

This Chapter provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the current year.

### 3.1 Delay in furnishing Utilisation Certificates

Subsidiary Rule 330A under the West Bengal Treasury Rules (WBTR) stipulates that for the grants provided for specific purposes, Utilisation Certificates (UCs) should be obtained by the departmental officers from the grantees within one year from the date of release of grant, unless specified otherwise, and after verification, these should be forwarded to the Principal Accountant General (A&E). The year-wise position of non-furnishing of UCs is shown in **Table 3.1**.

**Table 3.1: Age-wise arrears of Utilisation Certificates** (₹ in crore)

	Year	Number of UCs awaited	Amount involved
1	Up to 2010-11	184193	41540.05
2	2011-12	8861	5435.05
3	2012-13	7121	5259.48
	<b>Total</b>	<b>200175</b>	<b>52234.58</b>

Source: Finance Accounts 2012-13

Out of 200175 number of cases involving ₹ 52234.58 crore mentioned above, submission of UCs for 193054 cases involving ₹ 46975.10 crore, though overdue, remained outstanding as of March 2013. Of these, 184193 cases (₹ 41540.05 crore) remained outstanding for more than two years.

Non-submission of the UCs in time may result in mis-utilisation of the grants. Large pendency in submission of UCs indicates lack of monitoring of utilisation of grants and loans released to the grantees by the departments.

#### **Utilisation Certificates under West Bengal Panchayat Act**

Rules framed under the West Bengal Panchayat Act, 1973 stipulates that UCs shall be furnished by the grantee to the authority sanctioning the fund, within six months from the date of receipt of grant or before applying for further grant for the same purpose, whichever is earlier. Audit scrutiny during 2012-13 revealed that 39 Panchayati Raj Institutions<sup>1</sup> (PRIs) sub-allotted grants amounting to ₹ 221.43 crore between 2004-12 to their lower tiers, schools, Self Help Groups, village water shed committees and other Government departments who failed to submit UCs amounting to ₹172.77 crore (78 per cent) as detailed in **Appendix 3.1**. In absence of the UCs, poor utilisation or even misappropriation cannot be ruled out.

<sup>1</sup> 11 Zilla Parishads (ZPs) and 28 Panchayat Samitis (PSs)

### Utilisation Certificates for 13<sup>th</sup> FC Grants

Against a release of ₹ 1553.18 crore to the departments of GoWB towards 13<sup>th</sup> FC grant during 2012-13, UC for ₹ 876.46 crore was received from the departments and sent to GoI by Finance (Budget) department. Thus, UC for ₹ 676.72 crore was pending from the various departments of GoWB (July 2013).

### Submission of Utilisation Certificates without incurring actual expenditure

In respect of the National Biogas and Manure Management Programme<sup>2</sup> (NBMMP) during the year 2009-12, Ministry of New and Renewable Energy (MNRE) provided<sup>3</sup> ₹ 28.83 crore to West Bengal Renewable Energy Development Agency (WBREDA) for installation of 48000 biogas plants. Scrutiny revealed that WBREDA was still to assess the completion of the plants. Only ₹ 7.36 crore was released to the NGOs as advance and fund of ₹ 21.47 crore was still lying (May 2013) with WBREDA. However, WBREDA reported (between December 2010 and December 2012) full utilization of the amount to MNRE for the purpose of implementation of NBMMP.

## 3.2 Non-submission/delay in submission of accounts by ULBs/PRIs

In order to identify the institutions which attract audit under Sections 14 and 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, the Government/Heads of the department are required to furnish to Audit every year detailed information about the financial assistance given to various institutions, the purpose of assistance granted and the total expenditure of the institutions. Examiner of Local Accounts (ELA), West Bengal, under the Principal Accountant General (General and Social Sector Audit), West Bengal is the statutory Auditor of Local Bodies.

As of September 2013, 751 annual accounts of 143 autonomous bodies/authorities due up to 2012-13, had not been received by the ELA, West Bengal. The details of these accounts are given in **Appendix 3.2** and their age-wise pendency is presented in **Table 3.2**.

**Table 3.2: Age-wise arrears of Annual Accounts due from Government Bodies**

Delay in Number of Years	No. of the Bodies/ Authorities
0 to 1	8
Above 1 to 3	13
Above 3 to 5	36
Above 5 to 7	85
Above 7 to 9	-
Above 9	1
<b>Total</b>	<b>143</b>

Source: Records of the Institutions

<sup>2</sup> A 100 per cent Centrally Sponsored Scheme

<sup>3</sup> Between November 2009 and August 2011

Due to delay in preparation of accounts, utilization of funds for intended purposes could not be verified. As these institutions were mostly run on Government grants, it was the responsibility of the Government to see that these bodies prepare accounts on time. The deficiency was regularly pointed out in the Audit Reports of the preceding years but to no avail. The institutions could not furnish any reason for this failure.

Audit scrutiny of the accounts of 50 local bodies (excluding PRIs) conducted during 2012-13 revealed that grants aggregating ₹ 527.29 crore, meant for development and miscellaneous purposes were lying unspent as of March 2011/2012 with 41 ULBs, seven universities, one District Primary School Council (DPSC) and one local body as detailed in **Appendix 3.3**. Out of the 50 local bodies, 42 did not furnish reasons for non-utilisation of the Government grants. Only 11 bodies stated that action will be taken to utilise the grants at the earliest.

Annual accounts have been prepared by all 18 ZPs and 108 PSs (except Purulia II) and audited during 2012-13. Purulia II PS did not prepare annual accounts for the years 2009-12.

Further, scrutiny of PRIs revealed that out of total available grants of ₹ 4134.52 crore for the year 2011-12 in respect of 18 ZPs, ₹ 925.17 crore (22 per cent) remained unutilised at the end of March 2013. Out of 18 ZPs, seven ZPs did not furnish any reply while the others stated that they would take initiatives to utilize/refund the fund. The details are given in **Appendix 3.4**.

Similarly, in 108 PSs as of March 2013, ₹ 537.05 crore (50 per cent) remained unspent out of total available grants of ₹ 1075.83 crore as detailed in **Appendix 3.5**. On being pointed out, 46 PSs failed to furnish any reply while 62 PSs stated that they would take initiatives to utilize/refund the grant.

Thus, continued failure to utilise development grants by the PRIs deprived the rural people from getting the intended benefits from these grants.

### 3.3 Delays in Submission of Accounts/Audit Reports of Autonomous Bodies

Several autonomous bodies have been set up by the State Government in various fields namely, area development, animal resources, human rights, legal services, housing, etc. A large number of these bodies are audited by the C&AG under Sections 19 and 20 (1) of the C&AG's DPC Act 1971, with regard to the verification of their transactions, operational activities and accounts, conducting regulatory compliance audit of all transactions scrutinised in audit, review of internal management and financial control, review of systems and procedures, etc. The status of entrustment of audit, rendering of accounts to Audit, issuance of Separate Audit Report (SAR) and its placement in the Legislature in respect of 30 bodies, on which SARs are to be placed before the Legislature are indicated in **Appendix 3.6**. Delays in submission of accounts to Audit and placement of Separate Audit Reports in the Legislature

after the entrustment of Audit to C&AG by the Autonomous Bodies is summarised in **Table 3.3**.

**Table 3.3: Delays in Submission of Accounts and tabling of Separate Audit Reports**

Delays in submission of Accounts (In Months)	Number of Autonomous Bodies	Delays in submission of SARs in Legislature (in Years)	Number of Autonomous Bodies
0 – 1	-	0 - 1	3
1 – 6	15	1 - 2	7
6 – 12	-	2 - 3	4
12 – 18	12	3 - 4	2
18 – 24	-	4 - 5	1
24 & above	20	5 & above	-
<b>Total</b>	<b>47</b>		<b>17</b>

Source: Records of the autonomous bodies

None of the 47 autonomous bodies (*vide Appendix 3.6 and 3.7*) had submitted accounts for the year 2012-13, while only 17 have submitted accounts up to 2011-12. Moreover, 11 District Legal Services Authorities did not submit accounts since inception (1997-98). The State Government also failed to lay the Reports in respect of 17 Bodies/Authorities before the State Legislature as detailed in *Appendix 3.6*.

### 3.4 Departmental Commercial Undertakings

The departmental undertakings of certain Government departments performing activities of quasi-commercial nature are required to prepare *pro forma* accounts in the prescribed format annually showing the working results of financial operations, so that the Government can assess the efficiency and economy of their working. The finalised accounts of departmentally managed commercial and quasi-commercial undertakings reflect their overall financial health and efficiency in conducting their business. In the absence of timely accounts, the investment of the Government remains outside the scrutiny of the Audit/State Legislature. Consequently, corrective measures, if any required, for ensuring accountability and improving efficiency cannot be taken in time. Besides, the delay in all likelihood may also render the system susceptible to risk of fraud and leakage of public money.

The Heads of departments in the Government are to ensure that the undertakings prepare such accounts and submit the same to Accountant General for audit within a specified time frame.

As of June 2013, out of 19 such undertakings; five<sup>4</sup> had not prepared their accounts since their inception between 1951 and 1983, four<sup>5</sup> had finalized their accounts upto 2011-12 while the accounts of remaining 10 units were in arrears ranging from one to 23 years. The Comptroller and Auditor General had repeatedly commented in the Audit Reports of the State on the failure of the Heads of Departments and the management of undertakings in timely preparation of *pro forma* accounts. Principal Accountant General had also been

<sup>4</sup> 1. Silk Reeling Scheme; 2. Government Sales Emporia in Kolkata & Howrah; 3. Central Lock Factory, Howrah; 4. Training cum Production Centre, Mechanical Toys, Hooghly and 5. Industrial Estate, Maniktala

<sup>5</sup> Greater Calcutta Milk Supply Scheme, Burdwan Milk Supply Scheme, Krishnanagar Milk Supply Scheme and Durgapur Milk Supply Scheme.

periodically reminding the Principal Secretary (Finance) and the Secretaries of the concerned departments in this matter.

The department-wise position of arrears in preparation of *pro forma* accounts and investment made by the Government therein are given in **Appendix 3.8**. As per latest accounts received from 14 undertakings, ₹ 2338.02 crore was invested by the State Government in these units. Thirteen<sup>6</sup> undertakings had incurred continuous losses aggregating to ₹ 2193.87 crore while the remaining one, viz., Central Engineering Organisation, Dasnagar reflected accumulated profit of ₹ 1.83 crore as of March 2007.

### 3.5 Misappropriations, losses, defalcations, etc.

As per Rule 39 of the WBFR, any loss of public money, departmental revenue of receipts, stores or other property, caused by defalcation or otherwise, should be immediately reported to the Accountant General. On the other hand, if the irregularity is detected by Audit in the first instance, the Accountant General will report it immediately to the administrative authority concerned.

As of March 2013, there were 655 cases<sup>7</sup> of misappropriation, defalcation, etc. involving Government money amounting to ₹ 10.60 crore on which final action was pending. The department-wise break up of pending cases and age wise analysis is given in **Appendix 3.9** and nature of these cases is given in **Appendix 3.10**. The age-profile of the pending cases and the number of cases pending in each category – theft and misappropriation/loss as emerged from these appendices are summarised in **Table 3.4**.

**Table 3.4: Profile of misappropriations, losses, defalcations, etc.**

Age-Profile of the pending cases			Nature of the pending cases		
Range in years	Number of cases	Amount involved (₹ in lakh)	Nature/characteristics of the cases	Number of cases	Amount involved (₹ in lakh)
0 - 5	53	639.81	Theft	44	48.73
5 - 10	30	93.55			
10 - 15	51	125.86			
15 - 20	36	82.95			
20 - 25	42	53.38			
25 & above	443	64.73	Misappropriation/ Loss of material	611	1011.55
<b>Total</b>	<b>655</b>	<b>1060.28</b>	<b>Total Pending cases</b>	<b>655</b>	<b>1060.28</b>

Source: Departmental figures

### 3.6 Non-reconciliation of departmental figures

#### 3.6.1 Un-reconciled receipts / expenditure

To enable Controlling Officers (COs) of departments to exercise effective control over expenditure to keep it within budget grants and to ensure accuracy of their accounts, Financial Rules (Rule 385 of WBFR) stipulate that expenditure recorded in their books be reconciled every month during the

<sup>6</sup> In respect of one unit viz., Scheme for production of Shark liver oil, fish meal, etc., the financial performance was not available since the accounts of the unit was in arrear since 1994-95.

<sup>7</sup> Excluding cases included in the Civil Audit Reports as separate audit paragraphs, progress of which are monitored separately.

financial year with that recorded in the books of the Principal Accountant General (A&E).

Out of 185<sup>8</sup> COs, 131 COs (71 per cent) did not reconcile their departmental figures for the year 2012-13. As a result, 81.20 per cent (₹ 91166.80 crore) of total receipts and only 28.71 per cent (₹ 32293.00 crore) of total expenditure were reconciled by the State Government.

Such laxity on the part of the department can potentially affect the quality of accounts.

### 3.6.2 Pendency in submission of Detailed Contingent Bills against Abstract Contingent Bills

Administrative departments issue sanction orders with the concurrence of Finance department, authorising different DDOs to draw advances on Abstract Contingent (AC) bills. In terms of WBTR 2005, these AC bills are required to be adjusted within one month from the date of completion of the purpose for which the same were drawn and in no case beyond 60 days from the date of drawal of the respective AC bill unless otherwise permitted by the Administrative department with the concurrence of the Finance department. Further, every drawing officer has to certify in each Abstract Contingent bill that detailed bills for all contingent charges drawn by him prior to the first of the current month have been forwarded to the respective Controlling Officers for countersignature and transmission to the Principal Accountant General (A&E).

However, in contravention of the said provisions of WBTR, ₹ 799.60 crore<sup>9</sup> drawn up to 2012-13, through 10862 AC bills remained unadjusted as of March 2013. The issue was regularly mentioned in the previous Audit Reports as well as in the Inspection Reports issued to the Heads of the offices. Moreover, with a view to reduce the accumulation of AC bills, special inspection parties were sent by the Principal Accountant General (A&E) to the treasuries and series of meetings were organized with the defaulting DDOs as a result of which the outstanding amount decreased to ₹ 799.60 crore as on March 2013 from ₹ 1049.07 crore at the end of 2011-12.

The position of drawal of AC bills and submission of adjustment there against is as under:

Table 3.5: Position of drawal and adjustment of AC bills (₹ in crore)

Year	Opening balance		AC Bills drawn		DC Bills received		Outstanding AC Bills	
	No. of Bills	Amount	No. of Bills	Amount	No. of Bills	Amount	No. of Bills	Amount
2008-09	8993	403.96	3246	101.85	3657	17.08	8582	488.73
2009-10	8582	488.73	4054	276.94	4074	290.32	8562	475.35
2010-11	8562	475.35	3885	405.59	1133	65.65	11314	815.29
2011-12	11314	815.29	3928	403.33	3373	169.55	11869	1049.07
2012-13	11869	1049.07	3481	305.92	4488	555.39	10862	799.60

Source: Records of Pr. AG (A&E), WB

<sup>8</sup> No information was provided by the State Government in this regard. (As culled out from the vouchers by O/o Pr. AG (A&E))

<sup>9</sup> Of the unadjusted amounts, pendency of the bills is as under: upto 2010-11: ₹360.36 crore, 2011-12: ₹185.57 crore and 2012-13: ₹253.67 crore.

As against 11869 bills outstanding as on 31 March 2012, only 3742 DC (Detailed Contingent) bills (32 *per cent*) were submitted during 2012-13. Out of 10862 outstanding bills, 8127 bills involving ₹ 545.93 crore were outstanding for more than one year. Non-adjustment of AC bills for years together indicates dilution of the basic tenets of financial and accounting controls. Moreover, such long pendency of DC bills is fraught with the risk of misuse / misappropriation of Government funds.

Test-check of the records of 21 DDOs revealed that ₹ 328.46 crore<sup>10</sup> (850 bills) were drawn through AC bills during 2007-08 to 2012-13 by 13 DDOs. Adjustments of 576 bills for ₹ 202.17 crore were submitted during this period leaving an outstanding balance of 987 bills worth ₹ 170.41 crore as of March 2013. Details are given in **Appendix 3.11**. In case of DM, Hooghly and DM, Nadia, it was noticed that the particulars of drawal of AC bills and submission of DC bills there against were not being recorded properly in a separate register thereby indicating lack of monitoring of submission of DC bills against each of the AC bills drawn.

Scrutiny of records (April and May 2013) further revealed the following:

- Out of ₹ 281.85 lakh drawn through 30 number of AC bills by DM, Hooghly during the period April 2009 to March 2012, an amount of ₹ 22.07 lakh was lying un-disbursed (April 2013) contrary to the existing financial rules.
- An amount of ₹ 5 lakh was drawn (July 2002) by SP, Howrah by AC bill towards payment of Bye Election Allowances to Police, NVF, hiring charges of vehicle, and travel expenses. Out of the same, an amount of ₹ 2.20 lakh was, however, spent unauthorisedly towards miscellaneous expenditure<sup>11</sup> beyond the purview of allotment. The authority also failed to submit the adjustment resulting in the bills remaining outstanding since 2002.
- An amount of ₹ 2.82 crore was drawn (January 2012) in AC bill by the Commandant, SAP 2nd Battalion towards procurement of 63 vehicles. The entire amount was paid to the automobile company in February 2012. However, the automobile company supplied only 36 vehicles valuing ₹ 1.72 crore and refunded the residual balance after period ranging between eight and 13 months from the date of receipt of fund. Thus, retention of fund (₹ 1.10 crore) by the supplier outside Government account led to a loss of ₹ 3.03 lakh<sup>12</sup> in the form of interest.

While confirming the facts and figures, Commandant, SAP 2nd Battalion stated (May 2013) that the matter has been forwarded to higher authority for perusal.

- An amount of ₹ 14.04 lakh was drawn (March 2012) in AC bill by the Commandant, SAP 2nd Battalion towards procurement of wireless equipments. Accordingly, the entire amount was paid to a supplier in

<sup>10</sup> Excludes opening balance of 713 outstanding AC bills (₹ 44.12 crore)

<sup>11</sup> Farewell function, meeting, seminar, purchase of wood, inverters, etc.

<sup>12</sup> Calculated at the rate of four per cent per annum

March 2012. Though the supplier supplied machineries worth ₹ 6.68 lakh, Lithium-ion battery and charger (10 sets each for 6 coastal police stations) amounting to ₹ 7.36 lakh were not supplied even after lapse of 14 months (as of May 2013). The machineries were thus lying idle. As a result, the entire amount (₹ 14.04 lakh) paid to the supplier proved unproductive; besides funds to the extent of ₹ 7.36 lakh are lying outside the Government account.

While confirming the facts and figures, Commandant, SAP, 2nd Battalion stated (May 2013) that several attempts have been made to receive the remaining wireless equipments from the concerned supplier but to no effect and that action was being taken either to receive the material or to recover the advance amount already paid.

- Scrutiny (June 2013) of records of CMOH, North 24 Parganas and Barasat Treasury revealed that ₹ 1.26 crore was drawn in six AC bills between February 2004 and March 2005. DC bills against those advances were submitted to the Treasury between July 2012 and February 2013 enclosing only a Statement of Expenditure (SOE) prepared on the basis of cash book, etc. Neither were any voucher, acquaintance, challans, etc. submitted with the DC bills nor was any Government order or sanction for release of funds and office copy of the AC bills furnished to Audit. Detailed scrutiny of SOE disclosed that “Transfer to Sub-cash book” amounting to ₹ 26.33 lakh as also bulk advances given to different offices<sup>13</sup> were booked as expenditure though no UCs were received from those agencies. Prolonged retention of funds and submission of DC bills without vouchers and allied records indicated financial irregularities.
- There were discrepancies in the position of adjustment of AC bills between records maintained by DDO and Treasury/PAO, which have not been reconciled as shown below. These discrepancies were a matter of concern which needs immediate reconciliation.

**Table 3.6: Discrepancies between the records of DDO and Treasury/PAO**

(₹ in lakh)

Sl. No.	Name of the DDO	No. of Bills	Amount
<b>Number of bills and amount shown adjusted in the DDO's record but found outstanding in the Treasury record</b>			
1	SAP, 6 <sup>th</sup> BN Barrackpore	08	283.76
2	DM, South 24 PGS	3	9.03
3	SAP, 2 <sup>nd</sup> BN	12	240.68
4	DM, Nadia	00 <sup>14</sup>	236.00
5	DM, Murshidabad	17	5052.50
<b>Number of bills and amount not shown as AC bill in the Treasury record but found outstanding in the DDO's record</b>			
1	DM, Hooghly	1	0.50

Source: Departmental figures

<sup>13</sup> Dy. CMOHs, ACMOHs, BPHCs, Hospitals, etc

<sup>14</sup> Both the DDO & Treasury records showed 22 outstanding AC bills but outstanding amount differed.

### 3.6.3 Personal Deposit Accounts

Funds transferred to Personal Deposit (PD) Accounts are booked as expenditure under the service heads from which the money was transferred.

In terms of Rule 6.09 of WBTR, PD Account or Personal Ledger Account (PLA) is created by debit to the Consolidated Fund of the State other than those created under any law or rule having the force of law by transferring fund from the Consolidated Fund of the State for discharging liabilities of the Government arising out of special enactments. Such accounts shall be closed at the end of financial year by minus debit of the balance to the relevant service heads in the Consolidated Fund of the State. As per WBTR, if there is any PD Account not operated for two consecutive years and if there is a reason to believe that the need for such accounts has ceased, the same shall be closed. In contravention of the same, 60 PD accounts in PAO Kolkata inoperative since 2008 and three other PD accounts inoperative in other treasuries<sup>15</sup> were yet to be closed.

Four PD Accounts in respect of L.A. Collectors, Rent Controllers, Jailors and DMs, however, are of permanent nature.

In West Bengal, the closing balance under 8443-106 - PD Accounts at the end of 2012-13 stood at ₹ 3070.44 crore with an increase of ₹ 687.24 crore (29 per cent) over the previous year. The balances as well as receipt and disbursement for the last three years are shown below:

**Table 3.7: Amounts received and disbursed in PD accounts during the last three years**

	Opening balance	Receipt	Disbursement	Closing balances
₹ in crore				
2010-11	2008.74	1600.93	1179.10	2430.57
2011-12	2430.57	912.84	960.21	2383.20
2012-13	2383.20	2270.26	1583.02	3070.44

Source: Finance Accounts

There were 148 PD accounts in operation in the State as of March 2013. During the year, two PD accounts were opened and two PD accounts were closed and an unspent balance of ₹ 0.50 lakh was credited back to the Consolidated Fund. During 2009-10, 2010-11, 2011-12 and 2012-13, amounts transferred to 8443-106-PD Accounts (PDA) by debit to Consolidated Fund stood at ₹ 549.87 crore, ₹ 655.94 crore, ₹ 552.59 crore and ₹ 1051.76 crore, respectively. Out of the amount transferred in 2012-13 (₹ 1051.76 crore), ₹ 348.03 crore (33.09 per cent) was transferred during March 2013 and ₹ 125.82 crore (11.96 per cent) during the last day of March 2013 indicating rush of expenditure at the fag end of the year. This may be viewed in the light that these amounts have been booked as final expenditure under service heads and hence any actual expenditure subsequently incurred from the PD accounts would not be subjected to the usual Treasury checks leaving scope for misuse.

<sup>15</sup> Two in Berhampore-I treasury inoperative since 2009-10 and one in Krishnanagar-I treasury inoperative since 2011.

Test-check of 21 PDAs maintained by various DDOs revealed the following irregularities:

- Six DDOs<sup>16</sup> retained (March 2013) unspent funds amounting to ₹ 304.44 crore pertaining to the period starting from 1990-91 in their PDAs.
- There were discrepancies amounting to ₹ 21.87 crore in PDA Cash Books and corresponding Treasury Pass Books of eight DDOs due to non-reconciliation as required under West Bengal Treasury Rules (*Appendix 3.12*).
- Four DDOs<sup>17</sup> failed to utilise ₹ 11.31 crore received for development purposes during various years starting from 2001-02 (*Appendix 3.13*) and the entire amount remained parked in PDAs as on March 2013.
- Three DDOs<sup>18</sup> parked (as of March 2013) an amount of ₹ 0.55 crore in the shape of un-identified balance in their PDAs starting from the year 1990-91. The purpose for which the funds were received was not known to the DDOs.
- Three DDOs retained (as of March 2013) ₹ 3.44 crore (DM, South 24 Pgs – ₹ 1.77 crore, DM, Nadia – ₹ 0.14 crore and DM, Murshidabad – ₹ 1.53 crore) under Bidhayak Elaka Unnayan Prakalpa (BEUP) in their respective PDAs contrary to BEUP guidelines requiring surrender of these funds to Government.
- As per provisions of Treasury rules, all monetary transactions should be recorded in the cash book as soon as they occur. DM, Howrah received an amount of ₹ 29.14 crore and expended ₹ 20.04 crore during the period September 2012 to March 2013. However, the said transaction was not found entered either in the PL cash book or in the ledger till March 2013, even though the corresponding amounts have been found in the treasury scrolls. This indicated lapse in the maintenance of the books of accounts by the DM.
- During 2012-13 ₹ 30.74 lakh meant for implementation of the project “Natural Fibre Mission” approved under Backward Region Grant Fund was drawn by the DM, Purulia and credited (December 2012) to the DM’s PD Account without any specific order of the Finance Department for such Transfer/ Credit of fund. The utilisation of the fund, if any, was not made available to Audit, though called for (July 2013).

Thus, funds meant for various developmental works remained parked in the PDAs hampering the progress of works.

#### **3.6.4 Bookings under Minor Head 800: Other Receipts and 800: Other Expenditure**

With increasing range and diversification of Government activities and programmes, existing Minor heads often fall short in accommodating all

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<sup>16</sup> DMs of South 24 Pgs: ₹101.96 crore, North 24 Pgs: ₹34.44 crore, Nadia: ₹56.82 crore, Hooghly: ₹18.77 crore, Murshidabad : ₹92.27 crore and DG&IG of Police: ₹0.18 crore

<sup>17</sup> DMs of South 24 Pgs, Nadia, Birbhum and Cooch Behar

<sup>18</sup> DMs of South 24 Parganas (₹45.24 lakh), Howrah (₹6.20 lakh) & Birbhum (₹3.17 lakh)

transactions under some projects. In case of non-availability of accurate classification, the residuary Minor head 800: Other Expenditure or 800: Other Receipts, is used to book transactions in the Accounts.

During 2012-13, ₹ 3932.38 crore under 76 Major Heads of Account (representing functions of the Government) was classified under the Minor Head “800-Other Expenditure” in the accounts and this amount constituted 6.08 *per cent* of the total expenditure recorded under the respective Major Heads. The major Schemes such as, New Incentive Scheme for encouraging the setting up of New Industrial Units, Grants to WBSEDCL for “Sabar Ghare Alo” under BRGF, Grants to CMC/HMC for adjustment of Energy Bills of CESC, Backward Region Grant Fund (Central Share), Scheme under RIDF, Contribution to the Board of Wakfs, West Bengal, etc, where expenditure were booked under “800-Other Expenditure” were not depicted distinctly in the Finance Accounts, though the details of these expenditure are depicted at the sub-head (scheme) level or below in the Detailed Demands for Grants and corresponding head-wise Appropriation Accounts forming part of the State Government Accounts.

Similarly, ₹ 6984.39 crore under 53 Major Heads of Account, constituting 15 *per cent* of total recorded receipts under the respective Major Heads, was classified under “800-Other Receipts” in the accounts. The major schemes such as Subsidy to West Bengal for distribution of Rice under Targeted Public Distribution system, Integrated Child Development Scheme, Mid-Day Meal for children, etc. where receipts were booked under “800-Other Receipts” were not depicted distinctly in the Finance Accounts, despite having distinct classification under the sub-head (scheme) level or below in the Receipts under Consolidated Fund forming part of the State Government Accounts.

High incidence of transactions under minor head 800 is fraught with the risk of affecting the transparency of the accounts.

### 3.6.5 Adverse balances under DDR Heads

Adverse balances are negative balances appearing under those heads of accounts, where there should not be a negative balance. For instance, against the accounting head of any loan or advance, a negative balance will indicate more repayment than the original amount advanced. Analysis of the Finance Accounts of the State Government for the year 2012-2013 indicated that there were four cases of adverse balances aggregating to ₹ 169.17 crore under the Debt, Deposit and Remittances heads as of March 2013 (details in **Appendix 3.14**).

### 3.6.6 Analysis of balances of Suspense and Remittance

The accounts of the Government are kept on cash basis. Certain transactions of receipts and payments, which cannot all at once be taken to a final head of receipt or expenditure owing to lack of information as to their nature or any other reasons, may be held temporarily under Suspense heads. The Suspense heads are intermediary/ adjusting in nature and accumulation of balances under the heads distort financial reporting and do not represent the receipts/expenditure in Consolidated Fund accurately. Clearance of Suspense and Remittance balance depends on the details furnished by the Government Departments/ Works and Forest Divisions/ Central Ministries/PAOs/RBI, etc.

In West Bengal, net Debit balances under 8658-Suspense Accounts increased from ₹ 1266.87 crore in 2011-12 to ₹ 1547.28 crore in 2012-13. However, under 8782-Cash Remittances and Adjustments, etc., there was an increase in

credit balance from ₹ 481.92 crore during the previous year to ₹ 710.66 crore in the current year.

Further, significant balances under Suspense and Remittance heads as of March 2013, which may impact the cash balances are shown in the **Table** below:

**Table 3.8: Suspense and Remittance Balances that impact the cash balance**

**A Suspense Balance (₹ in crore)**

Sl. No.	Head of Account Ministry/Department with which pending	Balance as on 31 March 2013		Impact of outstanding on cash balance
		Dr.	Cr.	
	8658-Suspense Account-			
1	101 PAO Suspense (a) Ministry of Transport and Highways	88.94	(-) 0.19	Cash balance to increase on settlement
2	102-Suspense Account (Civil) Account with Defence CDAP Allahabad	192.73	184.15	
3	123-A.I.S. Officers Group Insurance Scheme	2.69	2.46	
4	102-Suspense Account (Civil) Account with Railway ER	3.25	3.32	Cash balance will decrease on settlement
5	102-Suspense Account (Civil) Account with Railway SER	14.76	15.77	
6	109-Reserve Bank Suspense-Headquarters	(-) 3.68	(-) 0.54	
7	112-Tax Deducted at Source Suspense	-	35.39	
8	129-Material purchase settlement Suspense Account	0.02	67.68	

**B Remittance Balances (₹ in crore)**

Sl. No.	Head of Account Ministry/Department with which pending	Balance as on 31 March 2013		Impact of outstanding on cash balance
		Dr.	Cr.	
	8782- Cash Remittances and adjustments between officers rendering account to the same Accounts Officer			
1	102-PW Remittances I-Remittances into Treasuries	10425.90	10251.74	Cash balance to increase on clearance
2	103-Forest Remittances I-Remittances into Treasuries	1890.43	1554.77	
3	102-PW Remittances II- PW Cheques	36633.01	38072.33	Cash balance to decrease on clearance
4	103-Forest Remittances II-Forest Cheques	3595.88	3924.72	
5	8793-Inter State Suspense Account	(-) 3.27	(-) 12.90	Cash balance to increase on clearance

Source: Finance Accounts 2012-13

The Suspense minor head “Reserve Bank Suspense, Central Accounts Office (8658-00-110-CAORB Suspense)” is operated in the books of the State Government regarding transactions in respect of Grants, Loans and Advances from Central Government as well as other transactions accounted through RBI, Central Accounts Section, Nagpur (RBI). Under this Suspense Head, the debit balance stood at ₹ 1980.73 crore and the credit balance at ₹ 529.24 crore with the net balance being ₹ 1451.49 crore (Debit) as on 31 March 2013.

### 3.7 Conclusion and Recommendations

Pendency in submission of annual accounts of autonomous bodies/ authorities coupled with delay in placement of Separate Audit Reports in the State

Legislative Assembly diluted the financial control. There were considerable delays in finalising *pro forma* accounts of departmentally managed commercial undertakings indicating laxity in the accountability mechanism of both the management and Government in respect of public funds invested in those undertakings.

Accumulation of unadjusted AC bills and the trend of parking of developmental funds in PL Accounts were also major areas of concern, as substantial amounts were drawn from treasury or transferred out of the Consolidated Fund of the State without proper treasury checks. Some departments were negligent in reconciling the expenditure / receipt figures with those recorded in the books of the Principal Accountant General (A&E).

**Recommendations:**

The Government may consider institutionalizing:

- *a proper mechanism for timely submission of Utilisation Certificates by the grantees.*
- *proper controls for timely submission of accounts by Urban Local Bodies/Panchayati Raj Institutions and Autonomous Bodies.*
- *systems for review and clearance of all non adjusted Abstract Contingent bills.*
- *system for periodical reviews of all Personal Deposit Accounts to detect unnecessary parking of funds.*

Kolkata  
The

(MADHUMITA BASU)  
Principal Accountant General  
(General and Social Sector Audit)  
West Bengal

Countersigned

New Delhi  
The

(SHASHI KANT SHARMA)  
Comptroller and Auditor General of India