

CHAPTER-I: General

1.1 Introduction

This part of the Report of the Comptroller and Auditor General of India (C&AG) relates to the matters arising from Compliance Audit of 30 Departments¹ of the Government of Rajasthan.

Compliance Audit refers to the examination of transactions relating to expenditure, receipts as well as assets and liabilities of audited entities to ascertain whether the provisions of the Constitution of India, applicable laws, rules, regulations and various orders and instructions issued by competent authorities are being complied with.

The primary purpose of the Report is to bring important results of the 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 measures and also to frame policies and directives that will lead to improved financial management of the organisations, thus, contributing to better governance.

This chapter, in addition to explaining the planning and extent of audit, provides information on follow-up of previous Audit Reports.

1.2 Audited Entities Profile

The Departments are headed by Additional Chief Secretaries/Principal Secretaries/Secretaries, who are assisted by Commissioners/Director/Deputy Secretaries and subordinate officers. Audit observations on State Public Sector Enterprises are covered in Part -II of this Report.

A brief profile of the 30 Departments covered in this part of the Report, is discussed in *Appendix-1*.

The summary of the fiscal operations of Government of Rajasthan during the year 2020-21 and 2021-22 is given in **Table 1.1**.

¹ Departments: Agriculture; Agriculture Marketing; Animal Husbandry; Art, Culture, Archaeology and Museum; Civil Aviation; Command Area Development and Water Utilisation; Cooperative; Devasthan; Energy; Environment; Factories and Boilers Inspection; Fisheries; Food, Civil Supplies and Consumer Affairs; Forest; Gopalan; Ground Water; Horticulture; Indira Gandhi Nahar; Industries; Department of Information Technology and Communication; Mines and Geology; Directorate of Petroleum; Public Health Engineering; Public Works; Science and Technology; State Enterprises; Rajasthan State Motor Garage; Tourism; Transport and Water Resources.

Table 1.1: Summary of Fiscal Operations

(₹ in crore)

Receipts	Disbursements				
	2020-21	2021-22	2020-21	2021-22	
Section-A: Revenue Account					
Own Tax Revenue	60,283.44	74,807.98	General Services	60,143.84	65,406.37
Non-Tax Revenue	13,653.02	18,754.97	Social Services	74,009.59	85,053.68
Share of Union Taxes/ Duties	35,575.77	54,030.61	Economic Services	44,155.91	59,329.92
Grants-in-aid from Government of India	24,795.65	36,326.49	Grants-in-aid and Contributions	0.07	0.04
Total Section-A Revenue Receipts	1,34,307.88	1,83,920.05	Total Section-A Revenue Expenditure	1,78,309.41	2,09,790.01
Section-B: Capital Account and others					
Miscellaneous Capital Receipts	14.08	31.42	Capital Outlay	15,270.49	24,151.59
			General Services	398.17	483.53
			Social Services	7,641.58	10,951.01
			Economic Services	7,230.74	12,717.05
Recoveries of Loans and Advances	373.52	2,373.59	Loans and Advances disbursed	491.01	621.24
Public Debt Receipts	89,964.01	1,01,363.31	Repayment of Public Debt	41,022.99	56,128.18
Contingency Fund	-	500.00	Contingency Fund	-	500.00
Public Account Receipts	2,08,446.75	2,51,294.80	Public Account Disbursements	1,99,229.24	2,40,110.57
Opening Cash Balance	7,704.41	6,487.51	Closing Cash Balance	6,487.51	14,669.09
Total Section-B Receipts	3,06,502.77	3,62,050.63	Total Section-B Disbursements	2,62,501.24	3,36,180.67
Grand Total (A +B)	4,40,810.65	5,45,970.68	Grand Total (A+B)	4,40,810.65	5,45,970.68

Source: Finance Accounts of the respective years

1.3 Authority for Audit

The authority for audit by the C&AG 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.

The Accountant General (Audit-II), Rajasthan, Jaipur conducts audit of receipts and expenditure of the Departments, including Public Sector Undertakings and Autonomous Bodies of the Government of Rajasthan under the provisions of the C&AG's (Duties, Powers and Conditions of Service) Act, 1971. The principles and methodologies for various audits are prescribed in the Regulations on Audit and Accounts, 2020 and Auditing Standards, 2017 issued by the C&AG.

1.4 Planning and conduct of audit

Audit process started with the assessment of risk of various Government Departments/organisations/Autonomous Bodies and schemes/projects, etc. Risk assessments were based on quantum of expenditure, criticality of activities, position of overall internal control systems and the concerns of stakeholders, etc. Previous audit findings were also considered in this exercise. During 2021-22, audit of 190 units of 30 Departments was carried out.

Inspection Reports containing audit findings were issued to the head of the units after completion of audit of each unit. The units were requested to furnish replies to the audit findings within one month of receipt of the Inspection Reports. Whenever replies were received, audit findings were either settled or further compliance was advised. The important audit observations arising out of these Inspection Reports were processed for inclusion in the Audit Reports.

1.5 Response of the Government/Departments to audit observations

The Accountant General (Audit-II), Rajasthan, Jaipur audits 30 Departments of State Government to test-check the transactions and verify the maintenance of important accounts and other records as prescribed in the rules and procedures. These inspections are followed by issue of Inspection Reports (IRs) which incorporate irregularities detected during the audit and not settled on the spot.

Analysis of IRs issued upto March 2022 disclosed that 22,961 paragraphs involving ₹ 68,387.60 crore relating to 5,243 IRs issued for these Departments remained outstanding at the end of September 2022.

1.5.1 The Department-wise details of the IRs and audit paragraphs outstanding as on 30 September 2022 and the amount involved are given in the Table 1.2 below:

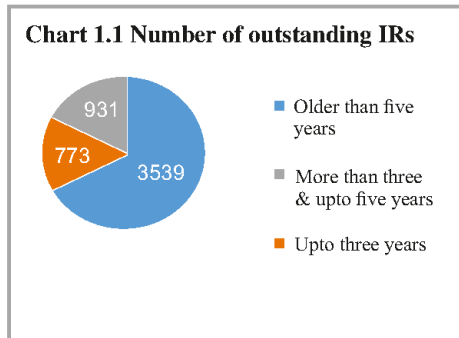
Table 1.2: Department-wise details of IRs and audit paragraphs

Sl. No.	Name of the Department	Number of outstanding IRs	Number of outstanding paragraphs	Amount involved (₹ in crore)
1	Agriculture	253	1,216	3,229.93
2	Agriculture Marketing	10	33	115.79
3	Animal Husbandry	74	244	3,470.62
4	Art, Culture, Archaeology and Museum	93	384	487.29
5	Civil Aviation	7	24	42.84
6	Command Area Development and Water Utilisation	61	109	91.23
7	Cooperative	93	301	2,416.96
8	Devasthan	43	132	240.62
9	Energy	7	20	17,575.86
10	Environment	9	50	603.00
11	Factories and Boilers Inspection	9	34	2.38
12	Fisheries	2	18	21.51
13	Food and Civil Supply	110	616	5,814.73
14	Forest	361	1,645	1,843.22
15	Gopalan	21	125	393.83
16	Ground Water	37	82	461.72
17	Horticulture	48	192	354.78
18	Indira Gandhi Nahar	72	161	449.74
19	Industries	42	134	141.04

Sl. No.	Name of the Department	Number of outstanding IRs	Number of outstanding paragraphs	Amount involved (₹ in crore)
20	Information Technology and Communication	9	46	1,561.17
21	Mines and Geology	335	1,407	2,477.63
22	Petroleum	4	5	122.07
23	Public Health Engineering	1,134	4,711	14,220.27
24	Public Works	1,384	6,910	8,517.28
25	Rajasthan State Motor Garage	6	25	20.24
26	Science and Technology	18	52	47.25
27	State Enterprises	3	9	22.07
28	Tourism	18	65	182.12
29	Transport	310	1,479	108.33
30	Water Resources	670	2,732	3,352.08
Total		5,243	22,961	68,387.60

Source: Information compiled on the basis of Inspection Reports issued and replies received thereon

As can be seen from the Table, the pendency in terms of outstanding IRs and outstanding paragraphs is highest in the Public Works Department. Age wise analysis of outstanding IRs and audit paragraphs is detailed in *Appendix-2*, which reveals that 3,539 IRs (67.49 per cent of total outstanding IRs) were outstanding for more than five years.



Source: Compiled by Audit

The pendency is indicative of the fact that the Heads of Offices and the Departments need to take effective action timely to rectify the defects and irregularities pointed out by Audit through the IRs.

1.5.2 Departmental Audit Committee Meetings

The Government constituted Audit Committees² to monitor and expedite the progress of the settlement of the paragraphs in the IRs. The details of the Audit Committee/Audit sub-Committee meetings held during the year 2021-22 and the paragraphs settled therein are given in **Table 1.3**.

² Audit Committees, *inter alia*, comprising Secretary of Department concerned and Accountant General/his representative, were formed as per Circular No. 1/2005 dated 18 January 2005 of Government of Rajasthan and it was decided by the Government that one Audit Committee meeting shall be held in each quarter. In addition to this, Audit sub-Committees comprising officers of the Departments and representative of Accountant General, are also formed.

Table 1.3: Details of Audit Committee and Audit sub-Committee Meetings

Sl. No	Name of the Department	Number of Audit Committee meetings held	Number of Audit sub-Committee meetings held	Number of paragraphs settled	Amount (₹ in crore)
1	Agriculture	1	4	93	15.14
2	Agriculture Marketing	0	0	0	0
3	Animal Husbandry	3	4	59	47.59
4	Art, Culture, Archaeology and Museum	2	1	33	3.68
5	Civil Aviation	1	0	0	0
6	Command Area Development and Water Utilisation	1	0	0	0
7	Cooperative	3	0	0	0
8	Devasthan	1	1	27	15.62
9	Energy	4	0	0	0
10	Environment	0	0	0	0
11	Factories and Boilers Inspection	1	0	0	0
12	Fisheries	3	0	0	0
13	Food and Civil Supply	2	0	0	0
14	Forest	2	4	8	16.80
15	Gopalan	3	2	27	109.81
16	Ground Water	0	0	0	0
17	Horticulture	1	0	0	0
18	Indira Gandhi Nahar	1	0	0	0
19	Industries	2	0	0	0
20	Information Technology and Communication	1	0	0	0
21	Mines and Geology	3	1	59	3.39
22	Petroleum	3	0	0	0
23	Public Health Engineering	2	1	28	0
24	Public Works	1	2	225	197.08
25	Rajasthan State Motor Garage	1	0	0	0
26	Science and Technology	1	0	0	0
27	State Enterprises	1	0	0	0
28	Tourism	1	1	7	0.01
29	Transport	2	0	0	0
30	Water Resources	2	0	0	0
	Total	49	21	566	409.12

Source: Compiled by Audit

It can be seen from Table 1.3 that except the Department of Energy, the minimum requirement of four Audit Committee Meetings was not fulfilled in respect of any of the Departments, during the year 2021-22. Further, in respect of Agriculture Marketing, Environment and Ground Water Department, no Audit Committee meeting was held during 2021-22. Audit sub-Committee Meetings were held in 10 Departments only, wherein 566 paragraphs involving ₹ 409.12 crore were settled. The Departments may organise more Audit Committee/Audit sub-Committee meetings to settle these outstanding paragraphs expeditiously.

1.5.3 Response of the Departments to the draft audit paragraphs

Factual statements followed by draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India are forwarded to the Principal Secretaries/Secretaries of the three Departments³ concerned, drawing their attention to the audit findings and requesting them to send their responses within six weeks since issue of Factual Statements.

A total of four draft paragraphs were sent to the Principal Secretaries/Secretaries of the respective Departments between March 2023 and April 2023. Replies to all the draft paragraphs have been received and suitably incorporated in the Report.

1.6 Follow-up on Audit Reports

The Finance Department of the State Government decided (December 1996) that explanatory notes on all Performance Audits/paragraphs that have appeared in Audit Reports be submitted to the Public Accounts Committee (PAC), duly vetted by Audit, within three months from the date of laying of the Reports in the State Legislature. No explanatory note on Performance Audits/paragraphs was pending as of 30 June 2024.

Discussion of Audit Reports by PAC

The status of discussion of Performance Audits and paragraphs pertaining to 30 Departments as shown in **Table 1.3** which appeared in Audit Reports (Revenue Sector/Economic Sector/Revenue and Economic Sectors/General and Social Sector/Compliance Audit/Standalone Reports) by the PAC as of 30 June 2024 is given in **Table 1.4** below.

**Table 1.4: Performance Audits/paragraphs appeared in Audit Reports
vis-a-vis discussed**

Period of Audit Report		Number of Performance Audit/paragraphs			
		Appeared in Audit Report		Paragraphs discussed	
		Performance Audit	Paragraphs	Performance Audit	Paragraphs
2016-17	Revenue Sector	-	7	-	4
	Economic Sector	1	11	1	11
	General and Social Sector	1	7	1	7
2017-18	Revenue Sector	-	7	-	3
	Economic Sector	2	7	2	7
	General and Social Sector	1	5	1	5
2018-19	Revenue and Economic Sectors	1	12	-	-
	General and Social Sector	-	5	-	5

³ *Factories and Boilers Inspection, Mines and Geology and Transport*

Period of Audit Report		Number of Performance Audit/paragraphs			
		Appeared in Audit Report		Paragraphs discussed	
		Performance Audit	Paragraphs	Performance Audit	Paragraphs
2019-20	Compliance Audit (Report No. 7 of the year 2021)	-	7	-	3
	Compliance Audit (Report No. 2 of the year 2021)	-	3	-	2
	Standalone Report on 'Outcomes in surface Irrigation in Rajasthan;	1	-	1	-
	Standalone Report on 'Illegal Mining in Rajasthan'	1	-	-	-
2020-21	Compliance Audit (Report No. 1 of the year 2022)	-	3	-	-

Source: Compiled by Audit

The discussion on Performance Audits and paragraphs which appeared in Audit Reports (Revenue Sector/Economic Sector/General and Social Sector) upto 2015-16 has been completed.

1.7 Coverage of this part of the Report

This part of the Report contains four paragraphs. The total financial impact of the paragraphs is ₹ 8.74 crore. These are discussed in Chapter II. The Departments/Government have accepted audit observations involving ₹ 7.91 crore (as of June 2024). Out of the accepted audit observations, the Departments had recovered ₹ 2.31 crore upto June 2024, which was in addition to the recoveries (₹ 50.93 crore) made in response to Audit findings in the local audit inspection reports, during the year 2021-22. Further, the Departments concerned recovered ₹ 4.32 crore during the year 2021-22 in respect of objections raised in previous Audit Reports. Thus, total recoveries made at the instance of Audit during the year aggregated to ₹ 57.56 crore.