

## CHAPTER III

### FINANCIAL REPORTING

A sound internal financial reporting system and the availability of relevant and reliable information significantly contribute to efficient and effective governance by the State Government. Compliance with financial rules, procedures and directives as well as the timeliness and quality of reporting on the status of such compliances is thus one of the attributes of good governance. The reports on compliance and controls, if effective and operational, assist the State Government in meeting its basic stewardship responsibilities, including strategic planning and decision making. This Chapter provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the year 2015-16.

#### 3.1 Compliance Audit of Outstanding Utilisation Certificates against the grants

##### 3.1.1 Introduction

Grants-in-Aid (GIA) are payments in the nature of assistance, donations or contributions made by one Government, to another government, body, institution or individual. GIA is given by the Union Government to the State Governments or Panchayati Raj Institutions, agencies, bodies and institutions. Similarly, The State Governments also disburse Grant-in-Aid to agencies, bodies and institutions such as universities, hospitals, cooperative institutions and others. The grants so released are utilised by these agencies, bodies and institutions for meeting day to day operating expenses and for creation of capital assets.

Rule 173 of the Chhattisgarh Financial Code (CGFC) Vol.-I, states that unless it is otherwise ordered by Government, every grant made for a specific object is subject to the implied condition:

- i. The grant will be spent upon the object within a reasonable time, if no time limit has been fixed by the sanctioning authority, and
- ii. That any portion of the amount which is not ultimately required for expenditure upon that object should be duly surrendered to Government.

As per Rule 182 of the Chhattisgarh Financial Code (CGFC) Vol.-I, in case of an annual or a non recurring conditional grant, the Departmental officer on whose signature or counter-signature GIA bill is drawn, shall furnish the Utilisation Certificates (UCs) to the Accountant General on or before 30 September of the year following that to which the grant is related.

In Chhattisgarh, a total of 4237 UCs amounting to ₹ 10,502.86 crore were outstanding as of 31 March 2016 in different Departments against the GIA bills drawn during 2007-08 to 2015-16. The year wise pending position of UCs are depicted in the table given below:

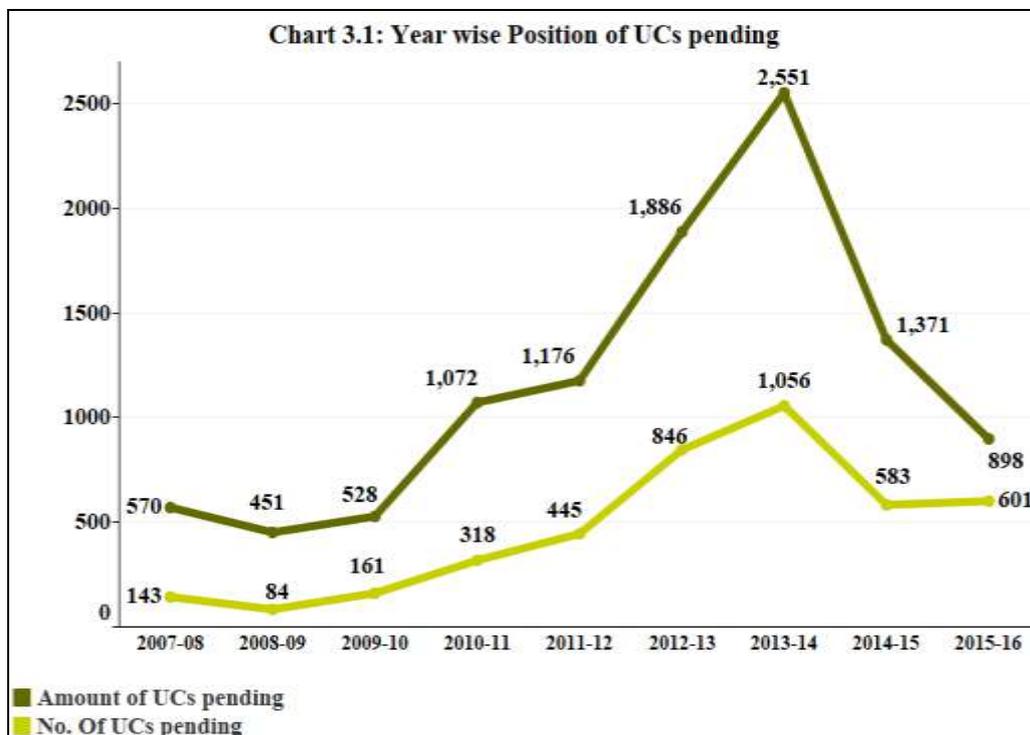
**Table 3.1 Year wise position of UCs Pending**

(₹ in crore)

Year	Total Grant Paid		UCs received		UCs pending	
	Number	Amount	Number	Amount	Number	Amount
2007-08	5158	1,871.82	5015	1,301.43	143	570.39
2008-09	6691	2,182.37	6607	1,731.06	84	451.31

2009-10	5881	2,798.36	5720	2,270.47	161	527.89
2010-11	6957	3,204.49	6639	2,132.74	318	1,071.75
2011-12	7661	3,562.13	7216	2,386.34	445	1,175.79
2012-13	22774	7,461.02	21928	5,574.85	846	1,886.17
2013-14	34474	11,347.98	33418	8,797.28	1056	2,550.70
2014-15	1060	2,328.93	477	957.90	583	1,371.03
2015-16	626	910.42	25	12.59	601	897.83
<b>Total</b>	<b>91282</b>	<b>35,667.52</b>	<b>87045</b>	<b>25,164.66</b>	<b>4237</b>	<b>10,502.86</b>

(Source: Finance Account 2015-16)



(Source: Finance Account 2015-16)

The major head wise and year wise position of UCs pending are given in **Appendix 3.1**.

As can be seen from above chart, the number of pending UCs increased steadily from 2007-08 till 2013-14 and thereafter there has been a sharp drop in the next two years.

### 3.1.2 Audit Scope

A detailed scrutiny was conducted to study the reasons for huge numbers of outstanding UCs. Out of 56 Major Heads operated by the State Government, three Major Heads i.e. 2202- General Education, 2217-Urban Development Department and 2515-Other Rural Development Programmes were selected based on total amount of UC pending. These three major heads covering 2509 number of outstanding UCs amounting to ₹ 3,943.55 crore constituted 59 per cent of total outstanding UCs. While conducting detailed analysis the data of UCs from AG (A&E) office and observations regarding UCs raised during audit of field units as mentioned in the Inspection Reports during the year 2015-16 were taken. Besides, the Directorates of these Departments were contacted for ascertaining the reasons for pendency.

### 3.1.3 Status of outstanding UCs in selected major heads

The status of outstanding UCs in three selected major heads is given in **Table 3.2**.

**Table 3.2: Statement showing outstanding UCs as on 31 March 2016 for the GIA disbursed under the selected major heads**

(₹ in crore)

Department	Year of disbursement of GIA	No. of Grant Paid	Amount of Grant Paid	No. Of UCs received	Amount of UCs received	No. of UCs Pending	Amount of UCs pending
2202-General Education	2007-08 to 2015-16	32533	8,561.77	31882	7,987.19	651	574.58
2217-Urban Development Department	2007-08 to 2015-16	817	3,045.21	243	844.03	574	2,201.18
2515-Other Rural Development	2007-08 to 2015-16	4620	3,810.29	3336	2,642.50	1284	1,167.79
<b>Total</b>		<b>37970</b>	<b>15,417.27</b>	<b>35461</b>	<b>11,473.72</b>	<b>2509</b>	<b>3,943.55</b>

(Source: Finance Account 2015-16)

From the **Table 3.2**, it may be seen that an amount of ₹ 3,943.55 crore (2509 UCs) in respect of three Departments were outstanding as on 31 March 2016. However, UCs not submitted by the Drawing and Disbursing Officers (DDOs) ranged from one to nine years which is in contravention of rule 182 of CGFC.

We analysed the nature of grant of top ten highest money value vouchers for the last three years pertaining to three Departments which is given in **Table 3.3**.

**Table 3.3 Year wise top ten highest money value vouchers of pending UCs in selected Major Heads.**

(₹ in crore)

Major Head	2012-13			2013-14			2014-15			Grand Total	
	No. of Voucher	Amount	Per-centage	No. of Voucher	Amount	Per-centage	No. of Voucher	Amount	Per-centage	No. of Voucher	Amount
2202	NA	NA	NA	NA	NA	NA	30	457.38	86.54	30	457.38
2217	10	283.20	48.71	10	460.65	57.15	10	50.75	85.83	30	794.69
2515	10	105.48	26.15	10	129.44	18.36	10	5.55	44.58	30	240.46

From the above table it is seen that percentage of pending UCs in above cases range between 18 *per cent* to 87 *per cent* from the year 2012-13 to 2014-15. During scrutiny of UCs pending, it was revealed that:

- In *Sarva Shiksha Abhiyan* and National Secondary Education Drive under Major Head 2202 the percentage of UCs pending was 36 *per cent* and 19 *per cent* respectively.
- In *Rajiv Awas Yojna* 49 *per cent* of overall UCs were pending under the Major Head 2217 during the year 2014-15.
- Further it was also seen that UCs pending in Backward Area Grant Fund under Major Head 2515 during the year 2012-13 and 2014-15 was 18 *per cent* and 39 *per cent* respectively.

On this being pointed out, the Departments stated that the monitoring could not be done for the receipt of UCs at Directorate level. The Directorates further stated that no records/registers are being maintained by the Department related to monitoring of UCs.

Detailed examination of the cases revealed that grants were not utilised, blocking of grants by parking in bank account, incomplete works, delayed submission of UCs or UCs not submitted after utilisation by the executing agencies were the reasons for outstanding UCs.

In the absence of submission of UCs by the concerned DDOs, audit could not ascertain whether the grants were actually utilised. Such huge pendency in submission of UCs indicated ineffective internal control mechanism and poor monitoring by the Departments.

### **3.1.4 Delayed Submission of UCs**

From the data compiled from A&E office regarding UCs received, it was seen that 3427 UCs amounting to ₹ 2,776.38 crore under Major Head 2515 and 464 UCs amounting to ₹ 1,682.38 crore under Major Head 2217 respectively were received after delay ranging from 4 to 34 months. The details of which are shown in **Appendix 3.2**.

### **3.1.5 Findings regarding UCs from field audit observations**

Significant irregularities noticed during field audit of selected Departments are detailed below:

#### **2202 General Education**

In the General Education Department UCs amounting to ₹ 574.58 crore were pending since 2007-08 to 2015-16. Test check of a few DDOs revealed the following:

#### **3.1.5.1 Scholarships:**

Chhattisgarh Government provides the funds for scholarship to the students belonging to Schedule Caste, Schedule Tribe & Backward Class every year. At the year end the undistributed amount should be surrendered to Government Account. Scrutiny of records of District Education Officers in the month of July 2015 (Bhatapara), September 2015 (Korba) and February 2016 (Jagdalpur & Gariyaband), revealed that in the following cases the undistributed amount of scholarship was not surrendered to Government and kept in the bank account. The details are shown in the **Table 3.4**.

**Table 3.4: Blockage of fund under scholarship scheme**

(₹ in lakh)

Sl. No.	Name of the Department/Agency	Grant sanction in Financial Year	Undisbursed Amount
1	DEO, Balodabajar, Bhatapara	2011-12 to 2014-15	112.36
2	BEO, Kartala, Korba	2013-14 to 2014-15	9.74
3	Assistant Commissioner, Tribal Development, Jagdalpur	2012-13 to 2014-15	1,458.23
4	Collector, Gariyaband	2012-13 to 2014-15	322.70
<b>Total</b>			<b>1,903.03</b>

From the above table it can be seen that an amount of ₹ 1,903.03 lakh on account of scholarship pertaining to the year 2011-12 to 2014-15 was kept in the bank account. Undistributed scholarship was not surrendered to Government Account resulted in blockage of fund to the extent of ₹ 1,903.03 lakh.

On this being pointed out, BEO, Kartala, Korba stated that (November 2016) the Scholarship amount is pending in the bank account of Assistant

Commissioner, Tribal Welfare and not in the bank account of BEO, Kartala. Replies of the departments for rest of the cases were not received (November 2016).

### 3.1.5.2 UCs not furnished by Departments

As per **Mid Day Meal Scheme** guidelines there is a provision for replacement of kitchen devices at an average cost of ₹ 5,000 per school. States/ UT Administration will have the flexibility to incur expenditure on the approved items (a) Cooking devices (Stove, *Chulha*, etc.), (b) Containers for storage of food grains and other ingredients (c) Utensils for cooking and serving.

As per the guidelines, Central grant was allotted to Education Department under **Mid Day Meal Scheme** for purchasing of kitchen devices. Later the fund was transferred to various schools through DEOs or BEOs of schools. During scrutiny of five test checked Block Education Officers it was noticed that UCs of the above grants have not been submitted to Block Offices as well as District Offices. The details are shown in the **Table 3.5**.

**Table 3.5: UCs not submitted by the Department**

(₹ in lakh)

Sl. No.	Name of Department/ Agency	Financial Year	Amount sanction for purchasing kitchen devices	Due date for submission of UCs	Status of UCs	Month in which Audited
1.	BEO, Keshkal, Kondagaon	2010-11 2014-15	6.80 5.61	September 2011 September 2015	Not submitted	February 2016
2	BEO, Kartala, Korba	2013-14	7.07	September 2014	Not submitted	September 2015
3	BEO, Navagarh, Janjgir	2013-14	5.63	September 2014	Not submitted	July 2015
4	BEO, Dabhra, Janjgir	2012-13	4.62	September 2013	Not submitted	July 2015
5	BEO, Gariyaband	2012-13	2.49	September 2014	Not submitted	June 2015
<b>Total</b>			<b>32.22</b>			

From the above table it was seen that despite lapse of one to five years, UCs of ₹ 32.22 lakh on purchasing of kitchen devices had not been submitted. In the absence of UCs by the concerned DDOs it could not be ascertained whether the grants were actually utilised.

On this being pointed out (November 2016), BEO Gariyaband stated that all the UCs were provided by the Head Master of the concerned Schools. Replies of the departments for rest of the cases were not received (November 2016).

Further it was also observed that an amount of ₹ 3,995.45 lakh was released to different blocks of Kondagaon by Assistant Commissioner of Tribal Development, Kondagaon as cooking cost and wages of cook and cooking assistants for operation of Mid Day Meal Scheme for the year 2012-13 to 2014-15 for which UCs have not been received till the date of audit (February 2016). Hence it was not possible to ascertain whether the amount was actually utilised or still lying idle.

In reply BEOs stated that the UCs would be furnished from all the schools and would be intimated to audit. Reply confirmed the fact that UCs were not

submitted though it was to be recovered by the end of June of the subsequent financial year. A reminder has been issued to the department, however, reply is awaited (November 2016).

- The objective of **Sarva Shiksha Abhiyan** is to open new schools in those habitations which do not have schooling facilities and strengthen existing school infrastructure through provision of additional class rooms, toilets, drinking water, maintenance grant and school improvement grants at a cluster, block and district level.

The fund is allotted to Gram Panchayats, being the agency of this scheme after giving administrative approval by the district coordinator of this scheme with a condition of completing the work within three months of the date of approval.

During scrutiny of Janpad Panchayat Dhamtari, it was noticed that 80 works were sanctioned from 2012-13 to 2014-15 of which 65 works were completed and 15 works were incomplete till the month of audit (October 2015) whereas ₹ 40.00 lakh were spent on these incomplete works. Despite lapse of one to three years the works were not completed and UCs were also not submitted by the agency.

On this being pointed out, CEO Janpad Panchayat, Dhamtari stated (November 2016) that all the incomplete works were completed on May 2016 & completion certificates were also submitted on May 2016. The delay in completion of works ranging from seven to 30 months.

- Students belonging to Scheduled Caste and Scheduled Tribe, who perform well in the class 10th and 12th board examination would be awarded ₹ 10,000 each under **Mukhya Mantri Gyan Protsahan Yojna**. The amount was increased to ₹ 15,000 during the year 2013-14 and 2014-15.

During scrutiny (February 2016) of records of Assistant Commissioner, Tribal Development, Jagdalpur it was noticed that ₹ 8.95 lakh was allotted under the above scheme during the year 2012-13 to 2014-15 of which ₹ 7.15 lakh was awarded but the UCs of this were not submitted even after the lapse of one to three years. A reminder has been issued to the department, however, reply is awaited (November 2016).

### **3.1.5.3 Rastriya Uchchatar Shiksha Abhiyan (RUSA) Scheme**

Government of India, Ministry of Human Resource Department (MHRD), Department of Higher Education released an amount of ₹ 404.00 lakh to Chhattisgarh in March 2014 under RUSA under components of Capacity Building and preparation, Data Collection and Planning, Institutional Restructuring and Reforms and from Management Monitoring Evaluation and Research (MMER).

As per GoI, MHRD, a certificate of actual utilisation of grant received for the purpose of which it was received, should be submitted to Ministry within 12 months of closing of financial year. During scrutiny (September 2015) it was observed that UC of ₹ 127.19 lakh was submitted to Ministry on 28.03.2015 out of ₹ 404.00 lakh grant in aid received during 2013-14 and the balance of ₹ 276.81 lakh remained unutilised at the end of the financial year 2014-15. Of this amount, ₹ 104 lakh was disbursed to 27 Colleges and 6 Universities on 27.03.2015 under this scheme for capacity building and planning activities for which UCs were not obtained till the month of audit (September 2015). As the

Grant of ₹ 104 lakh was released to different colleges after one year of receiving grant from MHRD the UCs to that extent were not obtained. Further it was noticed that balance grant of ₹ 172.81 lakh was lying idle with the Department. This resulted in blocking of fund and grant not utilised to the extent of ₹ 276.81 lakh under RUSA.

Since UCs were not received, the utilisation of fund could not be ascertained. In reply Joint Director stated (September 2015) that execution of work would take time and Colleges and Universities were instructed to furnish UCs by September 2015. A reminder has been issued to the department, however, reply is awaited (November 2016).

The fact remains that UCs were not furnished as per direction of MHRD.

#### **3.1.5.4 Blockage of fund and Grants were not utilized by Ramkrishna Mission Ashram**

During scrutiny of Utilisation Certificate received in A&E office from office of the Collector, District Narayanpur, it was noticed that Grant-In-Aid paid under head 41-2202-02-110-0102-307-14-001 to the three institutions related to *Ramkrishna Mission Ashram* during the period 2015-16 against which some unspent balances were not surrendered to Government Account and were still lying with the institution. The details are shown in the **Table 3.6**

**Table 3.6: Blockage of fund and Grants not utilised**

(₹ in lakh)

Sl. No.	Name of the Institution	Financial year	Amount Sanctioned	Amount utilised during the period	Unspent amount
1	Vivekanand Institute of social health welfare and services	2015-16	22.07	19.69	2.38
2	Ram Krishna Ashram, Narayanpur	2015-16	726.77	694.16	32.61
3	Sh. Vivekanand Educational Complex, Narayanpur	2015-16	51.62	46.93	4.69
<b>Total</b>			<b>800.46</b>	<b>760.78</b>	<b>39.68</b>

This resulted in blockage of fund to the extent of ₹ 39.68 lakh.

On this being pointed out Deputy Director, Public Instructions replied that Vivekanand Institute of Social health welfare and services is related to Tribal Development Department and the amount is lying with the institution and shall be deposited in Department head through challan with intimation to audit and with regard to Ram Krishna Ashram and Vivekanand Educational complex, Narayanpur it was stated the balance amount will be adjusted in the year 2016-17.

## 2217 Urban Development Department

In the Urban Development Department UCs amounting to ₹ 2,201.18 crore were pending since 2007-08 to 2015-16. Test check of a few DDOs revealed the following:

- On the basis of the recommendations of **13<sup>th</sup> Finance Commission** under State Specific Needs, the amount was sanctioned to the following three test checked units as given in the **Table 3.7**.

**Table 3.7: Blockage of fund Sanctioned under 13<sup>th</sup> Finance Commission**  
(₹ in lakh)

Sl. No.	Name of the Department	Name of the Schemes	Sanctioned amount	Expenditure	Balance	Blocked amount
01	Municipal Corporation, Korba,	Solid waste management and water supply, sanitation etc.	1,414.00	744.54	669.46	669.46
02	CMO, Nagar Panchayat Gharghoda	Bhagirathi Nal Jal Yojna	15.44	4.68	10.76	10.76
03	CMO, Municipal Council, Kumhari, Durg	Solid waste management and water supply	35.00	29.88	5.12	5.12
<b>Total</b>			<b>1,464.44</b>	<b>779.10</b>	<b>685.34</b>	<b>685.34</b>

As per provision of 13<sup>th</sup> Finance Commission the amount should be utilised within the award period and balance unspent amount of ₹ 685.34 lakh in the above three cases should have been deposited in the Government Account. But in the above cases due to works were not completed, the amount was neither fully utilised nor surrendered to Government Account. Since the grants could not be utilised, UCs against the same could not be submitted by the department.

On this being pointed out in audit as on July 2015 (Korba), February 2016 (Gharghoda) and March 2016 (Kumhari, Durg), in each case, the CMOs of Municipal Council/Corporations/Nagar panchayats accepted the objection and stated that due to delay in receipt of grant and incomplete construction works the amount was not surrendered. Further a reminder has been issued to the department, however, reply is awaited (November 2016).

Further CMO, Kumhari stated that out of ₹ 5.12 lakh, ₹ 2.23 lakh was spent during the year 2016-17 and ₹ 2.89 lakh is still pending for the preparation of action plan of solid waste management (November 2016).

Failure to provide the necessary instructions by the Department for utilisation of the unspent grant and not refunded into Government Account reflected ineffective internal control mechanism.

## 2515 Other Rural Development

In the Other Rural Development Department, UCs amounting to ₹ 1,167.79 crore were pending since 2007-08 to 2015-16. Test check of a few DDOs revealed the following:

- As per **12<sup>th</sup> Finance Commission**, the sanctions which require the grant to be utilised during a Financial Year, the unspent balance thereof shall be surrendered to Government at the end of the Financial Year or may be adjusted by the sanctioning authority against the next year's grant, if any.

The implementation of **12<sup>th</sup> Finance Commission** award period was 2005 to 2010. The balance amount of grant received under 12<sup>th</sup> Finance Commission recommendation should be surrendered to Government Account after completion of award period of Finance Commission.

(a) During scrutiny in May 2015 of CEO, Janpad Panchayat, Abhanpur, it was observed that an amount of ₹ 7.37 lakh was lying as a closing balance in the Cash Book as on 21.10.2013 though the works were completed and the period of Finance Commission was already over. The amount was not surrendered to Government Account till 2015-16. A reminder has been issued to the department, however, reply is awaited (November 2016).

On this being pointed out CEO stated that (November 2016) the amount of ₹ 7.37 lakh was refunded to Zila Panchayat on 22.11.2016. However, it is not ascertained whether the amount were deposited into Government Account as of now.

(b) On the basis of the recommendations of **12<sup>th</sup> Finance Commission** under State Specific Needs, ₹ 39.20 lakh was sanctioned to Chief Executive Officer, Janpad Panchayat, Basna, District–Mahasamund for various construction works. Out of which an expenditure of ₹ 21.99 lakh was incurred upto 2009-10 and amount of ₹ 17.21 lakh was lying as closing balance in the ledger of the year 2009-10. Further the amount was also utilised in the Financial Year 2010-11 under the schemes which is irregular. Further it was also noticed a total of ₹ 19.84 lakh was lying in the bank account as on 21.05.15 under this schemes.

On this being pointed out in audit, CEO stated that the balance amount was not surrendered to the Government Account after the closure of 12<sup>th</sup> Finance Commission and the above amount was irregularly utilised for the next financial year 2010-11. A reminder has been issued to the department, however, reply is awaited (November 2016).

• On the basis of the recommendations of **13<sup>th</sup> Finance Commission** under State Specific Needs, the Grant was sanctioned to the following two test checked units as given in the **Table 3.8**.

**Table 3.8: Blockage of fund sanctioned under 13<sup>th</sup> Finance Commission**

(₹ in lakh)

Sl. No.	Name of the Department	Name of the Schemes	Sanctioned amount	Expenditure	Balance	Blocked amount
01	CEO, Janpad Panchayat, Basna	Different construction works	40.65	19.75	20.90	20.90
02	CEO, Janpad Panchayat, Kurud	Different construction works	789.14	699.84	89.30	89.30
<b>Total</b>			<b>829.79</b>	<b>719.59</b>	<b>110.20</b>	<b>110.20</b>

As per provision of 13<sup>th</sup> Finance Commission the Grants should be utilised within the awarded period and balance unspent amount of ₹ 110.20 lakh in the above two cases should be deposited to Government account. However, in the above two cases due to works not completed in each case the amount was neither fully utilised nor surrendered to Government Account. Since the grants could not be utilised, UCs against the same could not be submitted by the Department.

On this being pointed out in audit on June 2015 (Basna) and September 2015 (Kurud) in each case, the CEOs of Janpad Panchayats accepted the objection and stated that due to delay in receipt of grant and incomplete construction works the amount was not surrendered. However, reply is awaited (November 2016).

Failure to provide the necessary instruction by the department for utilisation of the unspent grant and the same was not refunded into Government Account reflected ineffective internal control mechanism.

### **3.1.5.5 Delay in submission of Utilisation Certificates**

Scrutiny of Utilisation Certificates received in A&E office from Chief Executive Officer, Zilla Panchayat, Kabirdham revealed that an amount of ₹ 48.79 crore was received as grant in aid of 64 cases sanctioned during different period of 2013-14 in different schemes under major head 2515 as detailed in **Appendix 3.3**. But Utilisation Certificates were received on 20.05.2016 after the delay of 20 months.

Further as per GFR, UCs should be given in form 19A of GFR which was also not complied by the Department.

Delay in submission of UCs for huge amounts indicates failure of the Departmental officers to comply with the rules and procedures to ensure timely utilisation of grants for intended purposes.

### **3.1.6 Backward Regions Grant Fund-(BRGF)**

“The BRGF is designed to redress regional imbalances in development. The fund will provide financial resources for supplementing and covering existing developmental inflows into identified districts so as to bridge critical gaps in local infrastructure and other development requirements that are not being adequately met through existing inflows, strengthen to this end Panchayat and Municipality level Governance with more appropriate capacity building, to facilitate participatory planning, decision making, implementation and monitoring, to reflect local felt needs, provide professional support to local bodies for planning, implementation and monitoring their plans. BRGF has been designed with the dual purpose of meeting the unfulfilled critical infrastructural (development) gaps and strengthening of the participatory development processes through decentralized planning and implementation. In the short term, the programme aims at increasing infrastructural facilities in the backward regions and strengthening the development planning capacity of local institutions. In the long term, it aims at reducing overall backwardness of the regions/districts, reducing poverty and improving livelihood conditions in the areas.

#### **3.1.6.1 Delay/UCs were not submitted**

As per Administrative order of work sanction in BRGF scheme it was mentioned that work was to be completed within 90 days of sanction and submit the valuation report, completion certificates etc. to Zila Panchayat.

During scrutiny of Zila Panchayat, Bilaspur it was revealed that 390 works related to the year 2010-11 to 2014-15 were incomplete till date. For this an amount of ₹ 2,034.60 lakh was sanctioned to Janpad Panchayats and Gram Panchayats for different works under BRGF schemes and out of this

₹ 1,890.35 lakh was spent. An amount of ₹ 144.25 lakh remained unspent till date. This resulted in delayed utilisation of grants.

On this being pointed out (November 2016), CEO, Bilaspur replied that all works completed by October 2016.

Reply is not acceptable as no UCs against these completed work were received (November 2016). Further, works were completed after passing of two to five years against the stipulated period of three months.

### 3.1.6.2 Blockage of Fund

During scrutiny of Janpad Panchayat, Nagri it was revealed that an amount of ₹ 430.27 lakh was sanctioned for 103 works during the period 2008-09 to 2013-14 under BRGF Scheme against which an amount of ₹ 397.67 lakh was received. All the works were completed after spending ₹ 379.24 lakh only and ₹ 18.43 lakh was lying in the account as unspent balance till the December 2015. The amount should be surrendered to Government Account. But the same was not surrendered resulted in blockage of fund of ₹ 18.43 lakh.

On this being pointed out in audit CEO, Janpad Panchayat, Nagri accepted the observation and stated that the amount will be surrendered to Government Account as soon as possible. A reminder has been issued to the department, however, reply is awaited (November 2016).

Thus a test check and a comprehensive review of the position of submission of UCs revealed that in three departments (2202-General Education, 2217-Urban Development Department, 2515-Other Rural Development) UCs amounting to ₹ 574.58 lakh, ₹ 2,201.18 lakh and ₹ 1,167.79 lakh respectively could not be submitted to the Departments which shows poor internal control mechanism.

## 3.2 Submission of accounts of Autonomous Bodies, Authorities and Grantee institutions

### 3.2.1 Audit under Sections 14 and 15 of CAG's (DPC) Act, 1971

In order to identify institutions/organisations which attract audit under Section 14 and 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 (C&AG's DPC Act), the Government/Heads of Departments are required to furnish to Audit every year the detailed information about the financial assistance given to various institutions, the purpose for which the assistance is granted and the total expenditure of the institutions. Further, Regulations on Audit and Accounts 2007 provides that Governments and heads of departments 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 amount of assistance (b) the purpose for which the assistance was sanctioned and (c) the total expenditure of the body or authority.

Only nineteen institutions of the Government of Chhattisgarh had furnished such details for the year 2015-16 as detailed in **Appendix 3.4**. The matter was taken up with Finance Department in May 2016. The reply was awaited as of November 2016.

Sixty Six bodies/authorities in the State which attract audit under section 14 of C&AG's (DPC) Act 1971 have been identified by Audit on the basis of information gathered from the Finance Accounts 2015-16 of which audit of Fourteen authorities/bodies have been conducted for various periods as of November 2016 as shown in **Appendix 3.5**.

Due to information not submitted by all organizations about the financial assistance given by the Government, the purpose of assistance granted and the total expenditure of such bodies/authorities, it was not possible to provide assurance to Legislature/Government about the manner in which the grants sanctioned/paid by them has been utilized. This dilutes control in Government expenditure systems.

### **3.2.2 Audit under section 19 of CAG's (DPC) Act, 1971**

Forty Nine autonomous bodies have been set up by the State Government in the field of agriculture, legal, housing, rural development, forest, commercial etc. The audit of accounts of 25 autonomous bodies in the state has been entrusted to the Comptroller and Auditor General of India. Of this 25 autonomous bodies, 22 relate to Government Companies and Corporations audited under section 19 of CAG's DPC Act. These are audited with regard to their transactions, operational activities and accounts, conducting regulatory/compliance audit, review of internal management and financial control, review of systems and procedures etc. The status of audit, rendering of accounts and placing of SAR in the State Legislature are given in **Appendix 3.6**.

As seen from the **Appendix 3.6**, in nine cases there were inordinate delays in submission of accounts and in three cases the delayed presentation of SAR to the State Legislature and in 17 cases SAR were not presented to the State Legislature resulted in delays in scrutiny of the functioning of these autonomous bodies, where Government investments were made, beside delays in initiating necessary remedial action on financial irregularities.

### **3.3 Unadjusted Abstract Contingent Bills**

As per Rule 313 of the Chhattisgarh Treasury Code (CGTC), every Drawing and Disbursing Officer (DDO) has to certify in each Abstract Contingencies (AC) bill that Detailed Contingent (DC) bills for all contingent charges drawn by him prior to the first of the current month have been forwarded to the concerned Controlling Officers (CO) for countersignature and transmission to the Accountant General (A&E). As per CGTC Subsidiary Rule 327, DDOs should submit monthly DC bills along with necessary certificate to the Controlling Officers within fifth of the following month. The Controlling Officer is required to submit the passed DC bills to Accountant General (AG), so that these may be received in AG's office before 25<sup>th</sup> of the same month. DC bills not submitted with relevant documents of expenditure incurred renders the expenditure under AC bills opaque. As on 31 March 2016, DC bills are yet to be submitted for 303 AC Bills amounting to ₹ 645.86 crore drawn in 2015-16 as shown in **Appendix 3.7**.

The details of submission of DC bills against the AC bills drawn during the period 2011-16 are shown in the following **Table 3.9**.

**Table 3.9: Status of submission of Detailed Contingent Bills against Abstract Contingent Bills**

(₹ in crore)

Year	Opening balance		AC bills drawn during year		DC bills submitted during the year		Outstanding DC bills		Percentage of outstanding amount of DC bills
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	
2011-12	70	4.53	208	6.93	278	11.46	0	0	0
2012-13	0	0	206	6.22	106	1.93	100	4.29	68.97
2013-14	100	4.29	378	472.25	391	413.41	87	63.13	13.37
2014-15	87	63.13	412	733.31	479	717.06	20	79.37	10.82
2015-16	20	79.37	1418	5,491.72	1135	4,925.23	303	645.86	11.76
<b>Total</b>	<b>277</b>	<b>151.32</b>	<b>2622</b>	<b>6,710.43</b>	<b>2389</b>	<b>6,069.09</b>	<b>510</b>	<b>792.65</b>	<b>11.81</b>

(Source: Finance Account 2015-16 and information compiled by the office of the AG (A&E))

The above table indicates that the largest number of AC bills drawn during the year 2015-16. As of 31 March 2016, 303 DC bills were pending. Of the total 303 AC bills aggregating ₹ 645.86 crore, pendency mainly pertains to Food Storage and warehousing (₹ 338.24 crore), Power (₹ 281.02 crore), Industries (₹ 9.68 crore), Capital outlay on Iron and Steel Industries (₹ 9.00 crore) and Village and Small Industries (₹ 7.80 crore). The Major Head wise details of outstanding AC bills for which DC bills were pending as on 31 March 2016 are given in **Appendix 3.7**. Out of ₹ 5,491.72 crore drawn against AC bills in 2015-16, AC bills amounting to ₹ 266.14 crore (4.85 per cent) were drawn in the month of March 2016 alone, out of which ₹ 37.94 crore (0.69 per cent) were drawn on the last day of the financial year. Significant expenditure against AC bills in March indicates that the drawal was primarily to exhaust the budget and reveals inadequate budgetary planning.

Drawal of AC bills without submitting Detailed Contingent Bills of previously drawn AC bills as shown above is in contravention to the provision. Scrutiny further revealed that all the bills of these Departments were related to Grant-in-Aid. Grant in aid is not of contingent nature and should be drawn in Grant-in-Aid bills.

Since DC bills were not submitted by the Controlling Officers, the expenditure of the State during the year was overstated to the advance drawn on AC bills.

### **3.4 Personal Deposit Accounts**

The Personal Deposit (PD) Accounts are Deposit Accounts kept in Treasuries in the name of the Administrators of the Accounts. The money is placed under 8443-Civil Deposits 106 Personal Deposit. These Accounts can be opened with the approval of the Finance Department. Accountant General's consent is not required as per the existing rules. As per subsidiary rule 543 of the State Treasury Code, the State Government is authorized to open Personal Deposit Account (which form part of the Public Account) wherein, funds are drawn from the Consolidated Fund (by debiting expenditure head) to be utilized for specific purposes. Unspent balances lying in PD accounts are required to be transferred back to the Consolidated Fund before the closure of the Financial Year. The State Government drew an amount of ₹ 3.04 crore from several Major Heads during March 2016 and deposited in the PD Accounts, the details of which are shown in **Appendix 3.8**. Such transfers at the end of financial year

indicate that transfer was done to prevent lapse of budgetary provision. The year wise position of PD Accounts from 2011-12 to 2015-16 is given in **Table 3.10**.

**Table 3.10: Year Wise Details of PD Accounts from 2011-12 to 2015-16**

(₹ in crore)

Year	Opening Balance		Addition during the year /Receipt		Closing during the year/Disbursement		Outstanding	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
2011-12	153	496.30	0	4,669.96	10	437.08	143	729.22
2012-13	143	729.22	01	224.76	07	348.19	137	605.79
2013-14	137	605.79	209	1,388.51	24	328.68	322	1,665.62
2014-15	322	1,665.62	37	640.52	135	675.32	224*	1,630.82
2015-16	312	1,630.82	05	669.18	25	603.54	292	1,696.46
<b>Total</b>			<b>252</b>		<b>201</b>			

(Source: Finance Accounts of the respective years)

\*difference of closing balance as on 31 march 2015 and opening balance as on 1 April 2015 is due to reconciliation.

During the period from 2011-12 to 2015-16, a total of 252 PD Accounts were opened and 201 Accounts were closed. As of 31 March 2016, 292 PD Accounts were in operation.

The closing balance in PD Accounts indicated that the administrators did not close the PD Account by minus debit to relevant service head at the close of financial year as required under the rules. Since the amounts transferred to PD Accounts are shown as final expenditure in the Consolidated Fund of the State, not closing of PD Accounts at the close of the year resulted in overstatement of expenditure under Consolidated Fund during the year. The aggregate balances in the accounts of the Personal Deposit Accounts for the period 2011-12 to 2015-16 are indicated in **Table 3.10**.

The above table indicates that the closing balance of PD Accounts increased from ₹ 729.22 crore in 2011-12 to ₹ 1,696.46 crore in 2015-16.

As per State Government instructions below Subsidiary Rule 584 to 590 of CGTC, the Administrator of the respective PD Account, should submit an yearly certificate to the effect that the balances shown in the books of the Administrator agrees with the balances shown in the Plus and Minus Memorandum of the month of March. But as on 31 March 2016 an amount of ₹ 17.52 crore remained un-reconciled. Periodical reconciliation of PD accounts with treasury accounts is the responsibility of the Administrator concerned.

The PD Accounts as on 31<sup>st</sup> March 2016 mainly pertains to the following Administrators:

**Table 3.11: Name of administrators along with closing balances in PD Accounts as on 31<sup>st</sup> March 2016**

(₹ in crore)

Sl.	Administrators	Amount
1	Land Acquisition Officers (Collectors, SDOs, Tahsildars)	1,414.99
2	Assistant Commissioners, Tribal Development	57.76
3	Director-General of Police, Police Headquarters, Raipur	83.24
4	Divisional Forest Officers	62.75
5	Executive Engineer, RES-1, Raigarh	15.01
6	Superintendent Jails	14.19

(Source: Plus-Minus Memorandum for the month of March 2015)

The outstanding balances mainly pertains to the compensation for land acquisition, construction work of Ashrams and Hostels, processing fees, registration fees for harvesting, transportation, falling of trees, demarcation, construction of *Munara*, wages of prisoner to be given to deceased family and food security fund etc.

The balances in the deposit account have been showing an increasing trend over the years and action was required to be taken to adhere to the provisions for write back of balances.

### 3.5 Reporting of cases of losses and defalcations etc.

Rules 22 and 23 of the CGFC Vol.-I, provides that each and every case of loss, misappropriation and defalcation of public fund will have to be reported to the Accountant General. Further, Rule 24 of the Code provides that any serious loss of immovable property such as building, roads and bridges caused by fire, flood, storm, earthquake or any other natural calamities should be reported to the Accountant General. This is followed by detailed investigation by the departments and report thereof citing reasons for such losses and measures/action taken to stop recurrence.

Out of total 2218 cases pending in various Departments of the State Government, Government fund amounting to ₹ 117.02 crore were awaiting conclusive investigation and settlement at the end of March 2016. The department-wise and category-wise break up of pending cases is given in **Appendix 3.9**. Year-wise analysis of cases is shown in **Appendix 3.10**. The age-profile of the pending cases and the number of cases pending in each category viz. theft and loss are summarized in **Table 3.12:-**

**Table 3.12: Profile of losses and defalcations etc**  
(₹ in lakh)

Age-profile of the pending cases			Nature of the pending cases		
Range in years	Number of cases	Amount involved	Nature of the case	Number of cases	Amount involved
0 – 5	493	7,169.65	Theft	114	51.41
5 – 10	450	3,094.69	Loss of property/material	2033	11,419.37
10 – 15	287	508.39	Defalcation	71	232.09
15 – 20	254	510.85	<b>Total pending cases</b>	<b>2218</b>	<b>11,702.87</b>
20 – 25	368	293.54			
25 & above	366	125.75			
<b>Total</b>	<b>2218</b>	<b>11,702.87</b>			

(Source: Cases reported by the departments of the State Government)

Further analysis indicated that the reasons for which the cases were outstanding could be classified under the five categories listed in the **Table 3.13**.

**Table 3.13: Reasons for outstanding cases of loss and defalcation etc**  
(₹ in lakh)

Sl. No.	Reasons for the delay/outstanding cases	Number of cases	Amount
1	Awaiting departmental and criminal investigation	3	3.14
2	Departmental action initiated but not finalized	717	1,786.79
3	Criminal proceedings finalized but execution of certificate cases for recovery of the amount pending	1	0.01
4	Awaiting orders for recovery or write off	1454	9831.61
5	Pending in the courts of law	43	81.31
	<b>Total</b>	<b>2218</b>	<b>11,702.87</b>

(Source: Information received from the departments of the State Government)

The above table shows that out of 2218 outstanding cases, 1454 cases (65 per cent) involving money value of ₹ 9,831.61 lakh were pending awaiting orders for recovery or write off by the Departments/Government. This indicates that cases involving Government Fund was not realized or not disposed off due to delay action on the part of Departments/Government.

Further in 717 cases involving ₹ 1,786.79 lakh, though the departmental action have been initiated, but they were yet to be finalized as on 31 March 2016.

An amount of ₹ 13.04 lakh which pertains to 51<sup>1</sup> cases had been recovered by various departments and credited to Government Account during 2015-16. The details are given in **Appendix 3.11**.

### **3.6 Booking under Minor Heads ‘800-Other Expenditure’ and ‘800-Other Receipt’**

Since most of the Government activities are well defined in the list of Major and Minor Heads of Accounts of Union and States, issued by the Controller General of Accounts, the Budget Controlling Officers are to ensure that operation of the minor head ‘800-Other Receipts/ Expenditure’ should be minimised. Scrutiny of Finance Accounts 2015-16 disclosed that expenditure of ₹ 1,012.06 crore, consisting 3.48 per cent of total expenditure (revenue and capital) recorded under the 41 major heads, was classified under the minor head ‘800-Other Expenditure’.

We also observed that under five major heads<sup>2</sup> of accounts (revenue and capital), an amount of ₹ 856.08 crore, which constituted 77 per cent of total expenditure of ₹ 1,117.28 crore under these major heads, were classified under the minor head of accounts ‘800-Other Expenditure’. Such expenditure ranged between 62 per cent and 100 per cent of total expenditure under the respective major heads, as shown in **Appendix 3.12**.

Similarly, revenue receipts of ₹ 7,707.13 crore, constituting 25.38 per cent of the total revenue receipts (₹ 30,367.59 crore) recorded under the respective major head, were classified under the minor head ‘800-Other Receipts’. Under 16 major head of accounts (revenue receipts) ₹ 6,280.27 crore (68.23 per cent) out of total receipts under these major heads amounting to ₹ 9,205.05 crore were classified under ‘800-Other Receipts’. Receipts under the minor head ranged between 53 and 124 per cent of total revenue receipts under the respective major heads. Details are given in **Appendix 3.13**.

During scrutiny it was revealed that in the major head 4700-Capital outlay on Major Irrigation & 4701-Capital Outlay on Medium Irrigation, construction works like Dam & Appurtenant work/ Canal & Appurtenant work amounting to ₹ 470.53 crore (79.81 per cent) & ₹ 54.25 crore (81.69 per cent) respectively were booked under minor head 800. This should have been booked under Minor head-051- Construction.

Further in the major head 3275-Other Communication Services, ₹ 120.79 crore (100 per cent) expenditure on free supply of Laptop/tablets, under SWAN Project, Establishment of digital government, E-district project, Wi-Fi city

<sup>1</sup> Forest 36 cases (₹ 12.00 lakh), police 13 cases (₹ 0.77 lakh), Animal Husbandry one case (₹ 0.26) and School Education one case (₹ 0.02 lakh).

<sup>2</sup> 1. Miscellaneous General Services, 2. Other Communication Services, 3. Medium Irrigation, 4. Major Irrigation, 5. Capital Outlay on Power Project.

scheme etc. has been booked under minor head 800 instead of booking under minor head 101 or 102 which was irregular.

Large amounts booked under the minor head '800-Other Receipts' and '800-Other Expenditure' affects the transparency in financial reporting as it fails to indicate disaggregated information on different activities of the Government separately in the accounts.

### **3.7 Classification between Revenue and Capital**

Rule 30 of Government Accounting Rule 1990 and para 324 of C.G.F.C states the criteria for determining whether expenditure should be classified under heads of Capital Section or Revenue Section of the consolidated fund.

1. Expenditure of a capital nature to be classified in the Capital Section shall broadly be defined as expenditure incurred with the object of increasing concrete assets of a material and permanent character. (Expenditure on a temporary asset or expenditure on Grants-in-aid to local bodies or institutions for the purposes of creating assets which will belong to these local bodies or institutions cannot ordinarily be classifiable as capital expenditure, and shall not, except in cases specifically authorized by the President on the advice of Comptroller and Auditor General be debited to capital head of account.

2. Expenditure of a capital nature shall be distinguished from Revenue expenditure both in Budget Estimates and in Government Accounts.

3. Expenditure on a temporary asset cannot ordinarily be considered as expenditure of a capital nature.

4. The main principles governing the allocation of expenditure on a Capital Scheme between Capital and Revenue accounts: (a) Capital account should bear all charges for the first construction and equipment of a project as well as charges for intermediate maintenance of the work while not yet opened for service. It would also bear charges for such further additions and improvements as may be sanctioned under rules made by competent authority. (b) Revenue account should bear all subsequent charges for maintenance and all working expenses. These embrace all expenditure on the working and upkeep of the project and also on such renewals and replacements and such additions, improvements or extensions as prescribed by Government.

Revenue expenditure is recurring in nature and is intended to be met from revenue receipts. Capital Expenditure is defined as expenditure incurred with the object of increasing concrete assets of a material and permanent character. As per the Indian Government Accounting Standard (IGAS)-2, expenditure on Grants-in-aid is to be classified as Revenue Expenditure regardless of end utilisation.

During 2015-16, Government of Chhattisgarh, incorrectly budgeted and booked Grants-in-aid of ₹ 1,349.92 crore given for creation of Capital Assets under Capital Major Heads instead of Revenue Section. Details is given in **Appendix 3.14.**

Scrutiny of sanction orders issued by Chhattisgarh Government during 2015-16, it were revealed that some of the works for which sanction order was issued were Revenue in nature were taken in Capital Section and Capital work taken in Revenue section which are irregular and against the Government Accounting Rules. Misclassification of expenditure resulted in understatement

of Revenue/overstatement of capital to the extent of ₹ 2.66 crore and understatement of capital/ overstatement of revenue to the extent of ₹ 6.21 crore. The details are given in **Appendix 3.15**.

### **3.8 Adjustment of Miscellaneous Public Works Advances**

Para 13.4 of Central Public Works Account Code provides for maintaining Miscellaneous Public Works Advances (MPWA) account by works departments. MPWA is a suspense head of account intended to record transactions on account of (i) sales on credit<sup>3</sup>, (ii) expenditure incurred on Deposit Works in excess of deposits received, (iii) losses, retrenchment, errors, etc.<sup>4</sup> and (iv) other items of expenditure<sup>5</sup>. Recoverable amounts which may become irrecoverable should not be so transferred until ordered to be written off. No charges should be debited to this head on the ground of absence or insufficiency of sanction or appropriation except on deposit work. The expenditure debited to MPWA should be allocated under Major Head 2059-799-Suspense and the detailed account of MPWA should be kept in Form 67 “Suspense Register” For items falling under the class “Expenditure incurred on Deposit Works in excess of deposits received”, details are not necessary, as these are recorded in the Schedule of Deposit Works, Form 65. For each of the other three classes of items, a separate set of folios should be reserved, and all the items under each class should be detailed, so that their clearance may be watched individually. An abstract should be prepared to show the totals of all the classes and all the items under each class should be detailed, so that their clearance may be watched individually.

#### **3.8.1 Status of unadjusted Miscellaneous Public Works Advances**

As per Monthly Accounts submitted to AG (A&E) by the three<sup>6</sup> departments, total of ₹ 118.12 crore<sup>7</sup> were lying unadjusted as on 31 March 2016 under MPWA. The details of which are given in **Appendix 3.16**. The year wise pendency of MPWA advance in three works department is as given in **Table 3.14**.

<sup>3</sup> Sales on credit- When stores of any kind are sold on credit, their value plus if recoverable, the supervision charges should be debited to Misc. Works Advances under the head “sales on credit” so that the accounts of stock or works from which the materials are issued may be kept correctly, and (2) the recovery of the value from the local body or individual concerned may be watched through the regular accounts.

<sup>4</sup> “Losses, retrenchments, errors etc.” appear in the cases of: a) deficiencies in cash or stock, b) actual losses of cash or stock, c) errors in accounts awaiting adjustment and d) retrenchments and losses of other kinds recoverable from Government Servants.

<sup>5</sup> Other Items of expenditure- The items of expenditure, not known or required to be recovered or settled.

<sup>6</sup> Public Works Department, Water Resources Department and Public Health Engineering Department.

<sup>7</sup> Public Works Department (₹ 50.53 crore) , Water Resources Department (₹ 40.43 crore) and Public Health Engineering Department (₹ 27.16 crore)

Table 3.14: Table showing year wise pendency under MPWA accounts

Year	Department			Total
	PWD	PHE	WRD	
2013-14	60.30	27.93	44.16	132.39
2014-15	59.98	28.35	42.24	130.57
2015-16	50.53	27.16	40.43	118.12

Three works department failed to take necessary action to clear the suspense head. The amount were neither adjusted nor recovered from the concerned even after the lapse of reasonable period.

### 3.9 End Use of Labour Cess

#### 3.9.1 Introduction

Labour Welfare Cess Act 1996 has been enacted for levy and collection of Cess on the construction. As per section 3(1), there shall be levied and collected a Cess for the purposes of the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996, at such rate not exceeding two *per cent*, but not less than one *per cent*, of the cost of construction incurred by an employer, as the Central Government may, by notification in the Official Gazette, from time to time specify. Accordingly the State Government framed Chhattisgarh Building and other construction workers (Regulation of Employment and Conditions of Service) rules 2008 and published in the Gazette on 13 June 2008 and Chhattisgarh Building and Other Construction Workers Board in September 2008. The Board will utilise the fund so collected, for the purpose of various welfare schemes for workers.

For this purpose the State Government appointed all Labour Inspectors and Labour Sub Inspectors as Cess collection officers and all Assistant Labour Commissioner (ALC) and Labour Officers (LO) as Assessing officers under Building and Other Construction Workers Welfare Act 1996. During 2011-16, the Board executed 22 schemes as given in **Appendix 3.17**.

#### 3.9.2 Audit Objectives

The main objectives of audit of End Use of Labour Cess are to ensure that:

- Funds due are collected properly, deposited and utilized into the account for the intended purpose
- Whether fund is lying idle or unutilised

#### 3.9.3 Audit Scope and Methodology

Audit of End Use of Labour Cess was conducted during September to October 2016 and covered the period from 2011-12 to 2015-16. Out of 27 District Labour Offices, seven<sup>8</sup> were selected on the basis of highest allotment of the concerned Districts. The details of year wise allotment, expenditure and balance of the seven selected districts is detailed in **Appendix 3.18**.

The audit criteria was derived from various orders, notifications, circulars, instructions issued by Labour Department, Finance Department and Labour Welfare Board and Monthly Accounts/Form-79 of PWD, PHE and WRD.

<sup>8</sup> Baloda Bazar, Bilaspur, Durg, Raipur, Rajnandgaon, Mahasamund and Mungeli.

### 3.9.4 Audit findings

#### 3.9.4.1 Financial Management

As per the Act, the proceeds of the Cess so collected are payable to the Building and other Construction Workers' Welfare Board.

Scrutiny of records of the Chhattisgarh Building and Other Construction Workers Welfare Board ( CGB & OCWWB) revealed that the Cess collected by various agencies were sent through cheques/drafts to the Board or deposited in the savings bank account of the Board opened for the purpose through District Labour Offices. The year-wise position of the receipt and expenditure of Cess for the period 2011-12 to 2015-16 is detailed in **Table 3.15**.

**Table 3.15: Year-wise Receipt and Utilisation of Labour Cess**

(₹ in crore)

Year	Opening Balance	Receipt	Interest Accrued/ other receipts	Total	Expen -diture	Closing Balance	Percentage of utilisation of available funds
2011-12	38.64	62.40	2.78	103.82	12.26	91.56	11.81
2012-13	91.56	85.27	6.28	183.11	57.91	125.20	31.63
2013-14	125.20	134.81	9.81	269.82	104.23	165.59	38.63
2014-15	165.59	131.92	13.71	311.22	62.98	248.24	20.24
2015-16	248.24	126.90	21.36	396.50	121.95	274.55	30.76

(Source: Compiled from the information provided by Chhattisgarh Building and Other Construction Workers Welfare Board)

As can be seen from the table, the board could not utilise the available funds and its utilisation ranged between 11.81 to 38.63 *per cent* of the total available funds during the period 2011-16 and the percentage of utilisation was very low under the various schemes in the year 2011-12.

On this being pointed out, the Secretary of the Board stated that the percentage of expenditure is calculated on the basis of only total receipts of the concerned year and according to that the expenditure during 2011-12 and 2014-15 was less. It was further stated that in most of the schemes such as *Vivah Sahayata*, *Prasuti* etc, the target for ex-gratia amount cannot be determined and only on the basis of receipt of application from the beneficiaries, the payment is made.

Reply is not acceptable as huge previous balance of fund was available but due to improper planning and fixation of targets the available funds could not be utilised.

#### 3.9.4.2: Funds amounting to ₹ 6.08 crore were not credited to the Board due to dishonor of cheques

Government of Chhattisgarh had issued orders (September 2009) which state that the Cess so collected under Section 3(1) of the Act should be deposited into the Board's account through Bank Draft and again issued order in June 2013 to deposit the amount so collected in to the Board's account either through Bank draft or Cheque.

During scrutiny of records of the Board, it was noticed that cheques amounting to ₹ 10.16 crore were dishonoured during 2011-12 to 2015-16 due to insufficient funds, out dated cheques, signature difference etc received from Assistant Labour Commissioner (ALC)/Labour Officer (LO) and others collected from the various departments and agencies. These cheques were returned for revalidation/ revision, of which cheques valuing ₹ 4.08 crore were

revalidated/revised and balance of ₹ 6.08 crore were still lying uncleared. The percentage of the clearance was very low (0.46 per cent) in the year 2011-12 and ranged between 0.46 to 96.37 per cent during the period (**Appendix 3.19**). Thus the above amount could not form part of the Board's fund, constituted for welfare of workers, and resulted in loss amounting to ₹ 6.08 crore.

On this being pointed out, the Secretary of the Board stated that while returning the cheques, instructions have been issued to ALCs/LOs for providing the new cheques in place of dishonoured cheques. It was also stated that reminder letters were issued to the concerned ALCs/LOs from time to time to collect revised cheques from the agencies/individuals and to initiate legal action against those agencies/individuals whose cheques were dishonoured.

#### **3.9.4.3: Irregular payment of ₹ 81.25 lakh to ineligible women workers**

As per the notification no. 12, dated 27 November 2012 and as amended (No. 29, dated 01 June 2013), the registered women workers aged between 18 to 35 years were eligible for benefit under *Mukhya Mantri Cycle Sahayata Yojna*.

During scrutiny of the records of Board, it was noticed that the total number of 2963 cycles were distributed to the ineligible women workers aged below 18 and above the 35 years. The district wise details are given in **Appendix 3.20**. Thus due to irregular sanction of Cycles under the scheme there was irregular distribution of cycles amounting to ₹ 81.25 lakh (2963\*2742 per cycle).

On this being pointed out, the secretary of the Board stated that letter has been issued and instructed to ALCs/LOs for verification and carryout necessary correction and to take necessary action against those who were benefited below age of 18 years and above age of 35 years.

#### **3.9.4.4: Irregular payment of ₹ 4.41 lakh to ineligible male workers beneficiaries**

Government of Chhattisgarh issued order No. 60/2015 dated 25 May 2015 for distribution of cycles to registered male workers (registered upto December 2013) under *Mukhya Mantri Cycle Yojna* to those who were aged between 18 to 50 years.

During the scrutiny of the records of Board, it was noticed that the total number of 161 male workers were provided the cycle under the scheme who were above 50 years as shown in the **Appendix 3.21**. This resulted in irregular payment of ₹ 4.41 lakh (161\* 2742) to ineligible beneficiaries by the concerned ALCs/ LOs.

On this being pointed out, the secretary of the Board stated that a letter has been issued to ALCs/LOs to verify and submit the fact so that the same may be intimated to Audit.

However, no reply in this regard has so far been received from the Board (November 2016).

### **3.9.4.5: Excess payment of ₹ 48.47 lakh to the same beneficiary by providing double benefit**

As per the notification of the Board No.11 dated 27 November 2012 (amended from time to time), those female registered workers shall be entitled to avail *Mukhya Mantri Silai Machine Sahayata Yojna* who were aged between 40 and 60 years and who had not earlier availed *Mukhya Mantri Cycle Sahayata Yojna*.

During scrutiny of records of the Board, it was noticed that total 1374 number of workers (799 +575) were benefited under both the schemes by providing cycles to those 799 workers who had already availed *silai machines* and 575 workers availed *silai machines* who had already availed cycles under the said schemes as detailed in **(Appendix 3.22)**. Thus there was an excess payment on *Silai Machine Yojna* ( $799*2742 +575*4620 = ₹ 48.47$  lakh) by giving the double benefit to the workers by the Board.

On this being pointed out, the secretary of the Board stated that letter has been issued and instructed to ALCs/LOs for verification of facts and to take necessary action for recovery in case of mistake and intimate within three days.

However, the reply of Board has not yet been received (November 2016).

### **3.9.4.6 Targets in various schemes were not achieved**

As per various notifications/orders/circulars of the Board, the target of the scheme shall be fixed for achieving the benefits to be provided to the beneficiaries.

During scrutiny of records of the Board, it was noticed that the Targets fixed could not be achieved under the various schemes. The details of the year wise Target and achievement is detailed in **Table 3.16**.

**Table 3.16: Year-wise allotment and position of the work**

Sl. No.	Year	Name of the Scheme	Targeted No. of beneficiaries	Achievement	Percentage of achievement
1	2011-12	<i>Mukhya Mantri Silai Machine</i>	10,000	7,715	77.15
2	2011-12	<i>Mukhya Mantri Aujaar Sahayata</i>	10,000	5,960	59.60
3	2011-12	<i>Mukhya Mantri Cycle Sahayata</i>	10,000	6,235	62.35
4	2012-13	<i>Mukhya Mantri Kaushal Vikas</i>	15,000	353	2.35
	2013-14	<i>Mukhya Mantri Kaushal Vikas</i>	15,000	2,747	18.31
	2014-15	<i>Mukhya Mantri Kaushal Vikas</i>	15,000	10,711	71.41
5	2014-15	<i>Naunihal Chatravriti</i>	1,25,000	49,710	39.77
	2015-16	<i>Naunihal Chatravriti</i>	1,25,000	1,10,351	88.28

(Source: Compiled from the information provided by Chhattisgarh Building and Other Construction Workers Welfare Board)

As can be seen from the **Table 3.16** the targets under schemes of the *Silai, Aujaar and Cycle Sahayata* were not achieved during the year 2011-12 and no targets were also fixed in the subsequent financial years in these three schemes. Further in the scheme of *Mukhya Mantri Kaushal Vikas* the target fixed were not achieved during the year 2012-13 to 2014-15. Similarly the targets fixed under the scheme of *Naunihal Chatravriti Yojna* were not achieved during 2014-15 to 2015-16.

On this being pointed the Secretary of the Board stated that benefit of the schemes depend on receipt of applications. It was also stated that the targets for 2012-13 and 2013-14 under *Mukhya Mantri Kaushal Vikas Yojna* and targets for 2014-15 under *Naunihal Chatravriti* were not achieved due to not receipt of adequate number of applications.

With regard to *Silai Machine Sahayata* and *Mukhya Mantri Aujaar Sahayata Yojna* and in other schemes it was stated that the benefit is given on receipt of application.

Reply indicates that adequate efforts were not made to obtain the application and achieve the target fixed.

#### **3.9.4.7: Undisbursed amount of ₹ 46.59 crore under various schemes**

During the scrutiny of records of Board, it was noticed that total amount of ₹ 222.82 crore were allotted to ALCs/LOs of all the districts for implementation of various schemes during 2011-16. However, it was observed that expenditure of ₹ 176.23 crore were incurred leaving a balance of ₹ 46.59 crore under the various schemes as detailed **Appendix 3.23**

On this being pointed out, the Secretary of the Board stated that permission has been granted to incur expenditure over the allotment in some schemes due to insufficient budget. Allotment of the budget is made on the basis of demand of the district. It was also stated that where any amount remained unutilised, the same is adjusted in the next year.

#### **3.9.4.8: Records not maintained, differences in the Cash Book and Pass Book and excess over allotment**

As per Subsidiary Rule 53 of Chhattisgarh Treasury code, all the financial transactions should be entered in the Cash Book as soon as they occur and the incharge of the Cash Book should certify that all the entries have been verified by the writer of the Cash Book. The Cash Book should be closed periodically and should be completely checked. The totals of the entries in the Cash Book should be personally checked by the incharge of the Cash Book or through any responsible subordinate.

The following irregularities were noticed in the maintenance of Cash Books of test checked districts:-

Cash balances were not carried forward since 16 September 2015 in the Cash Book and ledgers of various schemes were not maintained during 2011-16 in the Labour Office, Rajnandgaon.

2. Cash Book was maintained from 16 March 2012 to 30 June 2015, but signature of the Drawing and Disbursing Officer of the Department was not endorsed and Cash Book was not maintained after 30 June 2015. Ledgers of the various schemes were also not maintained during 2011-16 in the Labour Office, Durg.

3. There was difference of ₹ 25.80 lakh between the Cash Book and Pass Book (Cash Book balance - ₹ 71,45,090 and Bank Pass Book - ₹ 97,24,745) in the Labour Office, Bilaspur indicating no bank reconciliation was done.

4. Cash Book was not signed by the D.D.O. since 07 April 2015 and there was difference of ₹ 1.52 crore (Cash Book balance- ₹ 3,64,28,517 and Bank Pass Books - 5,04,80,372+11,29,575) between the Cash Book and Bank Book as on 31 March 2016 in the Labour Office, Raipur.

5. There was difference of ₹ 1.52 crore in the Cash Book and Pass Book of the Labour Office, Baloda Bazar. Further, it was observed that only one ledger of *Vivah Sahayata Yojna* was maintained but the signature of D.D.O was found without any seal in the Cash Book and Ledger of *Vivah Sahayata Yojna*. Ledgers of other schemes were not maintained during 2011-16.

6. Excess expenditure of ₹ 37,450 were incurred over the allotment during 2011-12 to 2012-13 in the Labour Office, Mahasamund. No proposal for regularization of the excess expenditure was made so far.

The details of allotment and expenditure of the items is detailed in **Table 3.17**.

**Table 3.17: Year-wise allotment and position of the work**

(Amount in ₹)					
Sl. No.	Year	Name of the head	Allotment	Expenditure	Excess over allotment
1	2011-12	Vehicle repair	3,000	3,553	553
2	2012-13	Conference	1,40,000	1,73,300	33,300
3	2012-13	Stationery	20,000	23,597	3,597
<b>Total</b>			<b>1,63,000</b>	<b>2,00,450</b>	<b>37,450</b>

(Source: Compiled from the information provided by Chhattisgarh Building and Other Construction Workers Welfare Board)

On this being pointed out, the Secretary of the Board stated that concerned ALCs/LOs have been directed to intimate the action taken by them in this regard.

#### **3.9.4.9 Meetings were not conducted**

As per order of honourable Supreme Court of India (07 Feb 2012), every Building and Other Construction Workers Welfare Board shall hold meeting once in at least two months to discharge their statutory functions and submit its minutes, as well as action taken and progress reports in regard to framing and implementation of the schemes and disbursement of funds to the eligible applicants, to the Secretary (Labour) of the Government quarterly.

During scrutiny of records of Board, it was noticed that meetings were held five times during 2012-13, three times in 2013-14, only one time in 2014-15 and four times in 2015-16 against prescribed number of 6 times as per order of said Court. Further, Progress reports of the schemes were not submitted to the Secretary (Labour) of that Government quarterly.

On this being pointed out, the Secretary of the Board stated that prescribed number of meeting could not be held due to imposing of code of conduct in view of Assembly and Lok Sabha election during 2013-14 and 2014-15 respectively and assured that meeting will be held every two months in future as per Supreme Court order.

#### **3.9.4.10 Regular staff not posted**

The details of staff position of the Board are detailed in **Table 3.18**.

**Table 3.18: Staff position of the work**

Sl. No.	Name of the Post	Sanctioned Strength	Posted	Vacant Posts
1	Secretary	01	01	00
2	Accounts Officer	01	01	00
3	Planning Officer	01	00	01
4	Welfare Officer	06	00	06
5	Personal Assistant	01	00	01

6	Steno Grapher	01	01	00
7	Steno Typist	02	00	02
8	Data Entry Operator	08	02	06
9	Assit. Grade-II	06	00	06
10	Assit. Grade-III	10	02	08
11	Driver	03	03	00
12	Peon	12	06	06
13	Watchman	07	01	06
14	Labour Welfare Inspector	27	27	00
	<b>Total</b>	<b>86</b>	<b>44</b>	<b>42</b>

(Source: Compiled from the information provided by Chhattisgarh Building and Other Construction Workers Welfare Board)

As can be seen from the table, there was huge shortage of staff which may affect the implementation of schemes. It was intimated that Secretary was working on deputation, the Accounts Officer and Labour Welfare Inspectors were on contractual basis and the rest were posted through outsourcing. It was also intimated that recruitment rules were pending with the Government, hence regular appointment was not done.

On this being pointed out, the Secretary of the Board stated that recruitment rules for Group III and IV has been prepared and submitted to Government for approval in May 2012 and the approval of Government was awaited. It was also stated that staff has been outsourced against the sanctioned posts to prevent hamper of work.

### **3.10 Conclusion and Recommendations**

#### **Submission of Utilisation Certificate**

- Large number of Utilisation Certificates (4237) in respect of grants given by State Government amounting to ₹ 10,502.86 crore were awaited from the grantee institutions, indicating lack of proper monitoring by the concerned Departments towards utilisation of grants.

Departments should ensure timely submission of Utilisation Certificates by the grantee institutions in respect of the grants released to them.

#### **Submission of Accounts by Autonomous Bodies**

- There were significant delays in submission of accounts by Autonomous Bodies to the Accountant General, resulting in delays in scrutiny of functioning of the Autonomous Bodies.

Government should ensure timely submission of accounts by Autonomous Bodies to the Accountant General.

#### **Submission of DCC bills against AC bills**

- Detailed Countersigned Contingent (DCC) bills against ₹ 645.86 crore drawn on Abstract Contingent (AC) bills were awaited as of March 2016.

A monitoring mechanism should be put in place for timely adjustment of outstanding Abstract Contingency Bills.

#### **Maintenance of PD Accounts**

- The closing balance of PD Accounts increased from ₹ 729.22 crore in 2011-12 to ₹ 1,696.46 crore in 2015-16.

- Yearly reconciliation of PD Accounts with the accounts of the Administrator had not been carried out regularly by the respective Administrators.

The PD accounts should be opened only with the approval of Finance department as provided in the Chhattisgarh Treasury code and should be closed at the end of every financial year. Yearly reconciliation of PD accounts with the treasury office should be ensured by the respective Administrators.

### **Reporting of misappropriations and losses**

- Government's compliance towards disposal of 2218 cases of losses, misappropriation etc. amounting to ₹ 117.02 crore was pending. Departmental enquiries in all cases of misappropriations, losses etc. should be expedited.

### **Booking under Minor Head '800-Other Expenditure' and 'Other Receipt'**

- Large amount (₹ 8,698.96 crore) of Receipts and Expenditure were classified under the omnibus minor head '800 – Other Expenditure/ Receipt' which reflected lack of transparency in financial reporting.

It is recommended that receipts/expenditure which cannot be classified under the available program minor heads was only be booked under the minor head '800-Other Receipts/ Expenditure'.

### **Adjustment of Miscellaneous Public Works Advances**

- There was huge balance of ₹ 118.12 crore lying in the Miscellaneous Public Works Advance at the end of the March 2016.

Department should take effective steps to clear the advance before the closing of the year.

### **End Use of Labour Cess**

- The Board could not utilise its available funds and the utilisation ranged between 11.81 to 38.63 *per cent* during the period. Large numbers of cheques were dishonoured and failure to take timely action to revise/ revalidate led to short receipt of Cess. There were irregularities in implementation of various schemes due to non compliance to the norms laid down in the scheme guidelines which led to payment to ineligible beneficiaries and payment to beneficiaries without ensuring its actual utilization for the purpose it was provided. The maintenance of cash books were not found as per State Treasury rules and bank reconciliation was not done as result there was difference in the balances of cash book and bank book in the test checked districts. There was huge shortage of staff due to not availability of recruitment rules and the work was being executed through outsourcing staff also. The Board failed to hold prescribed number of at least one meeting in two months in compliance to Supreme Court orders.

The Board should-take timely action for clearance of dishonored cheques and deposit in the Welfare Fund;

Ensure compliance of norms laid down in the guidelines of various schemes to prevent distribution of the items to ineligible beneficiaries and to same beneficiaries;

Ensure maintenance of Cash Books as per State Financial Rules and Treasury code and maintenance of the Ledgers of various schemes and preparation of the reconciliation statements; and

Ensure holding of the meetings as per the orders of Supreme Court and submission of the quarterly reports.

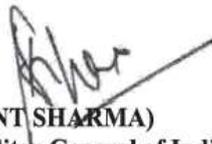
Government and Board may initiate measures for appointment of the regular staff for smooth functioning and implementation of the schemes. Government and Board may initiate measures for timely receipt of Labour Cess collection to be credited to the Board's Account.

Raipur  
The 25 JAN 2017

  
(BIJAY KUMAR MOHANTY)  
Accountant General (Audit)  
Chhattisgarh

Countersigned

New Delhi  
The 1 FEB 2017

  
(SHASHI KANT SHARMA)  
Comptroller and Auditor General of India