date of placement of Audit Report in the State Legislature	Total Performance Audit (PA) and Compliance Audit (CA) Paragraphs in the Audit Report		Number of PAs/CAs Paragraphs for which replies were not received	
		PAs	CAs	PAs	CAs
2012-13	27.11.2014	03	12	01	07
2013-14	03.11.2015	04	18	04	14
2014-15	17.11.2016	03	19	03	13
2015-16	02.05.2017	02	21	-	11
2016-17	20.09.2018	02	19	02	11
2017-18	10.12.2019	02	19	02	16
2018-19	06.03.2021	Nil	13	Nil	07
Total		16	121	12	79

Source: Information compiled by Audit.

1.5.2 Discussion of Audit Reports by Public Accounts Committee

During the years 2012-13 to 2018-19, 16 Performance Audits and 121 Compliance Audit Paragraphs related to Departments/Autonomous Bodies were reported in these Audit Reports. Of these, Public Accounts Committee (PAC) had taken up 16.79 per cent paragraphs {23 paragraphs (PAs/CAs)} for discussion. The status of PAC discussion as on 31 March 2021 is detailed in **Table-1.4** below.

Table-1.4: Status of discussion of Audit Reports by PAC as on 31.03.2021

Status	PAs/CAs of Audit Report pertaining to Non-PSUs and Revenue Section for the year 2012-13 to 2018-19
Number of total Audit Paras	137 (16 PAs + 121 CAs)
Taken up by PAC for discussion	23 (07 PAs + 16 CAs)
Recommendation made by PAC	-
Action Taken Note (ATN) received	44
Action taken by the Department	-

Source: Information compiled by Audit.

1.5.3 Discussion of Audit Reports by Committee on Public Undertaking

During the years 2000-01 to 2018-19, 10 Performance Audits and 73 Compliance Audit Paragraphs of Public Sector Undertakings were reported in the Audit Reports. Of these, Committee on Public Undertaking (COPU) had taken up seven Performance Audit and 54 Compliance Audit Paragraphs for discussion. The status of COPU discussion as on 31 March 2021 is detailed in **Table-1.5** below.

Table-1.5: Status of discussion of Audit Reports by COPU as on 31.03.2021

Status	PAs/CAs of Audit Report pertaining to PSUs for the year 2000-01 to 2018-19
Number of total Audit Paras	83 (10 PAs + 73 CAs)
Taken up by COPU for submission of written reply	61 (07 PAs + 54 CAs)
Recommendation made by COPU	--
ATN received	--
Action taken by the Department	--

Source: Information compiled by Audit.

1.6 Status of Audit of Accounts of Entities

In respect of Entities of the State Government, audit of accounts of which are entrusted to the 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 December 2021, audit of annual accounts of two entities¹ of Uttarakhand had been entrusted to the CAG. As on 31 March 2021, none of the entities finalised their accounts for the year up to 2020-21. Year(s) for which annual accounts are in arrears is given in **Table-1.6** below.

¹ Uttarakhand Jal Sansthan and Uttarakhand Peyjal Sansadhan Vikas Evam Nirman Nigam.

Table-1.6: Statement showing arrears of accounts of various Entities

Sl. No.	Name of Entities	Whether active or non-active	Year(s) for which Accounts are in arrears	Number of accounts in arrears
1.	Uttarakhand Jal Sansthan	Active	2019-20 to 2020-21	02
2.	Uttarakhand Pey Jal Sansadhan Vikas Evam Nirman Nigam	Active	2019-20 to 2020-21	02
Total				04

Source: Information compiled by Audit.

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

As on 31 December 2021, details of Annual Reports/Accounts along with Separate Audit Reports (SARs) of the entities, which are yet to be laid in the State Legislature, are given in **Table-1.7** below.

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 Entity	Year up to which Annual Report/Accounts along with SAR laid in the State Legislature	Position of Annual Report/Accounts along with SARs not laid in the State Legislature		Reasons for not laying of Annual Report/Accounts along with SAR
			Year of Annual Report/Accounts along with SAR	Date of issue of SAR to Government / Entities	
1.	Uttarakhand Electricity Regulatory Commission (UERC)	2019-20	2020-21	09.12.2021	Reasons not furnished by UERC
2.	Uttarakhand Jal Sansthan	2015-16	2016-17	06.08.2018	Reasons not furnished by Uttarakhand Jal Sansthan
			2017-18	06.03.2019	
			2018-19	26.02.2021	
3.	Uttarakhand Pey Jal Sansadhan Vikas Evam Nirman Nigam	2018-19	--	--	--
4.	Uttarakhand Transport Corporation	2009-10	2010-11	21.11.2014	Reasons not furnished by Uttarakhand Transport Corporation
			2011-12	21.11.2014	
			2012-13	01.12.2014	
			2013-14	10.02.2016	
			2014-15	10.02.2016	
5.	Uttarakhand Forest Development Corporation	2013-14	2014-15	16.08.2017	Reasons not furnished by Uttarakhand Forest Development Corporation
			2015-16	16.08.2017	
			2016-17	17.05.2018	
			2017-18	24.04.2019	
			2018-19	27.10.2020	
6.	Uttarakhand State Warehousing Corporation	-----	Incorporated on 01 April 2015. First accounts not submitted by the corporation till 31 March 2021.		

Sl. No.	Name of the Entity	Year up to which Annual Report/Accounts along with SAR laid in the State Legislature	Position of Annual Report/Accounts along with SARs not laid in the State Legislature		Reasons for not laying of Annual Report/ Accounts along with SAR
			Year of Annual Report/Accounts along with SAR	Date of issue of SAR to Government / Entities	
7.	Uttarakhand State Compensatory Afforestation Fund Management and Planning Authority (Uttarakhand CAMPA)	2016-17	2017-18	12.11.2021	Reasons not furnished by Uttarakhand CAMPA
8.	Uttarakhand Real State Regulatory Authority (RERA)	2017-18	2018-19	22.01.2020	Reasons not furnished by Uttarakhand RERA
			2019-20	28.05.2021	

1.8 Recoveries at the instance of Audit

During the course of audit, recoveries of ₹ 1,386.71 crore pointed out in 1,301 cases in various Departments/Entities were accepted by the respective Department/Entities. Against this, recoveries of ₹ 4.44 crore (0.32 per cent) in 192 cases were affected 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
2019-20					
Forest	Unused vehicles had been sold without doing auction related matters	245	346.26	-	-
Mining	Late environment fee related matters	59	139.63	9	0.55
Power	Recoveries against Labour Cess	2	1.46	2	1.46
PWD	Recovery of Royalty	2	0.04	2	0.04
Transport (RTO)	Renewal of registration/fitness of vehicles related matters	60	122.96	4	0.14
Stamp and Registration	Registration fee related matters	62	13.26	-	-
State Excise	Pending license fee related and less production of alcohol related matters	54	59.14	3	0.07
State Tax	Late tax penalty and ITC related matters	261	292.22	63	0.31
Urban Development	Pending recovery of House tax and Shop Rent	20	6.96	-	-
	Non recovery of Stamp Duty and registration fee of contracts	2	0.06	-	-
	Pending recovery from Contractors (Tehbazari, Hatbazar, Haddi Charsa etc)	3	0.08	-	-
Total (A)		770	982.07	83	2.57
2020-21					
Forest	Unused vehicles had been sold without doing auction related matters	145	109.95	1	0.01
	Non-recovery/adjustment of advance royalty	27	130.06	00	00
Water Resource & Supply	Recovery of excess payment	1	0.03	1	0.03
PWD	Recovery of Stock	1	0.01	1	0.01

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
	Recovery of Royalty	1	0.18	1	0.18
	Recovery of Labour Cess	1	0.68	1	0.70
	Recovery of VAT	1	0.02	1	0.02
	Recovery of Road Cutting Charges	1	0.11	1	0.11
Transport (RTO)	Renewal of registration/fitness of vehicles related matters	00	00	1 ²	0.01
Stamp and Registration	Registration fee related matters	79	3.60	6	0.04
State Excise	Pending license fee related and less production of alcohol related matters	27	121.72	1	0.01
State Tax	Late tax penalty and ITC related matters	239	31.48	94	0.75
Urban Development	Pending recovery of House tax and Shop Rent	8	6.80	00	00
Total (B)		531	404.64	109	1.87
Grand Total (A+B)		1,301	1,386.71	192	4.44

Source: Information compiled by audit.

1.9 Conclusion

Most of the State Government Departments/PSUs/Autonomous Bodies did not submit initial replies of the paragraphs included in the IRs to Audit. Public Accounts Committee has taken up only 16.79 *per cent* of the paragraphs for discussion. There were large arrears in preparation of annual accounts of most of the State Entities. The Annual Report/Accounts along with SAR of the entities were also not laid in the State Legislature. The Department/ Entities could recover only 0.32 *per cent* of the recoveries pointed out by the Audit. All this adversely affects accountability and transparency in the Government and is, therefore, a cause of concern.

² Recovery pointed out by audit during 2019-20 but effected in the year 2020-21.