

PART II
ECONOMIC SERVICES

Chapter I

General

CHAPTER - I GENERAL

1.1 Profile of Departments under purview and trend of expenditure

The Departments included in this part are headed by Additional Chief Secretaries/ Principal Secretaries/ Secretaries, who are assisted by Commissioners/ Directors/ Deputy Secretaries and subordinate officers. The details of budgetary provisions and actuals of revenue and capital expenditure of the four Departments included in this part are provided in **Table 1.1**.

Table 1.1: Budgetary provisions and actuals of revenue and capital expenditure for 2022-23

(₹ in crore)

Sl. No.	Name of Department	Revenue		Capital	
		Budget provision	Expenditure	Budget provision	Expenditure
1	Public Works	3,908.72	3,016.00	3,462.85	2,852.56
2	Forest and Wildlife	731.43	648.71	88.80	66.52
3	Environment and Climate Change*	NA	NA	NA	NA
4	Science and Technology*	NA	NA	NA	NA
Total		4,640.15	3,664.71	3,551.65	2,919.08

Source: Appropriation Accounts for the year 2022-23, Government of Kerala.

* These are Secretariat level Departments for which there are no separate Grant Heads in the Budget. The funds for autonomous bodies/ institutions under them are allocated under various other Grant Heads and hence their expenditure also are subsumed in those Heads of Accounts.

During the year 2022-23, the Departments spent lesser amounts for both capital as well as revenue than that provided in the budget. Out of the total capital budget provision of ₹3,551.65 crore, an expenditure of ₹2,919.08 crore (82.18 per cent) was incurred by the Departments. Similarly, out of the total revenue budget provisions of ₹4,640.15 crore, an expenditure of ₹3,664.71 crore (78.98 per cent) was incurred by the Departments.

1.2 Authority for conducting audit

Authority of the Comptroller and Auditor General (CAG) for audit of Departments and Public Sector Undertakings (PSUs) 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 [CAG's (DPC) Act]. The principles and methodologies for various audits are prescribed in the Regulations on Audit and Accounts, 2020 and Auditing Standards, 2017 issued by the CAG.

1.3 Audit universe and coverage of units

During the year 2022-23, there were 111 audit units under the four Departments, of which 100 units were audited utilising 920 party days.

Four paragraphs included in this part were forwarded demi officially to the Additional Chief Secretaries/ Principal Secretaries/ Secretaries of the Department concerned between December 2023 and July 2024 to furnish their responses within four weeks. Government replies received in respect of the paragraphs are suitably incorporated in the paragraphs.

1.4 Planning and conduct of audit

Audit process starts with the assessment of risks faced by various Departments of Government and Autonomous Bodies based on expenditure incurred, criticality/ complexity of activities, level of delegated financial powers, assessment of overall internal controls and concerns of stakeholders. Previous audit findings are also considered in this exercise. The frequency and extent of audit are decided based on risk assessment.

After completion of audit of each unit, an Inspection Report (IR) containing audit findings is issued to the Head of the Department and the Administrative Department concerned. The Departments are requested to furnish replies to the audit findings within one month of receipt of the IRs. Whenever replies are received, audit findings are either settled or further action for compliance is advised. The important audit observations arising out of these IRs are processed for inclusion in the Audit Reports. The Audit Reports are submitted to the Hon'ble Governor of the State under Article 151 of the Constitution of India to be tabled in the State Legislature.

1.5 Response of Government to Audit

The Accountant General (Audit-II), Kerala audits the Government Departments and Autonomous Bodies to test check the transactions and verify the maintenance of accounts and other records as prescribed in the rules and procedures. These inspections are followed by IRs which incorporate irregularities detected during the audit and not settled on the spot. The Heads of Departments are required to furnish replies to the IRs within a period of one month. In order to monitor and expedite the progress of settlement of the paragraphs in the IRs, the Government also constitutes Audit Committees/ Audit Sub-committees.

1.5.1 Inspection Reports outstanding

As on 30 June 2023, 558 IRs containing 3,011 paragraphs were outstanding against the four departments covered under this report. Department-wise details of the IRs and paragraphs outstanding are detailed in **Appendix XXX**.

1.5.2 Audit Committee Meetings

The details of the Audit Committee Meetings (ACM) held during the year 2022-23 and the paragraphs settled therein are given in Table 1.2.

Table 1.2: Details of Audit Committee Meetings held during 2022-23

Sl. No.	Name of the Department	Number of Audit Committee Meetings held	Number of paragraphs settled
1	Public Works	1	26
2	Forest and Wildlife	2	20
3	Environment and Climate Change	Nil	NA
4	Science and Technology	Nil	NA
Total		3	46

Source: Details compiled by Audit.

1.5.3 Follow-up action on Audit Reports

The Reports of the CAG represent the culmination of the process of audit scrutiny. It is, therefore, necessary that they elicit an appropriate and timely response from the Executive. The Finance Department, GoK, issued directions to all Administrative Departments in 2017 to furnish Explanatory Notes to Performance Audits (PAs)/ Paragraphs included in Audit Reports of the CAG within a period of two months of their presentation to the Legislature for speedy settlement of audit observations.

As of April 2024, departments have not submitted Remedial Measures Taken Statement relating to 16 paragraphs for the period from 2017-18 to 2019-21.

1.5.4 Discussion of Audit Paragraphs by the Public Accounts Committee

There were 21 paragraphs relating to five departments pertaining to Audit Reports for the period from 2017-18 to 2019-21 pending discussion by the Public Accounts Committee as of March 2024. Pending audit paragraphs include one each from Departments of Agriculture, Forest and Wildlife, Tourism, two from Science and Technology and 16 from Public Works Department.

Recommendations:

The Government should

- ***ensure furnishing of replies/ explanatory notes to Audit Reports and Action Taken Notes on the recommendations of Public Accounts Committee as per the prescribed time schedule.***
- ***ensure that Audit Committee Meetings are held regularly.***
- ***instruct the departments to furnish the replies of the Draft Paragraphs and Compliance Audit Paragraphs on time.***

