

# **CHAPTER 3**

## **Financial Reporting**

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 2011-12	176271	43174.91
2	2012-13	6308	5088.18
3	2013-14	6838	5056.10
	<b>Total</b>	<b>189417</b>	<b>53319.19</b>

Source: Finance Accounts 2013-14

Out of 189417 involving ₹ 53319.19 crore mentioned above, submission of UCs for 182579 cases involving ₹ 48263.09 crore, though overdue, remained outstanding as of March 2014. Of these, 176271 cases (₹ 43174.91 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 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 2013-14 revealed that 53 Panchayati Raj Institutions<sup>1</sup> (PRIs) sub-allotted grants amounting to ₹ 102.16 crore between 2006-13 to their lower tiers, schools, Self Help Groups,

<sup>1</sup> Six Zilla Parishads (ZPs) and 47 Panchayat Samitis (PSs)

village water shed committees and other Government departments who failed to submit UCs amounting to ₹ 93.02 crore (91 *per cent*) as detailed in *Appendix 3.1*. In absence of the UCs, proper utilization could not be ascertained in Audit.

### ***Utilisation Certificates for 13th FC Grants***

Against a cumulative release for Non-state specific grants of ₹ 6136.92 crore upto 2013-14, UC for ₹ 5399.47 crore was received from various departments of GoWB as of August 2014 and sent to GoI by Finance (Budget) department, GoWB. Similarly, in case of release of ₹ 821.60 crore for State-Specific grants upto 2013-14, UC for ₹ 583.88 crore only was received as of August 2014 and sent to GoI.

### ***Utilisation certificates for selected departments***

The systems of submission of utilisation certificate (UC) followed by two departments namely, Fire & Emergency Services (FES) and Sundarban Affairs (SA) were reviewed in Audit covering a period from 2009-10 to 2013-14. Various deficiencies in submission of UCs as well as non-observance to the stipulations contained in the West Bengal Treasury Rules and General Financial Rules, as discussed in the succeeding paragraphs, were observed.

#### ***(A) Fire & Emergency Services (FES) Department***

- In terms of recommendation of the 13th Finance Commission (13th FC), the State government was to receive ₹ 112.50 crore during 2011-12 to 2013-14 (in yearly instalments of ₹ 37.50 crore each) under the category of State Specific Grants (SSGs) for upgradation of Fire & Emergency Services (FES). It was noticed in audit that against ₹ 75 crore (₹ 37.50 crore in 2011-12 and ₹ 37.50 crore in 2013-14) received from GoI, the department sanctioned only ₹ 29.93 crore to the implementing agencies as of date (August 2014), whereas, actual expenditure incurred there-against stood at only ₹ 10.56 crore<sup>2</sup>. Department, however, furnished UC for ₹ 37.32 crore (November 2013) to GoI. Thus, while submission of inflated UC for ₹ 26.76 crore (₹ 37.32 crore less ₹ 10.56 crore) was apparent, non-release of the third instalment of ₹ 37.50 crore by GoI was attributable to slow progress in utilisation of earlier funds.
- During January 2010 to May 2011, Ministry of Home Affairs (MHA), GoI released ₹ 3.42 crore<sup>3</sup> to DFES for the Centrally Sponsored Scheme "Strengthening of Fire & Emergency Services (SFES) in the Country", which had a funds sharing pattern of 75:25 (Central: State). The funds were to be utilized by 2012-13 for procurement of Combi Tools, High Pressure Pumps and Quick Response Vehicles. Though the state government was required to release ₹ 1.14 crore (being its share of 25 *per cent*), it actually

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<sup>2</sup>As per report on expenditure dated (February 2014) though latest position could not be made available.

<sup>3</sup>₹ 0.20 crore in 2009-10, ₹ 0.56 crore in 2010-11 and ₹ 2.66 crore in 2011-12

released only ₹ 0.04 crore as state share while utilising ₹ 0.24 crore (central share being ₹ 0.20 crore) leaving an unutilised amount of ₹ 3.22 crore as central share. This indicates lack of initiative on the part of government to utilise the funds and deprived the State of the intended benefit of the scheme.

Thus, the funds provided by GoI remained unutilised for two to more than three years indicating deficient preparedness of the state in gainfully utilising the same.

**(B) Sundarban Affairs (SA) Department**

- The SA department disbursed ₹ 7.33 crore<sup>4</sup> as Grants-in Aid during 2009-10 to 2013-14. However, Department did not adopt a unique numbering system for sanctions or maintain suitable database, thereby submission/ pendency of UCs could not be ascertained.
- The Sundarban Development Board (SDB), a development agency under SA department, implemented developmental activities in Sundarban areas. SDB did not monitor submission of UCs against amounts released by it to executing agencies. Audit scrutiny disclosed that out of ₹ 0.48 crore disbursed by SDB to 20 NGOs during 2011-13, UCs for only ₹ 0.12 crore were received leaving UCs for ₹ 0.36 crore overdue as of August 2014. It was also noticed that further grants of ₹ 5.84 lakh were released to three<sup>5</sup> NGOs during 2012-14 who had not furnished UCs for previous grants.

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

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. The audit of these institutions is conducted by the Examiner of Local Accounts (ELA) West Bengal, under the Principal Accountant General (General and Social Sector Audit) West Bengal, who has been appointed as the statutory Auditor of Local Bodies.

As of September 2014, 717 annual accounts of 143 autonomous bodies/ authorities due up to 2013-14, 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**.

<sup>4</sup> 2009-10 : ₹ 5.13 crore; 2010-11 : ₹ 0.90 crore; 2011-12 : ₹ 0.25 crore; 2012-13 : ₹ 0.38 crore; 2013-14 : ₹ 0.67 crore

<sup>5</sup> Ramkrishna Ashram Krishi Vigyan Kendra, Pallab Sahitya Patrika Gosthi and Sanjibani Sangha

**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	9
Above 1 to 3	25
Above 3 to 5	37
Above 5 to 7	67
Above 7 to 9	4
Above 9	1
<b>Total</b>	<b>143</b>

Source: Records of the Institutions

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.

Audit scrutiny of the accounts of 63 local bodies (excluding PRIs) conducted during 2013-14 revealed that grants aggregating ₹ 538.05 crore, meant for development and miscellaneous purposes were lying unspent as of March 2012/2013 with 49 ULBs, five universities, five District Primary School Council (DPSC), two local library authority, Fish Farmers' Development Agency and West Bengal Council of Higher Secondary Education as detailed in *Appendix 3.3*. The concerned bodies did not furnish any reasons for non-utilisation and non-refund of unspent Govt. grants.

Annual accounts prepared by 13 ZPs and 155 PSs have been audited during 2013-14 and it was revealed that out of total available grants of ₹ 4875.73 crore for the year 2012-13, ₹ 1823.93 crore (37 per cent) remained unutilised at the end of March 2013. The details are given in *Appendix 3.4*.

Similarly, in 1014 GPs as of March 2013, ₹ 919.92 crore (51 per cent) remained unspent out of total available grants of ₹ 1795.22 crore.

Thus, continued failure to utilise development grants by the PRIs deprived the people in the rural areas 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 31 bodies,

on which SARs are to be placed before the Legislature are indicated in **Appendix 3.5**. 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	17	0 - 1	4
1 - 6	-	1 - 2	3
6 - 12	8	2 - 3	7
12 - 18	-	3 - 4	3
18 - 24	5	4 - 5	4
24 & above	18	5 & above	-
<b>Total</b>	<b>48</b>		<b>21</b>

Source: Records of the autonomous bodies

None of the 48 autonomous bodies (vide **Appendix 3.5 and 3.6**) had submitted accounts for the year 2013-14, while only 15 have submitted accounts up to 2012-13. Moreover, nine District Legal Services Authorities did not submit accounts since inception (1997-98)<sup>6</sup>. The State Government also failed to lay the Reports in respect of 21 Bodies/Authorities before the State Legislature as detailed in **Appendix 3.5**.

### 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 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 2014, out of 19 such undertakings; five<sup>7</sup> had not prepared their accounts since their inception between 1951 and 1983, one<sup>8</sup> had finalized their accounts upto 2012-13 while the accounts of remaining 13 units were in arrears ranging

<sup>6</sup> DLSA Purba Medinipur did not submit accounts since inception i.e. 2004-05

<sup>7</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, Kolkata

<sup>8</sup> Greater Kolkata Milk Supply Scheme

from one to 23 years. Failure of the Heads of Departments and the management of undertakings in timely preparation of *pro forma* accounts had been repeatedly commented upon in the previous Audit Reports of the State. Principal Accountant General had also been 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 3.7**. As per latest accounts received from 14 undertakings, ₹ 2968.80 crore was invested by the State Government in these units. Eleven undertakings had incurred continuous losses aggregating to ₹ 2253.50 crore while the remaining three, viz., Central Engineering Organisation, Howrah, Kanchrapara Area Development Authority and Scheme for Public Distribution System of Food Grains<sup>9</sup> reflected accumulated profit of ₹ 259.00 crore.

### 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 2014, there were 665 cases<sup>10</sup> of misappropriation, defalcation, etc. involving Government money amounting to ₹ 11.09 crore on which final action was pending. The department-wise break up of pending cases and age wise analysis is given in **Appendix 3.8** and nature of these cases is given in **Appendix 3.9**. 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	56	693.71	Theft	46	45.03
5 - 10	25	50.64			
10 - 15	60	156.79	Misappropriation/Loss of material	619	1064.36
15 - 20	34	61.48			
20 - 25	44	77.72			
25 & above	446	69.05	Total	665	1109.39
			Cases of losses written off during the year	-	-
<b>Total</b>	<b>665</b>	<b>1109.39</b>	<b>Total Pending cases</b>	<b>665</b>	<b>1109.39</b>

Source: Departmental figures

<sup>9</sup> Subsidy received from Govt. was shown as profit in its account

<sup>10</sup> Excluding cases included in the Civil Audit Reports as separate audit paragraphs, progress of which are monitored separately.

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

Out of 185<sup>11</sup> COs, 94 COs (51 per cent) did not reconcile their departmental figures for the year 2013-14, whereas 21 COs (11 per cent) partly reconciled their figures. As a result, ₹ 66053.41 crore (53.34 per cent of total receipts) and ₹ 40762.87 crore (30.99 per cent of total expenditure), only 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, ₹ 910.29 crore<sup>12</sup> drawn through 9900 AC bills up to 2013-14, remained unadjusted as of March 2014. 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 video conference held by the Home Department with the SPs and DMs of all districts. The issue was also discussed during the annual meetings with Treasury Officers of all districts organised by the Director of Treasuries and Accounts. However, the outstanding amount increased to ₹ 910.29 crore as of March 2014 from ₹ 799.60 crore at the end of 2012-13.

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

<sup>11</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>12</sup> Of the unadjusted amounts, pendency of the bills is as under: upto 2011-12: ₹ 384.58 crore, 2012-13: ₹ 158.72 crore and 2013-14: ₹ 366.99 crore.



**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
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
2013-14	10862	799.60	4163	484.53	5125	373.84	9900	910.29

Source: Compiled from the information received from various departments of the State Government.

As against 10862 bills outstanding as on 31 March 2013, only 3346 DC (Detailed Contingent) bills (31 per cent) were submitted during 2013-14. Out of 9900 outstanding bills, 7516 bills involving ₹ 543.30 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.

Audit reviewed the procedure of adjustment of AC bills of two departments viz. Fire and Emergency Services (FES) Department and Sundarban Affairs (SA) Department during 2009-10 to 2013-14 and following lapses, deficiencies and irregularities were noticed in drawal of AC bills as well as in submission of DC bills:

- It was observed that an amount of ₹ 35.35 crore against 123 numbers of AC Bills was drawn by FES Department during the above mentioned period through West Bengal Fire and Emergency Services (WBFES) Directorate of which ₹ 20.96 crore for 21 AC bills remained unadjusted till date (August 2014). Out of the unadjusted bills, ₹ 3.12 crore pertained to eight AC bills drawn during 2009-10 to 2012-13.
- A total amount of ₹ 396.41<sup>13</sup> lakh was drawn by West Bengal Fire & Emergency Services Directorate by three AC bills for modernisation of control room and fleet management system of West Bengal Fire & Emergency Services. Directorate, however, failed to submit DC bills till date (July 2014) leaving them unadjusted even after lapse of periods ranging between two months to 14 months.
- WBFES drew an amount of ₹ 36.74 lakh in September 2013 in AC bill for procurement of 36 bikes from grants received under 13th FC. The automobile company supplied 35 bikes and the remaining one could not be supplied due to non-payment of balance amount ₹ 0.25 lakh over and above the

<sup>13</sup> ₹ 139.92 lakh in March 2013; ₹ 132.15 lakh and ₹ 124.34 lakh in March 2014.

released amount. Department did not release the balance amount resulting in ₹ 36.74 lakh lying unadjusted till date (August 2014).

- An amount of ₹ 12 crore was drawn (October 2013) by the Directorate in AC bill for opening a Letter of Credit (LOC) account with Indian Overseas Bank<sup>14</sup> for purchasing two Hydraulic Aerial Ladders under the aid of 13th FC. Directorate, however, in contravention of WBTR 2005 kept (November 2013) the entire amount in fixed deposit in the said bank. Reasons for non-utilising the same for the intended purpose were not forthcoming from the records while the AC bill remained unadjusted for seven months (till August 2014).
- An amount of ₹ 125.91 lakh was drawn (January 2014) by WBFES in AC bill for procurement of 20 chassis for converting them into mid-size water tenders under the assistance of 13th FC. WBFES did not receive chassis (till August 2014) even after payment to the automobile company resulting in non submission of DC bill as of August 2014.
- SA Department through Sundarban Development Board (SDB) drew ₹ 13.88 crore in 15 AC bills during 2011-12 to 2013-14 (details of 2009-10 to 2010-11 were not available) against which seven AC bills for ₹ 11.18 crore were outstanding as of August 2014. Out of unadjusted seven AC bills, two bills for ₹ 0.13 crore were drawn in 2012-13.

An amount of ₹ 10.91 crore was drawn (March 2014) by Sundarban Development Board in three AC bills for the programme of distribution of 33209 bi-cycles amongst the girl school students of Sundarban region. The programme was to be implemented by SDB and payment would be made by Sundarban Infrastructure Development Corporation Ltd. (SIDCL) under the guidance of SDB. Board, however, in violation of WBTR 2005, deposited the entire amount in the Savings Bank account of Sundarban Infrastructure Development Corporation Ltd. and the amount remained unutilised till date (August 2014).

Scrutiny of records of both the Departments revealed that DDOs did not submit quarterly statement of advances remaining unadjusted to the Controlling Officer, Finance Department and the Treasury Officer as stipulated in WBTR 2005. Lapses on the part of DDOs regarding proper checking of DC bills, maintenance of proper registers/records thereof were also noticed indicating non observance of extant treasury rules. Failures in abiding with the WBTR led to non reconciliation of records maintained by DDO and PAO which resulted in discrepancy of three AC Bills involving ₹ 14.56<sup>15</sup> crore which though drawn as advance by WBFES Directorate were not reflected in the PAO records. All these instances represented departmental failure in exercising regulatory control over DDOs.

<sup>14</sup> India Exchange Place Branch

<sup>15</sup> ₹ 12.00 crore in October 2013; ₹ 1.32 crore and ₹ 1.24 crore in March 2014.

### 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 framed under any 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. Four types of PD Accounts pertaining to district treasury in respect of Land Acquisition Collectors, Rent Controllers, Jailors and DMs, however, are of permanent nature.

In contravention of the same, 60 PD accounts (₹ 3.38 crore) inoperative since 2008 in PAO Kolkata and 12 PD accounts (₹ 3.36 crore) inoperative in other treasuries<sup>16</sup> were yet to be closed.

In West Bengal, the closing balance under 8443- 106 - PD Accounts at the end of 2013-14 stood at ₹ 3435.32 crore with an increase of ₹ 364.88 crore (12 per cent) over that of previous year. The balances as well as receipt and disbursement for the last three years are shown below:

**Table 3.6: Amounts received and disbursed in PD accounts during the last three years**

	Opening balance	Receipt	Disbursement	Closing balances
	₹ in crore			
2011-12	2430.57	912.84	960.21	2383.20
2012-13	2383.20	2270.26	1583.02	3070.44
2013-14	3070.44	2660.94	2296.06	3435.32

Source: Finance Accounts

There were 148 PD accounts in operation in the State as of March 2014. During the year, two PD accounts were opened and two PD accounts were closed. During 2010-11, 2011-12, 2012-13 and 2013-14 amounts transferred to 8443-106-PD Accounts (PDA) by debit to Consolidated Fund stood at ₹ 655.94 crore, ₹ 552.59 crore, ₹ 1051.76 crore and ₹ 1219.30 crore respectively. Out of the amount transferred in 2013-14 (₹ 1219.30 crore), ₹ 348.19 crore (28.56 per cent) was transferred during March 2014 indicating rush of transfer of funds to that account 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 expenditures subsequently incurred from the PD accounts would not be subject to the usual Treasury checks leaving scope for misuse.

<sup>16</sup> Three in Alipur-I treasury, Two each in Berhampore-I & Purulia treasury and one each in Bankura, Barrackpore-I, Bidhanagar, Krishnanagar-I and Kurseong treasury were lying inoperative.

Test-check of PD Accounts maintained by 16 DDOs revealed the following irregularities:

- There were discrepancies in PDA Cash Books and corresponding Treasury Pass Books of seven DDOs due to non-reconciliation as required under WBTR (*Appendix 3.10*). It was noticed that closing cash book balance was understated in respect of three DDOs<sup>17</sup> amounting to ₹ 11.47 crore and ₹ 2.01 crore was overstated in cash book balance of four DDOs<sup>18</sup>.
- PDAs of four DDOs<sup>19</sup> having a balance of ₹ 51.41 lakh remained inoperative for five or more years without crediting the amount back to the consolidated fund as required under WBTR 2005.
- In seven DDOs<sup>20</sup>, the PD accounts as of 31 March 2014 had a total balance of ₹ 452.17 crore. Further scrutiny of these balances revealed:
  - Two DDOs failed to utilise ₹ 8.14 crore received for development purposes starting from 2001-02 (*Appendix 3.11*) and the entire amount remained parked in PDAs as of March 2014.
  - Scheme funds amounting to ₹ 7.95 crore were retained in these PD accounts instead of refunding the same to Consolidated Fund of the State. It was also seen that scheme funds were being retained for a period ranging from two to 17 years.
  - Two DDOs retained (as of March 2014) ₹ 5.20 crore (DM, South 24 Paraganas: ₹ 5.01 crore and DM, Uttar Dinajpur: ₹ 0.19 crore) during the term of previous Assemblies under Bidhayak Elaka Unnayan Prakalpa (BEUP) in their respective PDAs contrary to BEUP guidelines requiring surrender of these funds to Government after dissolution of the Assembly.
  - DM, Birbhum kept an amount of ₹ 3.17 lakh (as of March 2014) in the shape of un-classified balance in his PDA since 2006. The purpose for receipt of fund was not known to the DDO, indicating absence of any justification for retention of the same.

Apart from the test checked DDOs, similar case of retention of schematic funds amounting to ₹ 1.04 crore was noticed in DM, Dakshin Dinajpur (₹ 0.96 crore) and DM, Coochbehar (₹ 0.08 crore) for a period ranging from two to seven years. Further, DM, Uttar Dinajpur and DM, Dakshin Dinajpur retained MDM funds of ₹ 4.18 lakh and ₹ 4.34 lakh respectively in their PDAs in lieu of their Savings

<sup>17</sup> DM Hooghly: ₹ 2.63 crore, DM Malda: ₹ 8.75 crore and Rent Controller, Kolkata: ₹ 0.09 crore

<sup>18</sup> DM North 24 Paraganas: ₹ 0.01 lakh, DM Uttar Dinajpur: ₹ 1.95 crore, DM Birbhum: ₹ 0.01 crore and DG & IG of Police, WB: ₹ 0.05 crore

<sup>19</sup> Principal, Dr. AR Ahmed Dental College & Hospital (since 2003-04), Superintendent, Alipore Central Correctional Home (since 2003-04), Superintendent, Presidency Correctional Home (since 2007-08) & DG & IG of Police, WB (since 2003-04)

<sup>20</sup> DMs of South 24 Pgs: ₹ 130.66 crore, North 24 Pgs: ₹ 54.08 crore, Birbhum: ₹ 34.73 crore, Hooghly: ₹ 35.25 crore, Bankura: ₹ 47.06 crore, Uttar Dinajpur: ₹ 67.34 crore and Purulia: ₹ 83.05 crore

Bank Accounts ignoring Government notification (September 2008) to the contrary resulting in loss of interest of ₹ 1.62 lakh<sup>21</sup> which could have been utilised in the scheme itself.

Retention of funds in PDAs not only led to expenditure booked under the service heads being inflated without actual outgo, but also resulted in dilution of treasury control over actual expenditure. Besides funds meant for various developmental works remained parked in the PDAs thereby 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 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 2013-14, ₹ 4865.32 crore under 77 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 4.93 *per cent* of the total expenditure ₹ 98724.21 crore recorded under the respective Major Heads. Expenditure on major Schemes such as New Incentive Scheme for encouraging the setting up of New Industrial Units, Grants to CMC/HMC for adjustment of Energy Bills of CESC, Backward Region Grant Fund (Central Share), Grants to WBSEDCL for "Sabar Ghare Alo" under BRGF, Contribution Programme for Roads and Bridges under Central Road Fund, etc, were booked under "800-Other Expenditure".

Similarly, ₹ 7396.23 crore under 53 Major Heads of Account, constituting 10.15 *per cent* of total recorded receipts ₹ 72881.79 crore under the respective Major Heads, was classified under "800-Other Receipts" in the accounts. Receipts under major schemes such as Miscellaneous receipts not connected with Government Estates, Post-Matric Scholarship to Scheduled Caste Students, Grants-in-aid from consumer Welfare fund for running existing consumer clubs in the school of West Bengal in Phase-I, Special Central Assistance to Scheduled Caste Sub-Plan, etc. booked under "800-Other Receipts" were not depicted distinctly.

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

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<sup>21</sup> DM, Uttar Dinajpur: ₹ 0.80 lakh and DM, Dakshin Dinajpur: ₹ 0.82 lakh

### 3.6.5 Analysis of balances of Suspense and Remittance

Accounts of the Government are kept on cash basis. Certain transactions of receipts and payments, which cannot immediately 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. 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 decreased from ₹ 1547.28 crore in 2012-13 to ₹ 586.68 crore in 2013-14. However, under 8782-Cash Remittances and Adjustments, etc., there was an increase in credit balance from ₹ 710.66 crore during the previous year to ₹ 1104.97 crore in the current year.

Further, significant balances under Suspense and Remittance heads as of March 2014, which may impact the cash balances are shown in the **Table** below:

**Table 3.7: 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 2014		Impact of outstanding on cash balance
		Dr.	Cr.	
	8658 - Suspense Account-			
1	101-PAO Suspense Ministry of Transport and Highways	98.03	0.34	Cash balance will increase on settlement
	101- PAO Suspense Central Pension Accounting Office (IAS officers pension)	18.94	0.86	
2	102-Suspense Account (Civil) Account with Defence	200.73	192.02	
	102-Suspense Account (Civil) Account with Railway ER	3.69	3.68	
3	123-A.I.S. Officer Group Insurance Scheme	3.02	2.54	
4	102-Suspense Account (Civil) Account with Railway SER	15.58	16.31	
5	109 - Reserve Bank Suspense-Headquarters	(-) 1.94	(-) 1.06	
6	129 - Material purchase settlement Suspense Account	0.02	67.59	

## B Remittance Balances

(₹ in crore)

Sl. No.	Head of Account Ministry/Department with which pending	Balance as on 31 March 2014		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	12509.28	12437.21	Cash balance will increase on clearance
2	103 Forest Remittances I - Remittances into Treasuries	2020.09	1675.30	
3	102 PW Remittances II - PW Cheques	42944.69	44676.48	Cash balance will decrease on clearance
4	103 Forest Remittances II - Forest Cheques	3762.51	4100.22	

Source: Finance Accounts

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 ₹ 958.51 crore and the credit balance at ₹ 522.58 crore with the net balance being ₹ 435.93 crore (Debit) as on 31 March 2014.

### 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 exercised by the State Government. There were considerable delays in finalising proforma accounts of departmentally managed commercial undertakings indicating laxity in the accountability mechanism in respect of public funds invested in those undertakings.*

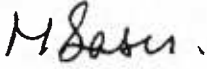
*Accumulation of unadjusted AC bills and the trend of parking of developmental funds in PD Accounts were also major areas of concern, as substantial amounts were drawn from treasury or transferred out of the Consolidated Fund of the State without proper treasury checks. Some departments were slack in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

**Recommendations:**

The Government may consider institutionalising:

- *a proper mechanism to monitor timely submission of Utilisation Certificates by the grantee and accounts by Urban Local Bodies/Panchayati Raj Institutions and Autonomous Bodies;*
- *a task force for time bound clearance of all non adjusted Abstract Contingent bills and to monitor all Personal Deposit Accounts to detect unnecessary parking of funds.*

Kolkata  
The **17 FEB 2015**

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

Countersigned

New Delhi  
The **25 FEB 2015**

  
(SHASHI KANT SHARMA)  
Comptroller and Auditor General of India