

Chapter-1
Introduction

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1.1 Introduction

The audit of 60 Departments of Government of Uttarakhand along with 32 Public Sector Undertakings (PSUs) and 48 other entities (Autonomous Bodies/Authorities, etc.), comes under the audit jurisdiction of Accountant General (Audit), Uttarakhand. The details of Departments and respective entities are given in *Appendix-1.1* and summarized in **Table-1.1**.

Table-1.1: Details of Departments and entities under audit jurisdiction

Total No. of Departments	Total No. of Public Sector Undertakings (PSUs)	Total No. of Other entities (Autonomous Bodies/Authorities, etc.)	Total No. of PSUs and other entities
60	32	48	80

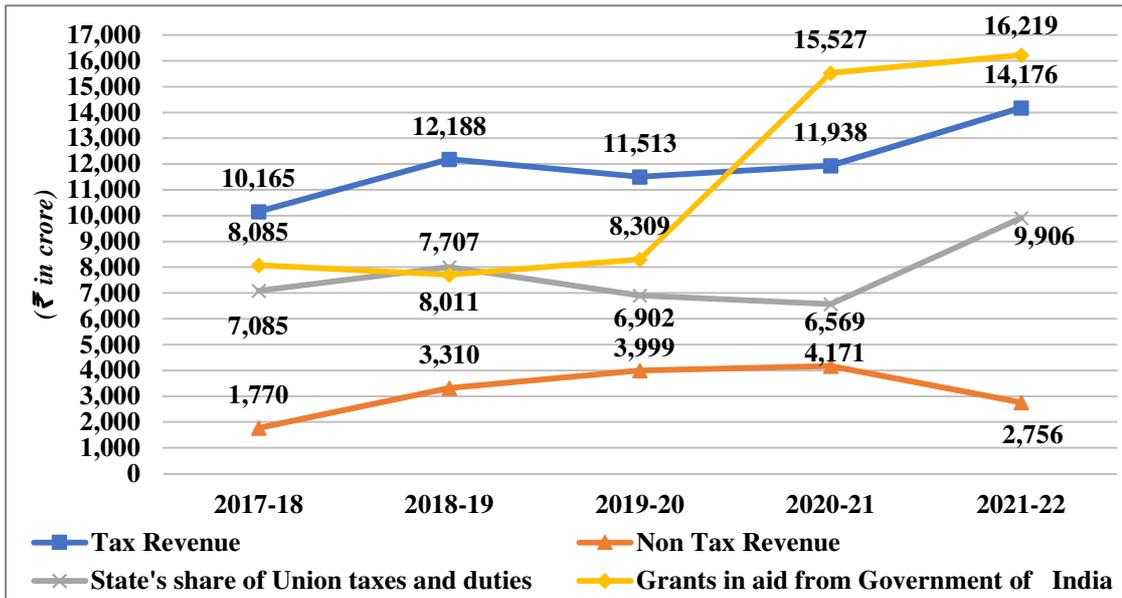
1.2 Audit Coverage

During the year 2021-22, out of total 48,755 auditable units under the 60 Departments of Government of Uttarakhand, the office of the Accountant General (Audit), Uttarakhand conducted the compliance audit of 503 units under 39 Departments. This Report contains results of eight Subject Specific Compliance Audits (SSCAs) on “Uttarakhand Disaster Recovery Project- Additional Financing”, “Pradhan Mantri Kaushal Vikas Yojana 2.0 (PMKVY 2.0)”, “Infrastructure Development under Central Schemes of PRASHAD and Swadesh Darshan Scheme”, “Management and Execution of Kumbh Mela Works”, “Short Levy of Stamp Duty and Registration Fee due to misclassification of documents”, “Establishment and utilisation of Modern Record Rooms (MRRs) under Digital India Land Records Modernization Programme (DILRMP)”, “Department’s Oversight on GST Payments and Return Filing”, and “Project Management by Power Transmission Corporation Uttarakhand Limited” and 15 compliance audit paragraphs pertaining to eleven Departments including two PSUs.

1.3 Resources and Application

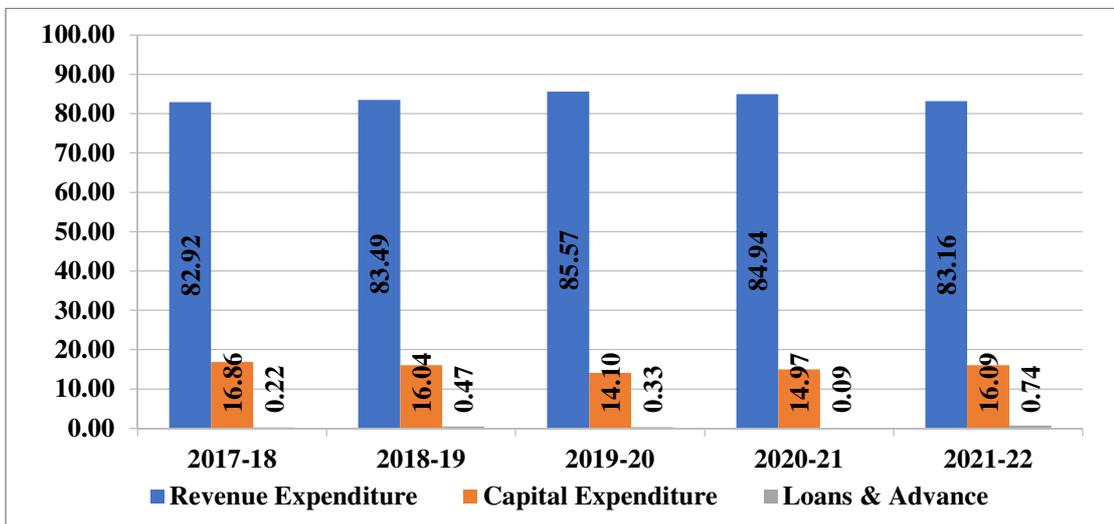
The total revenue receipts of the State Government for the year 2021-22 were ₹ 43,057 crore as compared to ₹ 38,205 crore during the year 2020-21. Out of this, 33 *per cent* was raised through tax revenue (₹ 14,176 crore) and 6 *per cent* was raised through non-tax revenue (₹ 2,756 crore). The balance 61 *per cent* was received from the Government of India as State’s share of divisible Union taxes (₹ 9,906 crore) and Grants-in-aid (₹ 16,219 crore). Trend of Revenue Receipt from 2017-18 to 2021-22 and its components is depicted in **Chart-1.1**.

Chart-1.1: Trend of components of Revenue Receipts



The total expenditure of the State increased from ₹ 35,074 crore to ₹ 46,810 crore during 2017-18 to 2021-22. Revenue Expenditure formed an average 84.02 per cent (ranging from 82.92 per cent to 85.57 per cent during 2017-22) of the total expenditure during the period 2017-18 to 2021-22, whereas Capital Expenditure in the same period was between 14.10 per cent and 16.86 per cent. Trend of components of Total Expenditure from 2017-18 to 2021-22 is given in **Chart-1.2**.

Chart-1.2: Total Expenditure: Trends in share of its components (in per cent)



During 2021-22, there was a significant increase of 12.70 per cent (₹ 4,852 crore) in Revenue Receipts. Revenue Expenditure on the other hand increased only by 4.96 per cent (₹ 1,838 crore). This resulted in increase of State's Revenue surplus during the year.

1.4 Audit Process and Response of Government to Audit

Audit offers 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 (IR): 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 CAG's Audit Report.

Exit Conference: Opportunity is given to the head of 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 not convincing, the audit observations are processed for inclusion in the Inspection Report 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 Inspection Reports (IRs) issued up to March 2022 revealed that 29,283 paragraphs contained in 10,090 IRs, as detailed in **Table-1.2** below, were outstanding for settlement as on 31 March 2022. Of these, the DDOs submitted initial replies against 406 paragraphs contained in 247 IRs, while in respect of 28,877 paragraphs contained in 9,843 IRs, there was no response from DDOs.

Table-1.2: Outstanding IRs and Paragraphs

Sl. No.	Period	No. of outstanding IRs (per cent)	No. of outstanding Paras (per cent)
1	2021-22	274 (2.72)	886 (3.03)
2	More than 1 year but equal to or less than 3 years	1,877 (18.60)	6,458 (22.05)
3	More than 3 year but equal to or less than 5 years	1,635 (16.20)	5,297 (18.09)
4	More than 5 years	6,304 (62.48)	16,642 (56.83)
Total		10,090 (100)	29,283 (100)

Source: Information compiled by Audit.

During the year 2020-21, 23 Audit Committee Meetings (ACMs) with the Departmental officers were held, in which 03 IRs and 98 Paragraphs were settled. Similarly, in the year 2021-22, 02 ACMs with the Departmental officers were held, in which 03 IRs and 79 Paragraphs were settled.

- **Status of Replies to Audit paragraphs included in Audit Report 2021-22**

For the present Audit Report i.e. for the year ending 2021-22, eight SSCAs on "Uttarakhand Disaster Recovery Project- Additional Financing", "Pradhan Mantri Kaushal Vikas Yojana 2.0 (PMKVY 2.0)", "Infrastructure Development under Central Schemes of Prashad and Swadesh Darshan Scheme", "Management and Execution of Kumbh Mela works", "Short Levy of Stamp Duty and Registration Fee due to

misclassification of documents”, “Establishment and utilisation of Modern Record Rooms (MRRs) under Digital India Land Records Modernization Programme (DILRMP)”, “Department’s Oversight on GST Payments and Return Filing”, “Project Management by Power Transmission Corporation Uttarakhand Limited”, and 15 compliance audit paragraphs pertaining to eleven Departments including two PSUs 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 seven SSCAs and fourteen audit paragraphs have been received. The replies of the Government in respect of one audit paragraph and one SSCA were not received 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 Comptroller and Auditor General of India (CAG) 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 Combined 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
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	02	09
2016-17	20.09.2018	02	19	01	11
2017-18	10.12.2019	02	19	02	16
2018-19	06.03.2021	01	13	01	07
2019-20 & 2020-21	15.03.2023	01	21	01	20
Total		15	130	14	90

Source: Information compiled by Audit.

1.5.2 Discussion of Audit Reports by Public Accounts Committee

During the years 2013-14 to 2020-21, 15 Performance Audits and 130 Compliance Audit Paragraphs related to Departments/Autonomous Bodies were reported in these Audit Reports. Of these, Public Accounts Committee (PAC) had taken up 12.41 *per cent* paragraphs {18 paragraphs (01-PA/ 17-CAs)} for discussion. The status of PAC discussion as on 31 March 2022 is detailed in **Table-1.4** below.

Table-1.4: Status of discussion of Audit Reports by PAC as on 31 March 2022

Status	PAs/TAs/CAs of Audit Report pertaining to Non-PSUs and Revenue Section for the year 2013-14 to 2020-21
Number of total Audit Paras	145(15 PAs+130 CAs)
Taken up by PAC for discussion	18(01 PA+17 CAs)
Recommendation made by PAC	--
ATN received	41
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 2021-22, 10 Performance Audits and 76 Compliance Audit Paragraphs of Public Sector Undertakings were reported in the Audit Reports. Of these, Committee on Public Undertaking (COPU) had taken up 07 Performance Audit and 61 Compliance Audit Paragraphs for discussion. The status of COPU discussion as on 31 March 22 is detailed in **Table-1.5** below.

Table-1.5: Status of discussion of Audit Reports by COPU as on 31 March 2022

Status	PAs/TAs/CAs of Audit Report pertaining to PSUs for the year 2000-01 to 2021-22
Number of total Audit Paras	86 (10 PAs + 76 CAs)
Taken up by COPU for submission of written reply	68 (07 PAs + 61 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**

Audit of annual accounts of 35 entities¹ of Uttarakhand had been entrusted to the CAG. As on 30 September 2022, two entities finalised and submitted their accounts up to 2021-22. Year/(s) for which annual accounts are in arrears and status (Active or Non- Active) are given in **Appendix-1.2** and summarized in **Table-1.6**.

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

Sl. No.	Number of Entities	Whether active or non-active	Year(s) for which Accounts are in arrears	Number of accounts in arrears
1.	26	Active	2005-06 to 2021-22	89
2.	09	Non-Active	1987-88 to 2021-22	203
Total	35			292

Source: Information compiled by Audit.

¹ Thirty two SPSEs, two State Autonomous Bodies and one Quasi-Judicial Body.

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

As on 31 December 2022, 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**.

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 Entities	Year upto 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	2015-16	16.08.2017	Reasons not furnished by Uttarakhand Forest Development Corporation
			2016-17	17.05.2018	
			2017-18	24.04.2019	
			2018-19	27.10.2020	
6.	Uttarakhand State Warehousing Corporation	-	Accounts for the year 2015-16 to 2017-18 were received on 21 February 2022 which were finalised on 01 June 2022. Due to this the corporation could not place the same before legislature till March 2022. However, as per discussion with the management of USWC the same will be placed shortly.		
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
			2018-19	26.02.2021	
8.	Uttarakhand Real State Regulatory Authority		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 ₹ 275.57 crore pointed out in 33 cases in various Departments/Entities were accepted by the respective Department/ Entities. Against this, recoveries of ₹ 0.02 crore (0.007 per cent) in three cases were effected 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
2021-22					
State Tax	Late tax penalty, Non-imposition of penalty and ITC related matters	17	2.36	-	-
Forest	Non recovery of royalties and non-deposit of due security amount by officials/employees	07	5.47	-	-
UKFDC	Non - realization of revenue	03	0.35	-	-
State Excise	No recovery of revenue due to non-management of liquor shops and pending recovery of calculated interest on delayed deposit of fixed revenue dues.	02	267.13	-	-
Irrigation	Non recovery of penalty from contractor	01	0.24	-	-
RWD	Salary	01	0.0116	01	0.0075
Rural Development	Salary	01	0.0027	01	0.0027
Peyjal	Royalty	01	0.0095	01	0.0095
Total		33	275.57	03	0.020

Source: Information Compiled by Audit.

In addition to the above, out of 16 draft paragraphs sent to the headquarters for inclusion in the compliance report for the year ended 31 March 2022, recovery of ₹ 5.16 lakh has been made against one draft paragraph pertaining to the Revenue Department. Accordingly, 15 draft paragraphs have been included in this report. Further, ₹ 29.79 lakh has been deposited against objected amount of ₹ 32.71 lakh by the dealer as mentioned in **Paragraph-3.13**. Also, as per replies received from the State Tax Department pertaining to SSCA on Department's Oversight on GST Payments and Return Filing, ₹ 8.88 crore has been deposited.

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. The Public Accounts Committee could take up 12.41 *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 0.007 *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.

