

CHAPTER-III: FINANCIAL REPORTING

Chapter III: Financial Reporting

3.1 Introduction

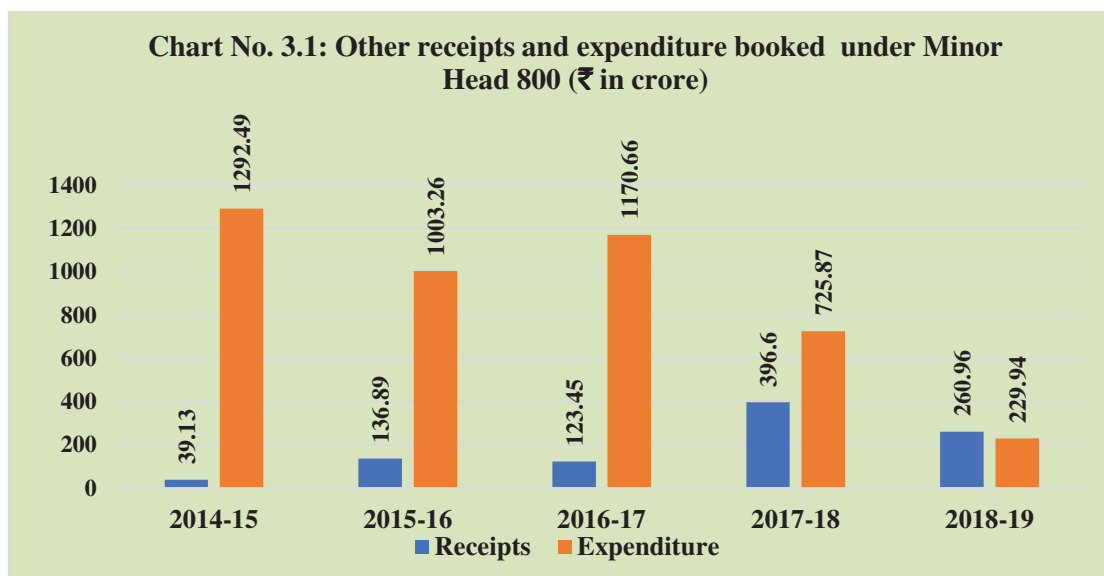
A sound internal financial reporting system with relevant and reliable information significantly contributes to efficient and effective governance by any Government. Compliance with financial rules, procedures and directives as well as the timeliness and quality of reporting on the status of such compliance,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

3.2 Opaqueness in Accounts - Operation of Omnibus Minor Head "800-Others"

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 Controlling Officers are to ensure that operation of omnibus Minor Head '800-Other Receipts/ Other Expenditure' is minimised, as this Head is intended to be operated only when the appropriate Minor Head has not been provided in the accounts. If such instances occur on a regular basis, it is the responsibility of the State Government to discuss with the Accountant General (A&E) and obtain approval to open appropriate Minor Heads. Indiscriminate booking of receipts and expenditure under Minor Head 800 affects transparency and nature of transactions, and renders the accounts opaque.

Scrutiny of the Finance Accounts for the year 2018-19 revealed that the State Government classified ₹ 260.96 crore as receipts under 41 Major Heads of accounts, constituting 2.17 *per cent* of the total Revenue Receipts (₹ 12,030.89 crore) under Minor Head "800-Other Receipts". Similarly, an expenditure of ₹ 229.94 crore was booked under 46 Major Heads of accounts under Minor Head '800-Other Expenditure' which was 1.72 *per cent* of the total expenditure of ₹ 13,370.07 crore (Revenue *plus* Capital) during the year.

The extent of operation of Minor Head 800 for other receipt and expenditure during the five-year period 2014-15 to 2018-19 are shown in **Chart No. 3.1**.



Major Head-wise instances of substantial proportion of receipts and expenditure (more than 50 *per cent* in each case) classified under Minor Head '800-Other Receipts and Other Expenditure' are shown in **Table No. 3.1** and **Table No. 3.2** respectively.

Table No. 3.1: Significant Receipts booked under Minor Head '800- Other Receipts' during 2018-19

(₹ in crore)

Sl. No.	Major Head	Particulars	Total receipts	Receipts under Minor Head 800	Percentage to total receipts
1.	0852	Industries	92.81	92.81	100
2.	1054	Roads and Bridges	6.54	6.54	100
3.	0702	Minor Irrigation	0.84	0.84	100
4.	0075	Miscellaneous General Services	6.18	4.18	68
5.	0059	Public Works	5.06	4.72	93
6.	0515	Other Rural Development Programmes	0.50	0.47	94
7.	0049	Interest Receipts	146.11	108.26	74
8.	0215	Water Supply and Sanitation	1.88	0.96	51

Table No. 3.2: Significant Expenditure booked under Minor Head '800- Other Expenditure' during 2018-19

(₹ in crore)

Sl. No.	Major Head	Particulars	Total expenditure	Expenditure under Minor Head 800	Percentage to total expenditure
1.	3055	Road Transport	18.88	17.82	94
2.	4055	Capital Outlay on Police	7.40	6.59	89
3.	2801	Power	27.45	20.00	73
4.	2250	Other Social Service	2.83	1.73	61
5.	2875	Other Industries	10.96	5.94	54
6.	2216	Housing	8.62	4.47	52
7.	4711	Capital Outlay on Flood Control Projects	6.49	3.36	52
8.	3054	Roads and Bridges	97.01	48.72	50

While both 'Other Receipts' and 'Other Expenditure' booked under Minor Head 800 have declined during 2018-19 compared to the previous year, the State Government

needs to make concerted efforts to bring down the amount booked under this omnibus Head of Account further.

3.3 Parking of Funds in Bank Accounts

As per the orders of the State Government in July 2005, all the Drawing and Disbursing Officers (DDOs) of the State opened current accounts/savings accounts with banks and transferred funds from the Consolidated Fund of the State into these accounts. Subsequently, the State Government had issued orders in December 2016 and in February 2017, for closure of the bank accounts of all the DDOs by March 2017 and instructed to deposit the unspent balances lying in these bank accounts into Government Account. However, the Government orders have not been fully complied with by the DDOs, as there was still a balance of ₹ 411.87 crore in 311 out of 1,413 bank accounts of DDOs as of 31 March 2019. The fact was confirmed during a test check of records of 40 DDOs in Agartala, which revealed that ₹ 82.62 crore was lying in their bank accounts as of 31 March 2019.

In November 2018, the State Government felt that a number of DDOs were maintaining huge funds/bank balances in savings bank accounts, as FDs etc., while the State Government was having to borrow funds from various sources at higher rate of interest than what they were earning from these accounts/ FDs. The Government therefore, decided (January 2019) to transfer funds from the bank accounts of the DDOs to Personal Ledger (PL) Accounts, in all the cases where the bank balances of a DDO exceeded ₹ two crore, except funds for central schemes, where it is mandatorily required to be kept in separate bank account as per the scheme guidelines.

In pursuance of the above decision, the State Government opened 102 PL Accounts with the approval of the Accountant General (A&E) during 2018-19. As on 31 March 2019, these Accounts had a balance of ₹ 116.96 crore.

Drawal of money from the Consolidated Fund and placing it in DDOs' bank accounts for further utilisation, is fraught with the risk of the expenditure moving out of the purview of Legislative oversight, with a possibility of the funds being diverted for other unauthorised and fraudulent purposes.

3.4 Delay in submission of Utilisation Certificates

General Financial Rules provide that for grants provided for specific purposes, Utilisation Certificates (UCs) should be obtained by the departmental officers from the grantees and after verification, forward these to the Accountant General (A&E) within 12 months of the closure of the financial year unless specified otherwise.

Audit scrutiny revealed that 646 UCs in respect of grants aggregating ₹ 308.93 crore given to Departments of the State Government during the period from 2014-15 to 2017-18 have not been submitted to the Accountant General (A&E) as of 31 March 2019. Age-wise details of delay in submission of UCs is given in **Table No. 3.3**.

Table No. 3.3: Age-wise Arrears of Utilisation Certificates as on 31 March 2019*(₹ in crore)*

Year	UCs pending for submission at the beginning of the year ¹		UCs received during the year		UCs outstanding as on 31-03-19	
	No. of UCs	Amount	No. of UCs	Amount	No. of UCs	Amount
Up to 2016-17	362	269.43	73	126.66	289	142.77
2017-18	65	101.85	26	31.15	39	70.70
2018-19	332	97.77	14	2.31	318	95.46
Total	759	469.05	113	160.12	646	308.93

Source: Finance Accounts and VLC data.

It is a matter of concern that the Departmental authorities have not yet explained as to how an amount of ₹ 308.93 crore was spent over the years, as it involves public funds provided to them for implementation of specific programmes/schemes and there is no assurance that the intended objectives of providing these funds have been achieved. In the absence of accountability for expenditure relating to funds provided prior to 2016-17, the possibility of misappropriation of these funds cannot be ruled out.

Major defaulting departments, which had not submitted the UCs as on 31 March 2019 for the grants received up to the year 2017-18 are given in **Table No. 3.4**.

Table No. 3.4: Department-wise details of non-submission of UCs as of 31 March 2019*(₹ in crore)*

Sl. No.	Name of the Department	No. of UCs pending	Amount of grants for which UCs are awaited
1.	Panchayat Raj	17	90.22
2.	Urban Development	10	38.98
3.	Health	55	35.32
4.	Tribal Welfare	123	33.82
5.	Industries and Commerce	24	24.46
6.	Welfare of SC	66	22.29
7.	Welfare of Minorities	90	11.94
8.	Power	1	11.75
9.	Education (School)	19	5.86
10.	Education (Higher)	15	8.34
11.	Education (Sports & youth)	6	5.00
12.	Education (Social)	41	4.84
Total		467	292.82

In the absence of UCs, it could not be ascertained whether the recipients had utilised the grants for the purposes for which those were given. Since huge pendency in submission of UCs is fraught with the risk of fraud and misappropriation of funds, it is imperative that the State Government monitors this aspect closely and hold the concerned persons accountable for non-submission of UCs in a timely manner.

3.5 Pending DCC Bills against AC Bills

DDOs are authorized to draw money for limited purposes by preparing Abstract Contingent (AC) bills without vouchers as per Rule 308 and 309 of the Central Treasury Rules (CTR). Subsequently, Detailed Countersigned Contingent (DCC) bills (vouchers

¹ Excluding UCs receivable by the Union Government, as the GoI releases funds after deducting the amount for which UCs are outstanding and regulates the future release of funds.

in support of final expenditure) are required to be furnished to the Accountant General (A&E) through the Controlling Officer. Further, a Certificate is to be attached to every AC Bill to the effect that DCC Bills have been submitted to the Controlling Officer (CO) in respect of AC Bills (drawn more than a month before the date of the current Bill) without which, no AC Bill is to be accepted.

As per Rule 31 (12) of the Delegation of Financial Powers Rules, Tripura, 2019, drawal of money on AC Bills should be adjusted through DCC Bills by submitting them to the countersigning officer within 60 days from the date of the drawal of the amount. The second drawal of the amount should be made only after exhausting the money drawn in previous AC Bills. Further, as per sub Rule 15 of Rule 31, the Head of the Department under whose control a DDO is functioning, has to countersign all the DCC Bills and forward them to the Accountant General (A&E), Tripura within 90 days from the date of the drawal of the AC Bill.

As on 31 March 2019, there were 2,930 AC bills for an amount of ₹ 88.55 crore outstanding for adjustment due to non-submission of the relevant DCC Bills. Out of these outstanding AC Bills, 2728 Bills involving ₹ 66.06 crore were outstanding for the years up to 2017-18. The position of outstanding DCC Bills as on 31 March 2019 is shown in **Table No. 3.5**.

Table No. 3.5: Details of outstanding AC Bills

(₹ in crore)

Year	AC Bills pending at the beginning of the year		DCC Bills submitted during the year		Outstanding DCC Bills as on 31 March 2019	
	No.	Amount	No.	Amount	No.	Amount
Upto 2016-17	4632	86.13	2200	29.29	2432	56.84
2017-18	640	11.62	344	2.40	296	9.22
2018-19	304	23.82	102	1.33	202	22.49
Total	5576	121.57	2646	33.02	2930	88.55

Source: Information furnished by the AG (A&E)

Department-wise and year-wise break up of outstanding DCC Bills as on 31 March 2019 are given in **Appendix-3.1**.

Major amount unadjusted pertains to the Relief and Rehabilitation Department (₹ 50.10 crore), Tribal Welfare Department (₹ 8.43 crore) and Welfare of Scheduled Castes Department (₹ 14.25 crore). The major defaulting departments which had not submitted the DCC Bills upto the end of March 2019 are shown in **Table No. 3.6**.

Table No. 3.6: Year wise and Department wise (Major Defaulting Departments) pendency of DCC Bills

(₹ in crore)

Sl. No.	Department	Upto 2016-17		2017-18		2018-19	
		No. of Bills	Amount	No. of Bills	Amount	No. of Bills	Amount
1	Relief and Rehabilitation	114	24.25	28	6.61	41	19.24
2	Tribal Welfare	638	8.23	24	0.20	...	...
3	Welfare of SCs	410	14.23	5	0.02	...	...
4	Revenue	344	2.20	14	0.08	75	1.07

Sl. No.	Department	Upto 2016-17		2017-18		2018-19	
		No. of Bills	Amount	No. of Bills	Amount	No. of Bills	Amount
5	Agriculture	28	2.96	...	...	4	0.02
6	Election	71	0.18	191	1.64	14	0.15
7	Home (Police)	2	0.54	1	0.40	5	0.98
8	Welfare of Minorities	266	1.92	...	...	...	...
9	GA (Secretariat Administration)	2	1.07	...	...	1	0.14

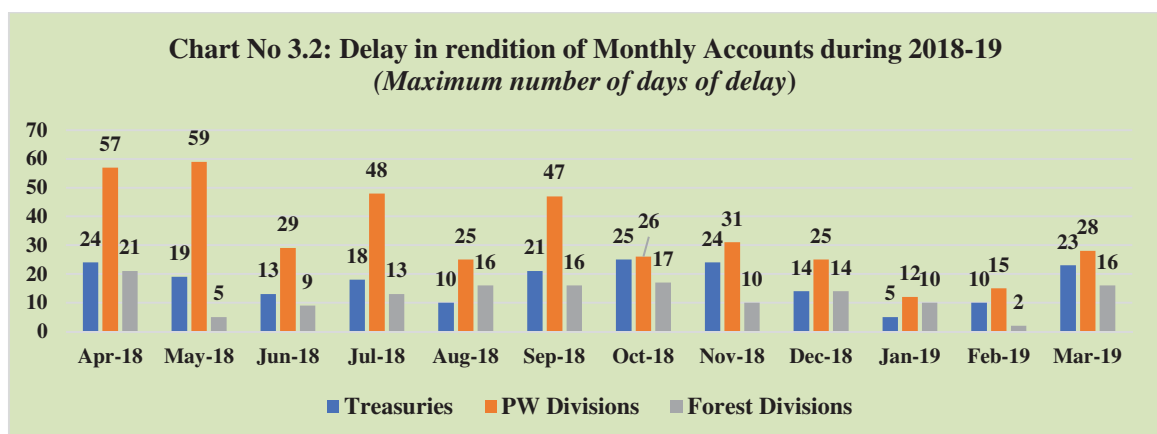
As can be seen from the details tabulated above, DCC bills are pending submission for over two years. Considering that out of the outstanding DCC bills of 2930, 2432 (83 per cent of outstanding bills) are pending submission for the period up to 2016-17, there is no assurance that the funds drawn on AC bills were utilised for the intended purpose. The possibility of misappropriation of these funds cannot be ruled out.

Advances drawn and not accounted for increase the possibility of wastage/ misappropriation/malfeasance etc., and therefore, needs to be monitored closely. Since the expenditure has already been booked in the accounts, and the whereabouts of the amount or the status of the purpose for which it was drawn is not available, it distorts the size of the expenditure.

3.6 Timeliness and Quality of Accounts

The accounts of the State Government are compiled by the Accountant General (A&E) from the initial accounts rendered by 10 Treasuries (including one e-Treasury), 13 Sub-Treasuries, 53 Public Works Divisions (including 12 DWS and nine Water Resource divisions) and 39 Forest Divisions, apart from the RBI advices. The due date for submission of accounts of a particular month is the 10th of the following month except in the case of the month of March, where it is 15th of April. During the financial year 2018-19, there were delays in rendition of monthly accounts ranging from 01 to 25 days by the Treasuries, 01 to 59 days by the Public Works Divisions and 01 to 21 days by the Forest divisions respectively.

Months-wise details of delay in rendition of monthly accounts by various account rendering Units during the financial year 2018-19 are given in **Chart No 3.2**.



As can be seen from the above chart, the delays were more prominent and persistent from the public works divisions. Out of 53 PW divisions, accounts for six divisions were

excluded from the Monthly Civil Accounts for the month of December 2018 due to non-receipt of the accounts on time from them. Consequently, the receipts and expenditure relating to these divisions/units could not be incorporated in the Civil Accounts in the month of occurrence of the transaction. However, these six accounts were included in the month of January 2019, as intimated by the Accountant General (A&E).

Exclusion of accounts not only distorts the budgetary position of the Government, but also impacts its monitoring of fund flow to the last mile of implementation, its planned pacing of expenditure on developmental programmes, provide intended benefits to the targeted beneficiaries, functioning of departments etc. during the year.

The State Government needs to monitor closely and ensure the rendition of accounts by all the account rendering authorities to the Accountant General (A&E) on a timely basis, to manage its own budget more effectively.

3.7 Suspense and Remittances Balances

Suspense heads are operated in Government accounts to reflect transactions that cannot be booked initially to their final Head of Account for some reason or the other. These are finally cleared by minus debit or minus credit when the amount is taken to its final Head of Account. If the amounts under suspense heads remain unadjusted, the balances under these heads get accumulated resulting in understatement of Government's receipts and payments.

Remittances embrace all transactions which are adjusting Heads of Account and the debits or credits under these heads are eventually cleared by corresponding credit or debit within the same or in another circle of accounting.

Finance Accounts reflect the net balances under Suspense and Remittances Heads. The outstanding balances under these heads are worked out by aggregating the outstanding debit and credit balances separately under various heads. Clearance of suspense and remittance items depends on the details furnished by the State Treasuries/Works and Forest Divisions, *etc.*

At the end of 31 March 2019, there was a net debit balance of ₹ 478.61 crore in Suspense Heads, which was an increase of ₹ 314.74 crore from 31 March 2018. The major contributing factor for the net debit balance was the Suspense Account Civil (Debit: ₹ 330.66 crore) during 2018-19 against ₹ 1.14 crore in 2017-18, due primarily to non-receipt of payment vouchers and receipt schedules from outside accounting circles through Inter-State Suspense Accounts.

At the end of 31 March 2019, there was a net debit balance of ₹ 236.71 crore in Public Works Remittances under Cash Remittance Balances which was an increase of ₹ 223.46 crore from ₹ 13.25 crore as on 31 March 2018.

The trend of outstanding net balances under Suspense Accounts in various Minor Heads for the last three years from 2016-17 to 2018-19 are shown in **Table No. 3.7**.

Table No. 3.7: Suspense and Remittances Balances

(₹ in crore)

Particulars of Minor Heads	Net balances					
	Debit/ Credit	2016-17	Debit/ Credit	2017-18	Debit/ Credit	2018-19
Suspense Balance (8658)						
101- PAO suspense	Dr.	21.70	Dr.	27.80	Dr.	36.49
102- Suspense accounts (Civil)	Dr.	0.32	Dr.	1.14	Dr.	330.66
107- Cash settlement suspense account	Dr.	184.72	Dr.	167.49	Dr.	141.80
110- RBI suspense central accounts office	Dr.	10.14	Dr.	10.14	---	0.00
112- Tax deducted at source (TDS) suspense	Cr.	21.06	Cr.	41.66	Cr.	29.30
123- A.I.S officers Group Insurance Scheme	Cr.	0.23	Cr.	0.24	Cr.	0.24
129- Material purchase settlement suspense accounts	Cr.	0.80	Cr.	0.80	Cr.	0.80
Total (Net)	Dr.	194.79	Dr.	163.87	Dr.	478.61
Remittance Balance (8782)						
102- PW Remittances	Cr	13.31	Dr	13.25	Dr	236.71
103- Forest Remittances	Dr	1.50	Dr	7.30	Dr	6.50
108- Other Departmental Remittances	Cr	0.44	Cr	1.04	Cr	1.81
Total (Net)	Cr	12.25	Dr	19.51	Dr	241.40

3.8 Accounting of transactions relating to Central Road Fund

As per accounting procedure, the grants received from GoI towards the Central Road Fund (CRF) are required to be recorded initially in the Revenue Section as revenue receipts under Grants-in-aid from GoI. Thereafter, the amount so received is to be transferred to the Deposit Head through the revenue expenditure Major Head of Account '3054- Roads and Bridges'. The expenditure on prescribed road works is to be first accounted for under the relevant revenue or capital sections and then reimbursed out of the Fund under Deposit Head as a deduct expenditure to the concerned Revenue or Capital Major Head of Account. While the receipts were recorded correctly as revenue receipts, the prescribed procedure for recording the expenditure under CRF was not being followed until 2017-18.

However, during 2018-19, the State Government complied with the correct accounting procedure prescribed. The grants of ₹ 3.44 crore towards CRF were recorded as revenue and ₹ 3.51 crore (including some balances of previous year) were transferred to the Deposit Head of Public Account as Capital expenditure under the Deposit Head, leaving 'Nil' balance.

3.9 Compliance with Indian Government Accounting Standards

Government Accounting Standards Advisory Board (GASAB) set up by the Comptroller and Auditor of India in 2002, has been formulating Standards for Government Accounting and financial reporting, to enhance accountability mechanisms. As of end of March 2019, three Indian Government Accounting Standards (IGAS) have been notified.

The details of these Standards and the extent of compliance with these by the Government of Tripura in the Finance Accounts for the year 2018-19 are given below.

Table No. 3.8: Compliance with Indian Government Accounting Standards

IGAS	Essence of IGAS	Status	Impact of non-compliance
IGAS – 1: Guarantees given by Government – Disclosure requirements	This standard requires the Government to disclose the maximum amount of guarantees given during the year in its financial statements along with additions, deletions, invoked, discharged and outstanding at the end of the year.	Partly complied	While the Government has disclosed the maximum amount of guarantees given during the year, detailed information like number of guarantees for each institution, class and sector-wise information was not furnished.
IGAS – 2: Accounting and Classification of Grants-in-aid	Grants-in-aid are to be classified as revenue expenditure in the accounts of the grantor and as revenue receipts in the accounts of the grantee, irrespective of the end use	Not complied	The State Government has given an amount of ₹ 661.74 crore as Grants-in-aid for creation of capital assets and booked as capital expenditure instead of as revenue expenditure. Non-compliance with the Standard led to understatement of Revenue expenditure and overstatement of Capital expenditure to that extent. As a result, there was a Revenue surplus instead of a Revenue deficit during the year 2018-19.
IGAS – 3: Loans & Advances made by Government	This Standard relates to recognition, measurement, valuation and reporting in respect of loans and advances disbursed by the Government in its Financial Statements to ensure complete, accurate and uniform accounting practices	Partly complied	While the Government complied with the format prescribed by the Standard, the detailed information on repayment of Loans in arrears (principal and interest) of loanee/entities was not available with the Accountant General (A&E)

3.10 Reconciliation of accounts by Controlling Officers

Financial Rules stipulate that receipts and expenditure recorded in the books of accounts of Controlling Officers (COs) be reconciled by them every month during the financial year with those recorded in the books of the Accountant General (A&E). This is to enable the COs to exercise effective control over expenditure and manage their budgetary allocation efficiently, and ensure accuracy of their accounts. Reconciliation and verification of figures is an important tool of financial management. Failure to exercise/adhere to the codal provisions and executive instructions in this regard not only results in misclassification and incorrect booking of receipts and expenditure in the accounts, but also defeats the very objective of budgetary process.

During the year 2018-19, all the 63 Controlling Officers of the State reconciled their receipts and expenditure amounting to ₹ 12,030.89 crore and ₹ 13,869.24 crore respectively, with those booked in the accounts of the Accountant General (A&E).

3.11 Reconciliation of Cash Balances

As on 31 March 2019, the State Government had a cash balance of ₹ 968.52 crore. There was a net difference of ₹ 21.10 crore (Credit) between the figures reflected in the accounts (₹ 14.02 crore) of Accountant General (A&E) and that intimated by the Reserve

Bank of India (₹ 7.08 crore) as on 31 March 2019. This difference is mainly due to erroneous reporting by the accredited banks to the Reserve Bank of India, Nagpur, which is responsible for maintaining the Cash Balance of the State Government.

3.12 Non-submission /delay in submission of Accounts by Autonomous Bodies / Authorities under Section 14 and 15 of CAG's (DPC) Act, 1971

In order to identify new Institutions which attract audit under Sections 14 and 15 of the CAG's (Duties, Powers and Conditions of Service) Act, 1971, the State Government/Heads of the departments are required to furnish to Audit every year detailed information about the financial assistance given to various Institutions, the purpose of assistance granted and the total expenditure of the institutions. None of the departments had submitted this information despite specifically requesting for it.

Substantially funded Autonomous Bodies/Authorities are required to submit their approved and authenticated Annual Accounts by 30 June for audit by the CAG under Section 14 and 15 of CAG's (DPC) Act, 1971. Out of 54 Autonomous Bodies/Authorities, 51 Autonomous Bodies/Authorities had not furnished Annual Accounts due up to 2018-19 to Accountant General (Audit) (31 October 2019). The number of those accounts along with their age-wise pendency is presented in **Table No. 3.9**.

Table No 3.9: Age-wise arrears of Annual Accounts due from Autonomous Bodies

Sl. No.	Delay in number of years	No. of Bodies/ Authorities
1.	1 to 4 years	28
2.	5 to 7 years	11
3.	8 to 12 years	2
4.	13 years & above	6
5.	Since inception to 2016-17	4
Total		51

Out of the 51 Autonomous Bodies/Authorities, four² had not submitted their accounts since their inception. The information relating to the date of establishment of those Bodies/Authorities was also not furnished (March 2019) by the Government despite a specific request made to this effect. Due to persistent delay in submission of Annual Accounts, all the Bodies were asked to intimate the amount of grants received during the year 2018-19; 48 (out of 51) Grantee Bodies/Authorities did not furnish the information of the amount of grants received during the year 2018-19 as shown in **Appendix-3.2**.

In the absence of annual accounts and their audit, proper utilisation of the grants and loans disbursed to those Bodies/Authorities and their accountal cannot be vouched. Accountant General (Audit) took up the matter of non-submission of accounts of the defaulting Bodies with the authorities concerned from time to time, but without perceivable improvement.

3.13 Delay in submission of Accounts/Audit Reports of Autonomous Bodies

A large number of Autonomous Bodies are audited by CAG covering their operational activities and accounts, through a compliance audit of the regularity and propriety of

² (i). Jolaibari High School, (Secondary Stage), Joliabari, Belonia, South Tripura, (ii). Harachandra H. S. School, (Secondary Stage), Kamalpur, (iii). Prachya Bharati H.S School, Agartala and (iv). Ranirbazer Vidya Mandir, Ranirbazar

transactions, review of internal controls and financial management, *etc.* The audit of accounts of six Bodies³ in the State has been entrusted to the CAG under Sections 19 (2), 19 (3), 20 (1) and 20 (3) of CAG's DPC Act, 1971 for which Separate Audit Reports (SARs) are prepared for placement before the Legislature. The audit of Tripura Tribal Areas Autonomous District Council (TTAADC) is carried out as mandated in the Sixth Schedule of the Constitution of India and the SAR is prepared for submission to the Council. The status of rendering of accounts to Audit, issuance of SAR and its placement in the Legislature/Council as on 31 March 2019 are indicated in **Appendix 3.3**.

Delay in placement of SARs issued to the State Government up to 31 March 2019 in respect of five out of six Autonomous Bodies including one Autonomous District Council (TTAADC) in the Legislature/Council after issuing them is summarised in **Table No. 3.10**.

Table No. 3.10: Delay in tabling Separate Audit Reports

Sl. No.	Name of the Autonomous Bodies (Audit Mandate)	No. of SAR	Year of Accounts	Date of issue	Details of placement of SAR in the Legislature/ Council as on 31 March 2019	
					Status	Delay
1.	Tripura Board of Secondary Education Section 20 (1) of DPC Act	4	1998-99 to 2001-02	26-04-2010	Not yet placed	2 years to 10 years
		4	2002-03 to 2005-06	12-12-2011		
		4	2006-07 to 2009-10	10-04-2014		
		6	2010-11 to 2015-16	23-06-2017		
2.	THCB Section 19 (3) of DPC Act	3	1990-91 to 1992-93	03-07-2007	Not yet placed	2 years to 12 years
		4	1993-94 to 1996-97	03-06-2009		
		5	1997-98 to 2001-02	23-02-2011		
		8	2002-03 to 2009-10	12-03-2013		
		1	2010-11	18-09-2015		
		5	2011-12 to 2015-16	15-06-2017		
3.	CAMP A Section 20 (1) of DPC Act	3	2009-10 to 2011-12	06-02-2015	Not yet placed	1 months to 3 years
		2	2012-13 and 2013-14	07-02-2017		
		3	2014-15 to 2016-17	01-03-2019		
4.	TTAADC Section 20 (1) of DPC Act	1	2013-14	25-08-2017	18-03-2019	7 months
5.	Tripura BOCW Board Section 19 (2) of DPC Act	2	2012-13 and 2013-14	03-03-2017	Not yet placed	2 years to 2 years 7 months
		1	2015-16	15-06-17		

Non-placement of the SARs relating to the Autonomous Bodies and Autonomous District Council in the Legislature/Council violated the statutory provision of informing the Legislature/Council about the financial activities and status on year to year basis.

3.14 Follow-up on Audit Reports

3.14.1 Suo-motu Action Taken Notes

The CAG has been flagging issues of concern relating to various aspects of financial and budgetary management, areas of non-compliance with the prescribed procedures, rules

³ (i) Tripura Board of Secondary Education, (ii) Tripura Housing and Construction Board (THCB), (iii) Tripura State Legal Service Authority, (iv) Compensatory Afforestation Fund Management and Planning Authority (CAMP A), (v) Tripura Tribal Areas Autonomous District Council and (vi) Tripura Building & Other Construction Workers' Welfare Board (Tripura BOCW Board).

and regulations etc. by the State Government departments/authorities in the State Finances Audit Reports of the Government of Tripura.

These Reports can achieve the desired results only when they evoke positive and adequate response from the Government/administration itself. To ensure accountability of the executive with regard to the issues contained in the Audit Reports, the Finance Department of the Government of Tripura had issued instructions (July 1993) for submission of *suo motu* Action Taken Notes (ATNs) by the administrative departments concerned within three months of presentation of the Audit Reports to the State Legislature. However, the State Finances Audit Reports (SFAR) were not taken up for discussion in PAC and ATNs have not been received from the departments concerned.

The latest SFAR of the Government of Tripura for the year 2017-18 (Report No. 1 of 2019) was placed in the State Legislative Assembly on 30 August 2019. For better appreciation of the contents of the SFAR by the Hon'ble members of the PAC, the Accountant General (Audit), Tripura made a presentation before the Committee on the main contents of the SFAR on 25 September 2019. The Chairman and members of the PAC were quite responsive on the matter and assured that the Report would be taken up for discussion. Further information is awaited (April 2020).

3.15 Conclusion

The decision of the State Government to permit drawal of money from the Consolidated Fund and park in the DDOs' bank accounts is fraught with the risk of misappropriation of public funds and their use for unauthorized purposes. It also violates the Legislative oversight over public finances.

Non-submission of UCs and DCC bills by Departments for funds drawn for specific developmental programmes/projects and non-submission of accounts by Autonomous Councils, Development Bodies and Authorities was violative of prescribed financial rules and directives; these point to inadequate internal controls and reflect poorly on the monitoring mechanism of the State Government. Due to non-submission of Accounts by Autonomous Bodies/Authorities on time proper utilisation of grants and loans disbursed to those Bodies/Authorities cannot be vouched.

Non-compliance with IGAS, especially IGAS - 2 has resulted in distorting the financial position of the Government and projecting a surplus where there was a deficit.

Reconciliation of Government receipts and expenditure by the Controlling Officers with the amount booked in the accounts of Accountant General (A&E) during the year 2018-19 was commendable.

3.16 Recommendations

- i. State Government should desist from the practice of transferring funds from the Consolidated Fund of the State to the bank accounts of the DDOs. The funds lying in the bank accounts of various DDOs may be remitted back to Government account and the operation of these bank accounts need to be monitored closely to ensure that public funds are not used for unauthorised purposes. Legislative oversight over public finances should be ensured scrupulously.

- ii. Government needs to enforce strict compliance with the timelines for submission of UCs by the Grantees and failure to comply with the timelines should be dealt with scrupulously; action should be initiated against erring officials.
- iii. State Government needs to institute a rigorous monitoring mechanism to ensure that the Departments comply with the prescribed rules and procedures with regard to submission DCC bills.
- iv. All the accounts rendering units need to be instructed to submit the complete accounts as per the prescribed time schedule and furnish the missing/incomplete details to enable clearance of suspense and remittances transactions in a time bound manner.
- v. State Government should further discourage the use of omnibus Minor Head 800 and chalk out a specific timeframe in consultation with the Accountant General (A&E), to identify appropriate Heads of Account to classify the transactions correctly in the books of accounts.
- vi. State Government needs to ensure compliance with the Indian Government Accounting Standards to present its financial position transparently.

Agartala
The 23 July 2020



(PRAVINDRA YADAV)
Accountant General (Audit), Tripura

Countersigned

New Delhi
The 28 July 2020



(RAJIV MEHRISHI)
Comptroller and Auditor General of India