

Overview

OVERVIEW

This Report of the Comptroller and Auditor General of India (C&AG) relates to matters arising from compliance audit of Government departments, autonomous bodies and public sector undertakings of the Government of Haryana. 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.

Chapter 2, 3 and 4 contains observations of the Subject Specific Compliance Audits and Chapter 5 contains observations emanating from compliance audit in Government departments, autonomous bodies and public sector undertakings.

(Paragraph 1.1, page 1)

Subject Specific Compliance Audit

Finance Department

District Plan scheme

Decentralization of Planning process has acquired considerable significance with 73rd and 74th Constitutional Amendment Act. The basic idea to formulate District Plan (DP) was to involve Panchayati Raj Institutions (PRIs) and local bodies in preparation of area plans and implementation of schemes for economic development and social justice. This process was expected to result in efficient use of resources, equitable sharing of benefits from development and giving power to local bodies. The District Plan scheme was introduced in Haryana in the year 2008-09 for carrying out various development works in the State. “District Plan” is a development scheme running in the Department of Economics and Statistical Analysis (DESA), Haryana for carrying out various development works in the State. There has been a significant decline in the allocation amount in the progressive years from 2018-19 to 2020-21 *i.e.* from ₹ 700 crore in 2018-19 to ₹ 200 crore in 2020-21. This decline is a direct fallout of the inability of the Department to utilise the allocated funds within the scheduled timeframe. District Plans were prepared and sent to HQ with

considerable delay which delayed start of work and consequential lapse of funds. Funds were allocated to various Chief Planning and Development Officers (CPDOs) in lump sum and on a discretionary basis without assessing their actual requirement and identifying the underlying purpose for which funds were required to be utilised. The reasons for lapse of funds were mainly on account of sanction of funds prior to or without carrying out feasibility study of works, delayed release of funds, works already carried out under other scheme, work sites being disputed, etc. Due to lack of monitoring, works which are not permissible under this scheme have been undertaken by field offices.

(Paragraph 2.1, page 7)

Urban Local Bodies Department

Transfer of Municipal Duty levied as part of Stamp Duty to the Municipal Bodies

Subject Specific Compliance Audit (SSCA) was conducted for the period 2016-21 at Director of Urban Local Bodies Department (DULB); Municipal Corporations (MCs), Gurugram, Rohtak and Yamunanagar; Finance Department of GoH and Directorate of Local Audit Department with the objectives to review the process of raising of the claims by Municipal Bodies in respect of Municipal Levy, the accounting mechanism, reconciliation process of Municipal Levy amongst the Revenue Department, DULB, concerned Municipal Bodies and office of Accountant General (Accounts & Entitlement) Haryana, the mechanism in Local Audit Department (Primary Auditor of Municipal Corporations) for deriving assurance on the transfer of Municipal Levy to the concerned Municipal Bodies. It is seen that the outstanding Municipal Levy at the end of year due to Municipal Bodies ranged between ₹ 663.35 crore (at the end of March 2018) to ₹ 2,178.98 crore (at end of March 2021) during 2016-17 to 2020-21. There were delays in transfer of funds to Municipal Bodies and deficiencies/absence of internal controls in the entire processes adopted by the various functionalities of State Government were observed.

(Paragraph 3.1, page 23)

Agriculture and Farmers Welfare Department

Implementation of Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) Scheme

Due to improper identification, non-verification and lapses in monitoring of PM-KISAN scheme, benefits amounting to ₹ 131.40 lakh were disbursed to State Government Pensioners. Besides, there were non-recovery of amount disbursed to Income Tax payees and ineligible beneficiaries, benefits extended

to more than one family member, benefits extended to beneficiaries who do not own agriculture land, benefits extended to the deceased beneficiaries, non-receipt of administrative expenses amounting ₹ 420.38 lakh, benefits released to the beneficiaries pending for Physical Verification, non-setting up of Project Monitoring Unit and non-achieving of target of physical verification.

(Paragraph 4.1, page 33)

Compliance Audit Observations

Chapter 5 contains observations emanating from compliance audit in Government departments, autonomous bodies and public sector undertakings.

Public Health Engineering Department

Embezzlement of ₹ 2.76 crore

Due to system deficiencies in e-Salary IT application of Haryana Government and negligence on the part of Treasury Office, the officials of Public Health Engineering Division, Charkhi Dadri manipulated the Unique Codes of payee employees and embezzled ₹ 2.76 crore.

(Paragraph 5.1, page 45)

Stock and Inventory Management

There was deviation from prescribed accounting procedure for Stock transactions. No provision was made for accounting classification for Stock Suspense which led to booking of expenditure to works without commencement of work or closed works. User manual of online Inventory Management System (IMS) was not updated. Physical verification of stores was not conducted as per codal provisions. Unutilised inventory was lying in the store since long and actual quantity of unserviceable/scrap items could not be ascertained. The obsolete or unserviceable items were not disposed off.

(Paragraph 5.2, page 48)

Irregular and excess payment to the contactor for work not done

Due to items of works not recorded on actual basis and falsely certified, an amount of ₹ 2.53 crore was recoverable from the agency on account of irregular excess payment.

(Paragraph 5.3, page 56)

Public Works Department (Building and Roads)

Infructuous expenditure on incomplete abandoned works and recoverable amount from the agency

Due to injudicious decision of the Engineer-in-Chief, Public Works Department (Building & Roads) of revoking the agreement after a period of two years and non-action of calling for fresh tenders subsequent to termination of agreement, expenditure worth ₹ 179.25 lakh on works has become unfruitful and recovery of liquidated damages worth ₹ 12.37 lakh and 20 per cent penalty of balance work worth ₹ 40.53 lakh are still pending.

(Paragraph 5.4, page 58)

Allotment of work to ineligible agency and non-recovery of ₹ 2.15 crore due to less assessment of value of contract for levying Liquidated Damages and penalty for left over work

The Department violated the bid conditions, awarded the work to ineligible bidders and dis-obeyed the specific orders of Engineer-in-Chief (EIC) to restrict the value of stone taken out by agency to ₹ two crore at any given point of time. Calculation of liquidated damages (LD) and penalty for left over work was not appropriate resulting into undue benefit in terms of LD and penalty for left over work valuing ₹ 1.53 crore.

(Paragraph 5.5, page 60)

Non-termination of contract led to undue benefit to contractor of ₹ 26.46 crore

Inordinate delay in construction of National Law University at Sonapat due to injudicious time extension and non-termination of contract led to undue benefit to contractor of ₹ 26.46 crore as penalty of liquidated damages and left over work penalty alongwith loss of interest.

(Paragraph 5.6, page 63)

Public Works Department (Irrigation and Water Resources Department)

Irregularities in the tender assessment process followed by Tender Allotment Committee

The Tender Allotment Committee (TAC) worked in a non-transparent manner and left out eligible bidders compromising on the integrity of the bids evaluation process, used different standards in different tenders, took decision inconsistent with the existing instructions and provisions contained in Standard Bidding Document (SBD).

(Paragraph 5.7, page 66)

Urban Local Bodies Department

Non-adherence to prescribed norms/procedures resulting in irregular payments to contractors on account of development works

Allotment of works to a contractor on quotation basis by flouting the prescribed e-tendering process without approval of estimates, repetition of allotment by slight variation in name of the contractor but having same TIN Number and place of business culminated in a loss of ₹ 23.80 crore to the Municipal Corporation Faridabad (MCF) as no works were executed against these payments. Further, an amount of ₹ 183.83 crore was disbursed to the same contractor without proper documentation thereby indicating weak internal and financial controls.

(Paragraph 5.8, page 73)

Health and AYUSH Department

Cost over-run of ₹ 3.39 crore and infructuous expenditure of ₹ 48.89 lakh due to failure of internal controls in finalisation of site

Time over-run with three years delay in establishing Government Homoeopathic College and Hospital resulted in creating extra burden of ₹ 3.88 crore on the State exchequer apart from depriving the intended benefit to the General Public and students of the State.

(Paragraph 5.9, page 77)

Higher Education Department

Avoidable expenditure of ₹ 92.58 lakh due to irregularities in purchase of library books

Irregularities in purchase of library books by the Director, Higher Education Department worth ₹ four crore for 149 Government Colleges at a lower rate of discount resulted in avoidable expenditure of ₹ 79.96 lakh and additional loss of ₹ 12.62 lakh due to negligence in the purchase activity.

(Paragraph 5.10, page 80)

Sports and Youth Affairs Department

Irregular payment of cash award to ineligible sportspersons ₹ 41.30 crore

Non-adherence of the provisions of Haryana Sports and Physical Fitness Policy regarding disbursement of cash awards to sports-persons resulted in violation of the policy leading to irregular payment of cash award to ineligible sportspersons by the department.

(Paragraph 5.11, page 82)

Technical Education Department

Inadmissible payment due to irregular implementation of Career Advancement Scheme- ₹ 14.75 crore

Promotion of faculty members under Career Advancement Scheme in violation of University Grants Commission regulations by adopting deviated Academic Performance Indicator based Performance Based Appraisal System resulted in inadmissible payment of pay and allowances of ₹ 14.75 crore.

(Paragraph 5.12, page 85)

Finance Department

Irregularities in payment of pensioners/family pensioners

Excess/irregular payment of ₹ 9.56 crore out of the Consolidated Fund of the State on account of payment of pension/family pension reflects deficiencies on the part of State Bank of India as well as Treasury and Accounts Department.

(Paragraph 5.13, page 90)

Food, Civil Supplies and Consumers Affairs Department

Loss due to less claim and delay in submission of claims of Central Assistance from Government of India

Loss of ₹ 1.20 crore due to less claim of Central Assistance from Government of India (GoI) and interest loss of ₹ 7.30 crore due to delayed claims of Central Assistance.

(Paragraph 5.14, page 93)

Forest Department

Loss of revenue alongwith avoidable extra expenditure thereof

Indifferent approach of the Forest Department towards disposal of confiscated Red Sanders Wood (RSW) resulted in loss of revenue of ₹ 22.12 crore and an unavoidable expenditure of ₹ 96.14 lakh on the watch and ward of confiscated RSW.

(Paragraph 5.15, page 95)

Home Department

Irregular expenditure on ineligible Home Guard Volunteers

Irregular decision of Commandant General for enhancement in the retirement age of Home Guard Volunteers from 50 to 58 years in contravention of Rules

resulted in irregular payment of ₹ 10.30 crore to ineligible Home Guard Volunteers.

(Paragraph 5.16, page 98)

Haryana Police Housing Corporation

Avoidable expenditure

Delay in cancelling the acceptance letter of L1 who failed to deposit the performance security within the prescribed period of 21 days of allotment of work led to elapse of tender validity period of 120 days. Resultantly, L2 could not be made bound with his bid which was marginally higher than L1 and this resulted in an avoidable expenditure of ₹ 1.03 crore due to inviting of fresh tenders and allotment of work at a higher rate.

(Paragraph 5.17, page 99)