

A sound financial reporting with relevant, reliable and timely information contributes to efficient and effective governance by the State Government and is important for the Government in meeting its basic stewardship responsibilities, strategic planning and appropriate decision making. It also forms the basis of sound internal controls. This Chapter provides an overview of the State Government’s compliance with various financial rules, procedures and directives during the year 2014-15.

### 3.1 Delay in furnishing Utilisation Certificates

The Gujarat Financial Rules 1971<sup>1</sup> read with General Financial Rules 2005<sup>2</sup> provide that for the grants provided for specific purposes, Utilisation Certificates (UCs) should be submitted within twelve months of the closure of the financial year by the institution or organisation concerned to the Head of Department concerned and after verification, these should be forwarded to the Accountant General. However, 10,335 UCs aggregating to ₹ 8,160.78 crore due in respect of grants paid during the period 2001-02 to 2014-15 were outstanding as on 31 March 2015. The department-wise break-up of outstanding UCs is given in **Appendix 3.1** and the age-wise position of delays in submission of UCs is summarised in **Table 3.1**.

**Table 3.1: Age-wise arrears of Utilisation Certificates**

Sl. No.	Range of Delay in Number of Years	Utilisation Certificates Outstanding	
		Number	Amount
1	Upto one year*	2,942	4,630.62
2	1-3	1,463	2,170.33
3	3-5	737	420.02
4	5-7	407	472.67
5	7-9	468	140.90
6	9 and above	4,318	326.24
	<b>Total</b>	<b>10,335</b>	<b>8,160.78</b>

Source: Information compiled by Accountant General (A&E), Gujarat

\* For the Grants paid during 2014-15, the Utilisation Certificates will become due only during 2015-16.

Almost 22 *per cent* of the outstanding UCs of ₹ 1,783.77 crore pertained to the Social Justice and Empowerment Department while 21 *per cent* of

<sup>1</sup> Rule 154 and 155 of the Gujarat Financial Rules, 1971

<sup>2</sup> Rule 212 of General Financial Rules 2005

outstanding UC of ₹ 1,723.70 crore pertained to Urban Development and Urban Housing department. The Narmada, Water Resources, Water Supply and Kalpsar Department accounted for almost 13 *per cent* outstanding UCs of ₹ 1,036.83 crore.

The FD stated (December 2015) that all concerned administrative departments have been intimated to take required action for submission of pending UCs.

### ***3.1.1 Review of utilisation certificates in selected departments***

As per the Gujarat Financial Rules, 1971<sup>3</sup> (GFR) administrative departments may sanction grants-in-aid (GIA) to an institution or body, subject to the condition that the sanction is in accordance with the Rules or principles prescribed in these Rules or prescribed with the previous consent of the Finance Department (FD). As per Note (ii) below Rule 155 of the GFR “Utilisation Certificate of grant-in-Aid should be furnished in every case of grant paid for specific purpose even if no conditions are specifically attached to the grant.”

With a view to ascertain how far the authorities were adhering to these Rules relating to GIA and submission of UCs, Audit test checked the records of the Social Justice and Empowerment Department (SJ & ED) and three controlling officers viz. Directorate of Scheduled Castes, Directorate of Social Defence and Directorate of Developing Castes for the period 2012-13 to 2014-15.

Audit observed that the department transferred the GIA funds to three directorates under its charge and the details of disbursement and utilisation certificates are being maintained by the directorates. Further, it was also observed that conditions to be followed by the directorates and GIA institutions for monitoring and utilisation of the funds were not being issued by the department at the time of release of funds to the directorates.

The system in place for release of funds and follow-up action taken by the three directorates are as under:

#### **Directorate, Scheduled Castes**

The office of the Director, Scheduled Castes released GIA to District level offices during the years 2012-13 to 2014-15 for further disbursement to hostels and ashram schools etc. However, the UCs in respect of the said grants were not obtained in the Directorate. The details of outstanding UCs in respect of the above are as under:

---

<sup>3</sup> Rule 153 of Gujarat Financial Rules 1971

Table 3.2 Details of outstanding utilisation certificates:

(₹ in crore)

Year	GIA released	Outstanding Utilisation Certificate		Percentage of outstanding UCs
		Number	Amount	
2012-13	41.16	446	41.16	100
2013-14	40.14	413	40.14	100
2014-15	49.81	482	49.81	100
<b>Total</b>	<b>131.11</b>	<b>1,341</b>	<b>131.11</b>	

Source: Information provided by the Director, Scheduled castes, Govt. of Gujarat

When UCs were called for in audit, the office of the Director, Scheduled Castes issued a circular (July 2015) to the district level offices for submission of UCs for the years 2012-13, 2013-14 and 2014-15. Further it was also observed that the grants were being released to District level offices by online transfers on the basis of their requirement and no separate instructions were being issued.

### Directorate, Social Defence

The office of the Director, Social Defence released total GIA of ₹ 94.70 crore during 2012-13 and 2013-14 to institutions<sup>4</sup> for various purposes. However, the UCs received were not in respect of the entire amount. The details of UCs furnished by the institutes to the Director, Social Defence are as follows:

Table 3.3 Details of UCs furnished by the institutes

(₹ in crore)

Year	GIA released	Outstanding Utilisation Certificate		Percentage of outstanding UCs
		Number	Amount	
2012-13	45.36	773	31.52	69.49
2013-14	49.34	667	34.23	69.36
<b>Total</b>	<b>94.70</b>	<b>1,440</b>	<b>65.75</b>	<b>69.43</b>

Source: Information provided by the Director, Social Defence, Govt. of Gujarat

In response to the audit query relating to the reasons for pendency of the UCs, the Directorate informed that a circular will be issued calling for the outstanding Utilisation certificates from the concerned institutions.

### Directorate, Developing Castes

The office of the Director, Developing Castes released GIA to district offices which in turn released the grants of ₹ 84.30 crore, ₹ 86.60 crore and ₹ 92.10 crore during the years 2012-13, 2013-14 and 2014-15 respectively to Ashram schools and Chhatralayas for food and maintenance.

<sup>4</sup> Institutions for differently abled, crèches, orphanages etc.

The Directorate intimated that no UCs are outstanding in respect of the above grants (July 2015). Audit test checked the UCs received by District Social Welfare officer (Developing Caste) at Porbandar and Amreli districts for the years 2012-13 and 2013-14. It was noticed that UCs to the tune of 33 and 39 *per cent* for the years 2012-13 and 2013-14 were outstanding in Porbandar district while in respect of Amreli district 63 and 53 *per cent* UCs for the years 2012-13 and 2013-14 respectively, were outstanding as shown in **Table 3.4**

**Table 3.4 Details of Utilisation certificates furnished by the institutes**

(₹ in lakh)					
District	Year	GIA released	Amount for which UC received	Amount of Outstanding UC	Percentage outstanding (%)
Porbandar	2012-13	55.08	36.66	18.42	33.44
	2013-14	50.04	30.73	19.31	38.59
Amreli	2012-13	99.61	36.50	63.11	63.36
	2013-14	105.73	49.22	56.51	53.45

Source: Information provided by the Director, Developing Castes, Govt of Gujarat

The reply of the department is awaited.

### **3.2 Non-receipt of information pertaining to bodies/authorities substantially financed by the Government**

Under Section 14 of the C&AG's (Duties, Powers and Conditions of Service) (DPC) Act 1971, where anybody or authority is substantially financed by grants or loans from the Consolidated Fund of India or of any state, the Comptroller & Auditor General of India shall, subject to the provisions of any law for the time being in force applicable to the body or authority, as the case may be, audit all receipts and expenditure of that body or authority and to report on the receipts and expenditure audited by him.

Under section 15 of the C&AG's DPC Act, 1971 where any grant or loan is given for any specific purpose from the Consolidated Fund of India or of any State to any authority or body, the C&AG shall scrutinise the procedures by which the sanctioning authority satisfies itself as to the fulfilment of the conditions subject to which grants or loans were given.

In order to identify institutions which attract Audit under Sections 14 and 15 of the C&AG's DPC Act, the Government/Heads of Department (HoDs) are required to furnish to Audit every year, detailed information about the financial assistance given to various institutions, the purposes for which assistance was given, and the total expenditure of the institutions. The Regulations on Audit and Accounts 2007 provide that the Governments and HoDs which sanction grants and/or loans to bodies or authorities shall furnish to the Audit Office by the end of July every year a statement of such bodies and authorities to which grants and/or loans aggregating ₹ 10 lakh or more were paid during the preceding year indicating (a) the purpose for which the assistance was sanctioned and (b) the total expenditure of the body or authority.

Despite taking up the issue with various Departments, none of the 26 Departments has furnished the details of GIA given to various bodies and authorities to Audit during 2014-15. In the absence of requisite details no new bodies/authorities could be identified for Audit. In the absence of complete information on the financial assistance given, reasonable assurance to that extent could not be provided to the Legislature/Government about the manner in which the grants sanctioned/paid by them had been utilised. This dilutes the legislative control over the government expenditure systems.

The FD stated (December 2015) that it has instructed all concerned administrative departments to take required action for submission of information.

### 3.3 Non-submission/delay in submission of accounts by Autonomous Bodies/Authorities

There are 206 autonomous bodies/ authorities covered by Section 14 of the C&AG's (DPC) Act, 1971. These are audited with regard to their transactions, operational activities and accounts, review of systems/procedures, internal controls, etc.

A total of 245 accounts (including accounts of earlier years) relating to 58 bodies/authorities were audited during the year 2014-15. However, 516 annual accounts of 126 autonomous bodies/ authorities due up to 2014-15 were not received as on 31 July 2015 by the Principal Accountant General (Economic and Revenue Sector Audit) and the Accountant General (General and Social Sector Audit).

The details of such accounts are given in **Appendix 3.2** and their age wise pendency is presented in **Table 3.5**.

**Table 3.5: Age-wise arrears of Annual Accounts due from Government Bodies**

Sl. No.	Pendency in number of years	No. of the Bodies/Authorities
1	Less than one year	10
2	1-3	74
3	3-5	08
4	5-10	31
5	Above 10	03
<b>Total</b>		<b>126</b>

Source: Information compiled by Pr. Accountant General (E&RS Audit) & Accountant General (G&SS Audit), Gujarat

It can be seen from the above table that in respect of 34 autonomous bodies/authorities, accounts were in arrears for more than five years. Of these, the accounts were in arrears in respect of Gujarat University, Ahmedabad since 1999-2000, Akshar Purushottam Arogya Mandir (Muni Seva Ashram), Vaghodia, Goraj-Vadodara and Institute of Kidney Diseases & Research Centre (IKDRC), Ahmedabad since 2004-05 and K J Mehta TB Hospital, Songadh, Amargadh, Bhavnagar; Sheth Vadilal Sarabhai General Hospital and

Sheth Chinai Maternity Hospital, Ahmedabad; Self Employed Women’s Association (SEWA), Ahmedabad and Electronic Quality Development Centre, Ahmedabad since 2005-06. In the absence of annual accounts, the accounting/utilisation of the grants and loans disbursed to these bodies/authorities could not be verified by Audit.

The FD stated (December 2015) that it has instructed all concerned administrative departments (November 2015) to take required action for timely submission of pending annual accounts of bodies/authorities receiving financial assistance from the government.

### **3.4 Submission of Accounts/Audit Reports of Autonomous Bodies**

Several autonomous bodies have been set up by the State Government in the fields of development, housing, etc. These autonomous bodies attract audit under Section 19(2), 19(3) and 20(1) of the C&AG’s (DPC) Act, 1971. These are audited with regard to their transactions, operational activities and accounts, review of systems and procedures, internal management and financial controls, etc. The separate audit report (SAR) in relation to each autonomous body is submitted to the Government. The accounts of 42 such autonomous bodies in the State are audited by the C&AG of India. However, only one<sup>5</sup> body has rendered accounts in time. For the remaining 41 bodies, the periods of delay are given in **Appendix 3.3**.

The details of delay in submission of accounts of autonomous bodies to Audit and the delay in placement of SARs in the Legislature in respect of these autonomous bodies after audit are provided in **Table 3.6**.

**Table 3.6: Delays in Submission of Accounts and tabling of Separate Audit Reports**

<b>Delays in submission of Accounts to Audit (in Years)</b>	<b>Number of Autonomous Bodies</b>	<b>Delays in submission of SARs in Legislature (in Years)</b>	<b>Number of Autonomous Bodies</b>
Up to 1 year	10	Up to 1 year	10
1 – 2 years	5	1 – 2 years	3
More than 2 years	26	More than 2 years	3
<b>Total</b>	<b>41</b>	<b>Total</b>	<b>16</b>

Source: Information compiled by Pr. Accountant General (E&RS Audit) & Accountant General (G&SS Audit), Gujarat

The FD stated (December 2015) that it has instructed all concerned administrative departments to take required action for timely submission of pending annual accounts of bodies/authorities receiving financial assistance from the government.

<sup>5</sup> Khambhalia Urban/Area Development Authority

### 3.5 Failure to account for amount drawn on AC Bills

As per Rule 211 of Gujarat Treasury Rules, 2000, the drawing officers are required to furnish the detailed Contingent Bills in respect of all Abstract Contingent Bills within three months from the date of drawal of Abstract Contingent Bills to the Accountant General (A&E).

However, 8,183 AC bills amounting to ₹ 582.52 crore were drawn up to March 2015 for which Detailed Contingency (DC) bills were not furnished (March 2015). Year-wise details of outstanding DC bills are given in **Table 3.7**.

**Table 3.7: Pendency in submission of Detailed Contingent Bills**

(₹ in crore)		
Year	Outstanding DC bills	Amount of DC bills
Upto March 2013	3,179	220.37
2013-14	526	63.90
2014-15	4,478	298.25
<b>Total</b>	<b>8,183</b>	<b>582.52</b>

Source: Information compiled by Accountant General (A&E), Gujarat

As evident from the Table 3.8, DC bills amounting to ₹ 284.27 crore (49 per cent of total amount) were pending for more than two years.

The FD in its reply (December 2015) stated that it has instructed all administrative departments to clear the pending Abstract bills.

A rigorous monitoring mechanism should be put in place in the Departments to ensure adjustment of the advances drawn in Abstract Contingent bills, as required under the extant Rules.

### 3.6 Personal Deposit Accounts

A Personal Deposit/Ledger Account (PD/PL Account) is a device intended to facilitate the administrator thereof to credit receipts into and effect withdrawals directly from the treasury account for a specific purpose. The administrators thereof shall only be Government officers acting in their official or any other capacity. Every Personal deposit account so authorised to be opened will form part of the Government Account and be located in the Public Account portion thereof.

There were 492 PD/PL Accounts in District Treasuries in operation as on 31 March 2015 having an amount of ₹ 361.76 crore. During 2014-15, ₹ 1,502.64 crore was credited to PD Accounts from Consolidated Fund of the State and expenditure of ₹ 1,424.60 crore was incurred therefrom. Out of 33 treasuries in the state, 21 treasuries informed the Accountant General that all PD Accounts were reconciled by the Administrators with the treasuries. Reconciliation in the remaining 12 treasuries was done partially.

Audit test checked (June-July 2015) the operation of the Personal Ledger Account of the Director General and Inspector General of Police (DG & IGP) Gujarat, Gandhinagar for a period of three years from 2012-13 to 2014-15 in order to examine the compliance with the relevant rules.

In 1996 amendment was made to Section 200 of Motor Vehicle Act, 1988 for levy of fines and penalty in case of breaking traffic rules. Honourable Gujarat High Court directed in September 1997 to use 50 *per cent* of the amount for traffic management. The Government of Gujarat vide Resolution dated 1<sup>st</sup> July 2000 of the Home Department, prescribed that a specified percentage of the income received during the year from the state urban areas through penalties under section 200 (1) of the Motor Vehicle Act would be deposited in a Budget head in the name of Gujarat State Marg Suraksha Nidhi i.e. Gujarat Road Safety Fund (GSMSN). This amount would be utilised for traffic management purposes. For smooth function of the activities under GSMSN, it was decided to open a PL Account in the name of the DG & IGP, Gandhinagar, which was made operative with effect from March 2004. The DG & IGP was to collect various proposals for traffic management from different implementing authorities and take approval of Traffic Management Committee for expenditure from the PLA. Further in July 2006, GoG decided vide Home Department resolution that 100 *per cent* of fines collected would form a part of GSMSN.

It was observed from budget estimates and actual appropriation accounts that 100 *per cent* of the fines collected were not transferred to PLA.

**Table 3.8: Year-wise provision for PLA**

Year	Revenue from fines (₹ in crore)		Provision for PLA (₹ in crore)	
	BE	Actual	BE (as % of Revenue)	Actual
2012-13	45.00	52.82	20.50 (45.56)	17.88
2013-14	62.22	48.40	20.00 (32.14)	20.00
2014-15	56.40	75.71	25.00 (44.33)	25.00

Source: Budget Estimates and Appropriation Accounts

From the above table it can be observed that though the GoG had decided to utilise 100 *per cent* of traffic fines collected for GSMSN, the budget provision was not in consonance with the resolution. The budgetary provision was 30 to 46 *per cent* of the budgetary receipts projected.

The main objectives of the Audit of the operation of the PLA were to ascertain:

- Whether all the conditions were complied by the Administrator while operating the PD/PLA.
- Whether the surplus funds were credited to current/saving/term deposit accounts. Unspent balances in the PLA were credited to concerned budget head at the close of financial year.
- Whether reconciliation of balances of PLA was carried out by the DDO and the Treasury.



- Whether there were instances of diversion of funds deposited in the PLA from one scheme to another.
- Whether the accounts were maintained by the DDO as per rules.

The major Audit findings in this regard are discussed below:

### 3.6.1 Irregular accounting and operation of the PL Account

As per the Government Resolution dated 01.07.2000, a PL Account would be opened in the name of the DG & IGP, Gandhinagar for depositing the funds of GSMSN to be utilised for traffic management. The DG & IGP had to take prior approval of Traffic Management Committee before expenditure from the PLA. However, Audit observed that the DG & IGP, Gandhinagar permitted (March 2009) all Police Commissioners and Superintendents of Police to open savings bank accounts at the district level with the condition that the funds received by them under GSMSN should be expended within two months. No prior sanction for opening of saving bank accounts was obtained either from the Home Department or the Finance Department.

On this being pointed out by audit, the office of DG & IGP, Gandhinagar stated that in order to enable better traffic management at district/city level and for avoiding delays in proper utilisation of funds namely payment of honorarium and supplies, the Police Commissioners and Superintendents of Police were authorised to open savings bank account in bank. The office of DG & IGP informed that the sanction of Finance Department or Home Department was not obtained for this purpose.

Audit further observed that in these savings bank accounts, 50- 60 *per cent* of the funds allotted to the districts under GSMSN remained unutilised each year during the period 2012-13 to 2014-15. The details of utilisation of funds at the district level for above period are as under:

**Table 3.9: Accumulation of balances at the District level**

(₹ in crore)						
Year	Opening Balance as per Bank Account	Amount released from P.L.A. to Districts	Total available Fund/ Balance	Expenditure incurred by the Districts	Closing balance on 31st March at Districts Bank Account	Percentage of unutilised funds
2012-13	4.72	17.39	22.11	8.85	13.26	59.97
2013-14	13.26	16.79	30.05	13.80	16.25	54.08
2014-15	16.25	17.23	33.48	16.79	16.69	49.85
	<b>Total</b>	<b>51.41</b>		<b>39.44</b>		

Source: Information furnished by the DG & IGP, Gujarat

Audit of records of the GSMSN fund of the Superintendent of Police, Gandhinagar revealed that no day book, cash book or other records of the routine daily transactions were maintained. On this being pointed out, the office of the Superintendent of Police, Gandhinagar replied that due to heavy

work load the records could not be maintained and the same will be maintained henceforth.

Further, in the audited accounts of GSMSN fund of Superintendent of Police, Gandhinagar for the year 2013-14, an amount of ₹ nine lakh was not included which resulted in understating the closing balance to the same amount. On this being pointed out, the office of Superintendent of Police, Gandhinagar replied that the same has happened inadvertently and action would be taken for rectification.

Thus the system evolved for proper utilisation of funds under GSMSN has inherent flaws like approval of home department/finance department, maintenance of basic records of expenditure and reconciliation by subordinates (September 2015).

### 3.6.2 Non utilisation of funds at State level

As per the Home Department Government Resolution dated 01.05.2012 and 12.06.2013 in respect of the financial years 2012-13 and 2013-14 respectively, 30 per cent of the total released grant was to be utilised by the DG & IGP at state level only for traffic management and traffic awareness.

The expenditure under GSMSN at the state level for the years 2012-13 and 2013-14 was as under

Table 3.10: Expenditure under GSMSN at State Level

Year	Total grant released	30 per cent grant (required to be spent at state level)	(₹ in crore)	
			Amount utilised at state level	Percentage of utilisation at State level
2012-13	17.87	5.36	0.29	1.62
2013-14	20.00	6.00	0.13	0.65
<b>Total</b>	<b>37.87</b>	<b>11.36</b>	<b>0.42</b>	

Source: Information furnished by the DG & IGP, Gujarat

Thus, the office of DG & IGP utilised only an amount of ₹ 0.42 crore (1.11 per cent of released amount) at the state level against an amount of ₹ 11.36 crore (30 per cent of total ₹ 37.87 crore) required to be utilised during the period 2012-13 to 2013-14.

On this being pointed out, office of the DG & IGP replied that looking into the requirement of traffic management at the city and district levels and as per recommendations of the traffic management committee, funds were utilised.

The reply is not acceptable as the condition of utilising 30 per cent of GSMSN funds at state level for purchase of modern equipments for traffic management and traffic awareness was required to be followed.

### **3.6.3 Diversion of PLA fund**

As prescribed by the Government Resolutions (May 2012), GSMSN fund was required to be utilised only for Traffic Management purposes. Audit noticed that DG & IGP, Gandhinagar had released (November 2012) ₹ one Crore to Commissioner of Police, Ahmedabad with instructions to utilise the amount by 31st March 2013 for the installation of CCTV cameras at 41 police stations under the jurisdiction of Commissioner of Police, Ahmedabad.

As installation of CCTV cameras in the Police Stations was the utilisation of the amount for the purpose other than traffic management, the same resulted in diversion of funds.

On this being pointed out, the Additional Commissioner of Police, Ahmedabad confirmed the fact and stated that a proposal has been sent (May 2014) to DG & IGP, Gandhinagar to release the grant for installation of the CCTV cameras from regular grant so that the grant of GSMSN fund can be returned. The sanction to the proposal was yet to be received (June 2015).

### **3.6.4 Non removal of difference in balance as per cash book and Treasury**

Rule 398 of Gujarat Treasury Rules stipulates that the Administrator of the PL Accounts should carry out the reconciliation of their balances for the preceding financial year with the Treasury Office concerned by 30th June of the following financial year. Scrutiny of the records of the office of DG & IGP, Gandhinagar revealed that the differences in the closing balance of PLA as per cash book and that as per treasury for the years 2012-13, 2013-14 and 2014-15 were not rectified. As a result there was a difference between the balances at the PLA and treasury of ₹ 38.50 lakh, ₹ five lakh and ₹ five lakh as on 31<sup>st</sup> March 2013, 31<sup>st</sup> March 2014 and 31<sup>st</sup> March 2015, respectively (May 2015).

On this being pointed out, it was informed by the office of DG & IGP that the difference was due to a cheque of ₹ five lakh issued in February 2013 which was not encashed and that the said difference will be reconciled.

The reply is not acceptable as the provisions of time barred cheque were not followed and differences in closing balance as per cash book and treasury was allowed to continue without timely reconciliation.

### **3.6.5 Non closing of PLA at the end of the financial year**

The District Treasury officer, Gandhinagar had permitted (March 2004) the DG & IGP, Gandhinagar to open PLA with the condition that the account holder had to give certificate of the balance at the end of the financial year and the balance in the account should be credited to respective service head by minus debit.

During scrutiny of records it was revealed that the DG & IGP, Gandhinagar had not transferred the credit balance to the respective service head at the end

of the financial year. As a result there was huge unutilised credit balance lying at the end of the financial year as shown below:

**Table 3.11: Closing balance under GSMSN (As per cash book)**

Year	(₹ in crore)		
	2012-13	2013-14	2014-15
Closing balance as per cash book of DG&IGP, Gandhinagar	14.58	16.85	25.01
Closing balance at district level in saving bank accounts	13.26	16.25	16.69
<b>Total</b>	<b>27.84</b>	<b>33.10</b>	<b>41.70</b>

Source: Information furnished by the DG & IGP, Gujarat

The DG & IGP stated that as the PLA grant was received in the month of March, the balance grant was utilised in the next financial year.

The reply is not acceptable as the conditions stipulated for operating the PLA has not been followed. Further the balances in PLA and subsidiary accounts were found to be increasing.

### 3.7 Misappropriations, losses, defalcations, etc.

The State Government reported 147 cases of misappropriation, defalcation, etc, involving government money of ₹ 9.11 crore (up to March 2015) on which final action was pending. The department-wise break up of pending cases and age-wise analysis is given in **Appendix 3.4** and nature of these cases is given in **Appendix 3.5**. The age-profile of the pending cases and the number of cases pending in each category i.e. theft and misappropriation/loss as emerged from these appendices is summarised in **Table 3.12**.

**Table 3.12: Age-Profile of Misappropriations, losses, defalcations, etc.**

(₹ in crore)		
Age-Profile of the Pending Cases		
Range in Years	Number of Cases	Amount Involved
Up to 5	21	0.99
5 – 10	17	1.04
10 – 15	16	4.78
15 – 20	21	1.69
20 – 25	19	0.28
25 and above	53	0.33
<b>Total</b>	<b>147</b>	<b>9.11</b>

Source: Information compiled by Pr. Accountant General (E&RS Audit) & Accountant General (G&SS Audit), Gujarat

Reasons for which these cases are outstanding are given in **Table 3.13**.

**Table 3.13: Reasons for pendency of Misappropriations, losses, defalcations cases**

Reasons for the Delay/Outstanding Pending Cases		Number of Cases	Amount (₹ in crore)
i)	Awaiting departmental and criminal investigation	30	3.17
ii)	Departmental action initiated but not finalised	43	0.54
iii)	Criminal proceedings finalised but execution of certificate for the recovery of the amount pending	5	0.04
iv)	Awaiting orders for recovery or write off	25	0.13
v)	Pending in the courts of law	42	5.18
vi)	Others	2	0.05
<b>Total</b>		<b>147</b>	<b>9.11</b>

Source: Information compiled by Pr. Accountant General (E&RS Audit) & Accountant General (G&SS Audit), Gujarat

Out of the total 147 cases involving ₹ 9.11 crore outstanding, 30 cases involving ₹ 3.17 crore were awaiting departmental action/criminal investigation which need to be speeded up. Narmada, Water Resources, Water Supply and Kalpsar Department had 20 cases and Land Revenue Department had 17 cases which are pending for more than 25 years and need to be resolved at the earliest.

### 3.8 Operation of omnibus Minor Head 800

The omnibus Minor Head 800 accommodates the expenditure which could not be classified under the available programme minor heads.

During 2014-15, expenditure aggregating ₹ 14,702.53 crore, constituting 12.60 *per cent* of the total expenditure was classified under Minor Head 800-Other Expenditure against 73 Major Heads under Revenue and Capital Major Heads. Entire expenditure on Capital outlay on Other General Economic Services (Major Head 5475), Capital outlay on miscellaneous general service (Major Head 4075), Capital outlay on iron and steel industries (Major Head 4852), Capital outlay on nutrition (Major Head 4236), Ports and Light Houses (Major Head 3051) and Capital Outlay on Crop Husbandry (Major Head 4401) were classified under omnibus Minor Head – 800. Also, 63.35 *per cent* expenditure of Power (Major Head 2801) was classified under Minor Head 800.

Similarly, revenue receipts aggregating ₹ 9,109.61 crore constituting 9.88 *per cent* of total receipts were classified under omnibus Minor Head ‘800-Other Receipts’ under 57 Major Heads under Revenue and Capital Sections. Entire receipts of Other Special Areas Programmes (Major Head 0575), Food Storages and Warehousing (Major Head 0408), Family Welfare (Major Head 0211), 63.98 *per cent* receipt of Grant-in-aid from Central Government (Major Head 1601) and 62.42 *per cent* of revenue receipt under Education, Sports, Art and Culture (Major Head 0202) were classified under omnibus Minor Head – 800.

The FD while accepting the fact replied (December 2015) that the matter has been brought to the notice of all the administrative departments of GoG.

Budgeting of large amounts under the omnibus Minor Head 800 – Other Expenditure/Receipts affects the transparency in financial reporting, as it fails to indicate disaggregated information on different activities of the Government separately in the accounts.

## **3.9 Comments on Accounts**

### ***3.9.1 Transparency in accounts***

To bring out greater transparency and to enable informed decision making in Government Accounts, the TwFC had recommended inclusion of certain statements/appendices in the Finance Accounts which would give details of subsidies given, both explicit and implicit, expenditure on salaries by various departments/units, detailed information on pensioners and expenditure on government pensions, data on committed liabilities in the future, statement on debt and other liabilities as well as repayment schedule, accretion to or erosion in financial assets held by the Government including those arising out of changes in the manner of spending by the Government, implications of major policy decisions taken by the Government during the year or new schemes proposed in the budget for future cash flows and statement on maintenance expenditure with segregation of salary and non-salary portions.

Presently, in the Finance Accounts of the State, the appendix on subsidy does not provide information regarding implicit subsidies. Regarding details of salary, the data captured in accounts is related to State sector only. Details of salary in case of aided institutions are included under the grants released to them. Accounting reforms are required to be undertaken to bring the data available into the Finance Accounts to make it more transparent.

### ***3.9.2 Important factors affecting accuracy of accounts***

The accounts of the Government are kept on cash basis. Certain transactions that arise in Government Account, the receipts and payments of which cannot at once be taken to a final head of receipt or expenditure owing to lack of information as to the nature or for any other reasons, are to be booked temporarily under the ‘Suspense Head’. On the receipt of relevant details/information, these heads of accounts are finally cleared by minus debit or minus credit when the amounts under them are booked to their respective final heads of accounts. If these amounts remain uncleared, the balances under the suspense heads would accumulate and would not reflect Government’s receipts and expenditure accurately. Debt, Deposit and Remittances heads account for such transactions where the Government, as a custodian of public money, receives and holds such money in trust.

The accuracy of the Finance Accounts 2014-15 of the state has been adversely affected by large number of transactions under suspense heads awaiting final classification. A general review of the transactions showed the following:

- **Outstanding balances under major suspense accounts**

The balances under certain major suspense heads of accounts, as recorded in the ledger maintained by Accountant General (Accounts and Entitlement), are indicated in **Table 3.14**.

**Table 3.14: Suspense Head (8658 – Suspense Accounts)**

(₹ in crore)

Name of Minor Head	2012-13		2013-14		2014-15	
	Dr	Cr	Dr	Cr	Dr	Cr
101- Pay and Accounts office Suspense	111.78	2.18	117.27	0.87	119.18	(-)5.94
	Net Dr. 109.60		Net Dr. 116.40		Net Dr. 125.12	
102- Suspense Accounts (Civil)	109.61	50.52	109.49	50.35	121.45	50.38
	Net Dr. 59.09		Net Dr. 59.14		Net Dr. 71.07	
110- Reserve Bank suspense Central Accounts Office	148.40	(-)95.82	152.85	(-)91.44	152.11	(-)91.44
	Net Dr. 244.22		Net Dr. 244.29		Net Dr. 243.55	

Source: Finance Accounts

The Finance Accounts reflect the net balances under these heads. The outstanding balances are worked out by aggregating the outstanding debit and credit separately. The implications of the balances under these heads are discussed in the succeeding paragraphs.

#### ***Pay and Accounts Office (PAO) Suspense***

This minor head is operated for the settlement of inter-departmental and inter-governmental transactions arising in the books of PAOs and the Accountant General. Transactions under this minor head represent either recoveries effected or payments made by an Accounts Officer on behalf of another Accounts Officer, against whom the minor head “PAO Suspense” has been operated. Credit under the head is cleared by ‘minus credit’ when cheque is issued by the Accounts Officer in whose books initial recovery was accounted for. Debit under ‘PAO Suspense’ is cleared by ‘minus debit’ on receipt and realisation of cheque from the Accounts Officer on whose behalf payment was made.

Outstanding debit balance under this head would mean that payments have been made by the Accountant General on behalf of a PAO, which are yet to be recovered. Outstanding credit balance would mean that payments have been received by the Accountant General on behalf of a PAO, which are yet to be repaid/adjusted. The net debit balance under this head has increased continuously during 2012-13 to 2014-15. On clearance/settlement of this, the cash balance of the State Government will increase.

### ***Suspense Account (Civil)***

This transitory minor head is operated for accounting of the transactions, which for want of certain information/documents viz., vouchers, challans, etc., cannot be taken to the final head of expenditure or receipt. This minor head is credited for recording receipts and debited for expenditure incurred. On receipt of the requisite information/documents etc., the minor head is cleared by minus debit or minus credit by per contra debit or credit to the concerned major/sub-major/minor heads of accounts.

Outstanding debit balance under this head would mean payments were made which could not be debited to final expenditure head for want of details like vouchers etc. Outstanding credit balance would mean amounts were received which could not be credited to the final receipt head for want of details. The net debit balance under this head has increased continuously during 2012-13 to 2014-15 indicating that necessary details for classification of final expenditure head were not available. Steps need to be taken for obtaining the requisite details.

### **3.10 Conclusion and Recommendations**

The GSMSN was to be operated through PLA for traffic management and thereby enhancing road safety. During audit check, it was found that there were instances of opening subsidiary accounts without proper approval, diversion of funds, non-reconciliation of balances and huge unutilised balances. Thus, the operation of PLA under GSMSN was not fully in accordance with the instructions in these regard.

***The concerned department may evolve a mechanism to ensure adherence with provisions of PD/PL accounts, regular checks for speedy implementation of scheme/programme as well as stated objectives.***

Non-submission of utilisation certificates of ₹ 8,160.78 crore indicated lack of adequate monitoring by the Departments in utilisation of grants given for specific purposes. We noticed instances of non-submission/ incomplete submission of utilisation certificates in our detailed scrutiny of Social Justice and Empowerment Department.

***The sanctioning authority/ concerned department may evolve a mechanism to gather UCs promptly, verify their genuineness, including by way of sample inspection, and look into the delays in submission to identify the bottlenecks and address them for sound internal control and financial reporting.***

There has been non-submission/ delay in submission of accounts of autonomous bodies/authorities. In respect of 36 autonomous bodies/ authorities auditable under section 14 of C&AG's (DPC) Act, 1971, accounts were in arrears for more than five years. Only one out of 42 autonomous bodies auditable under section 19(2), 19(3) and 20(1) submitted its accounts in time.



*The Controlling Departments may identify the reasons for delay in finalisation of pending accounts of autonomous bodies/ authorities for suitable remedial measures so that backlog of arrears in accounts is cleared in a time bound manner.*



**(Y. N. THAKARE)**

**Principal Accountant General  
(Economic & Revenue Sector Audit) Gujarat**

**Ahmedabad  
The 10 February 2016**

**Countersigned**



**(SHASHI KANT SHARMA)**

**Comptroller and Auditor General of India**

**New Delhi  
The 11 February 2016**

