

OVERVIEW

This Report includes two chapters containing observations based on the Finance Accounts and Appropriation Accounts of the Government of Uttar Pradesh for the year 2007-08 and two other chapters containing four performance audits/ long paragraphs and 12 paragraphs based on the performance audit of certain selected programmes of a Government department as well as audit of the financial transactions of the Government.

The audit has been conducted in accordance with the Auditing Standards prescribed for the Indian Audit and Accounts Department. Audit samples have been drawn based on statistical sampling methods as well as on judgment basis. The specific audit methodology adopted for programmes and schemes has been mentioned in the reviews. The audit conclusions have been drawn and recommendations made taking into account the views of the Government wherever furnished.

A summary of the financial position of the State and the audit comments on the performance of the Government in implementation of certain programmes and schemes as well as transaction audit findings is given below:

1. Financial position of the State Government

The State's revenue receipts during 2007-08 grew by 13.32 *per cent* as against 17.10 *per cent* growth of revenue expenditure over the previous year. This resulted in decline in revenue surplus by Rs 1,452 crore over the revenue surplus of Rs 4,901 crore in 2006-07. Fiscal deficit also increased by Rs 4,179 crore from Rs 9,615 crore in 2006-07 to Rs 13,794 crore mainly due to increase in capital expenditure.

At the end of 2007-08 total investment of the State Government in Government companies, statutory corporations, etc. were Rs 12,188.76 crore but the returns of Rs 1.05 crore were negligible and continued to be less than one *per cent* as against the average interest rate of 6.43 *per cent* on the borrowings of the Government.

Outstanding liabilities of the State increased from Rs 1,02,485 crore in 2002-03 to Rs 1,74,248 in 2007-08 and their ratio to GSDP was 50 *per cent* during the current year. The amount guaranteed by the State Government on behalf of statutory corporations, Government companies, etc. and outstanding as of March 2008 was Rs 12,736 crore.

(Paragraphs: 1.1.2, 1.7.1, 1.8.1 and 1.8.2)

2. Allocative Priorities and Appropriation

Against the total provision of Rs 1,12,516 crore including supplementary grants, actual expenditure was Rs 96,077 crore. The net saving of Rs 16,439 crore was the result of overall savings of Rs 20,294 crore in 165 cases of grants and appropriations, partly offset by excess expenditure of Rs 3,856 crore in 37 cases of grants and appropriations. The excess expenditure of Rs 3,610.65 crore required regularization by the State Legislature under Article 205 of the Constitution of India.

(Paragraph: 2.2 and 2.3.4)

3. Saryu Canal Project

The Saryu Canal Project, launched in 1977-78 to provide irrigation potential of 10.76 lakh hectare (revised) in eight districts of Uttar Pradesh for completion by 1988-89, failed to achieve the intended objective despite spending Rs 2,440.72 crore during 1977-2008 due to improper planning and slow progress in acquisition of land. Due to delay of 19 years in execution, there was a cost overrun of 743 *per cent*. After 30 years of its start, only 1.90 lakh hectare (18 *per cent*) irrigation potential could be created as of March 2008, against which 0.53 lakh hectare (28 *per cent*) was utilized. Quality of construction works was not ensured. Monitoring was inadequate and no follow up action was taken on Monthly Progress Reports. Internal control was weak as Miscellaneous Works Advances (Rs 8.65 crore) and Temporary Advances (Rs 1.33 crore) were outstanding for the last one to 30 years.

(Paragraph: 3.1)

4. National Rural Employment Guarantee Scheme

The National Rural Employment Guarantee Act, 2005 guarantees 100 days employment in a financial year to any rural household whose adult members are willing to do unskilled manual work. The scheme came into force in the State from 8 February 2007 and is being implemented in 39 districts. Performance audit of the scheme revealed lack of necessary administrative and technical manpower at the Block and Gram Panchayat levels due to non-appointment of Programme Officer and other supporting staff. Annual plans were approved late which resulted in non/delayed execution of works. Average employment provided was much less than that projected. Requisite level of inspection was not conducted by the District and Block level officers. Inadequate compliance of scheme's inbuilt transparency safeguard viz. social audit, non-formation of Vigilance and Monitoring Committee and non-appointment of District Quality Monitors adversely affected implementation of the scheme.

(Paragraph: 3.2)

5. IT Audit on Computerization in Police Department

The computerization of criminal records in the State Police at the district level could not achieve its intended objectives as it is yet to become fully operational even after 12 years of its implementation. Consequently, computerized crime data at State level remained incomplete and extent of availability of details in electronic format was only six *per cent* in proportion to the total crime records prepared manually at the State level. None of the MIS reports envisaged in the schemes to be prepared from the CCIS data was being prepared by SCRB/DCRBs/GRP offices. Thus, no tangible benefits from the computerization in the State Police Department occurred.

(Paragraph: 3.3)

6. Computerization in the Public Works Department

Government decided (March 1998) to computerize the functioning of the Public Works Department to automate business processes and to strengthen

financial and management operations of the department throughout headquarters and field units. However, even after incurring expenditure of Rs 2.69 crore, the envisaged benefits of automated Management Information System to enable Public Works Department better perform was not achieved as neither the hardware could be utilised in the absence of the application software nor dedicated and trained manpower could be mobilised to handle the project. Out of eleven modules of the application software, none could be made functional even at one location. As a result the department had to continue with the existing manual system.

(Paragraph: 3.4)

7. Transaction audit findings

Excess payment/ wasteful/ infructuous expenditure

- Excess payment of Rs 74.09 lakh was made by the Police Department due to defective maintenance of GPF pass books of the subscribers and non-reconciliation of GPF balances with those maintained by the Accountant General (Accounts and Entitlement).

(Paragraph: 4.1.1)

- Failure on the part of the Irrigation Department in taking timely action on payment of the award to a firm resulted in avoidable extra payment of interest of Rs 3.22 crore.

(Paragraph: 4.1.2)

- Expenditure of Rs 5.50 crore under Uttar Pradesh Health System Development Project was rendered unfruitful due to non-implementation of IT applications.

(Paragraph: 4.1.4)

- Expenditure of Rs 1.48 crore on construction of the building for Community Health Centre by the Medical and Health Department was rendered unfruitful due to non-synchronization of completion of building with the sanction of medical/ paramedical staff and provision of funds for equipment and furniture etc.

(Paragraph: 4.1.5)

- Expenditure of Rs 1.28 crore on purchase of medical equipment by the Medical and Health Department was rendered unfruitful as these could not be put to use for want of trained medical and para medical staff.

(Paragraph: 4.1.6)

- Infructuous expenditure of Rs 6.24 crore was incurred by the Public Works Department on the strengthening of the roads without providing base course of prescribed thickness.

(Paragraph: 4.1.7)

- Infrastructure created by the Social Welfare Department at a cost of Rs 1.67 crore was not made use of as the teachers and other supporting staff were not appointed.

(Paragraph: 4.1.8)

Idle investment/ idle establishment/ blocking of funds; delays in commissioning equipment; diversion/ mis-utilisation of funds

- Expenditure of Rs 2.17 crore on construction of buildings for five mini museums of the Archaeology Department was blocked, due to non- provision of additional funds by the Government for their completion.

(Paragraph: 4.2.1)

- The decision of expansion and upgradation of the airstrip at Saifai rendered the expenditure Rs 48.04 crore injudicious due to underutilization of the upgraded airstrips.

(Paragraph: 4.2.2)

- Expenditure of Rs 1.51 crore on purchases of 20 chassis was rendered un-productive as these could not be fabricated into water bowsers due to non- finalization of their tenders.

(Paragraph: 4.2.3)