
Chapter - IV

Quality of Accounts & Financial Reporting Practices

Chapter 4 Quality of Accounts & Financial Reporting Practices

4.1 Introduction

Sound internal financial reporting system and compliance with rules and procedures contribute significantly to good governance. These also ensure relevant, reliable and timely financial reporting and thereby assist the State Government in meeting its basic stewardship responsibilities, including strategic planning and appropriate 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.

4.2 Opaqueness in Accounts - Operation of Omnibus Minor Head 800

The omnibus Minor Head 800 relating to Other Receipts/ Other Expenditure is to be operated only in cases where the appropriate Minor Head has not been provided under a Major Head 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.

Government of Assam has operated this Minor Head extensively during the five-year period 2014-19. The quantum of expenditure booked under this Minor Head showed a mixed trend over the years. During 2018-19, the State Government booked an expenditure of ₹ 14,879.24 crore under Minor Head 800 under 69 revenue and capital Major Heads of Account, constituting 21.90 per cent of the total revenue and capital expenditure of ₹ 67,933.08 crore. The extent of operation of Minor Head 800 for Other Expenditure, as a percentage of Total Expenditure during 2014-19 is given in **Chart 4.1**.

Chart 4.1: Operation of Minor Head 800 - Other Expenditure during 2014-19

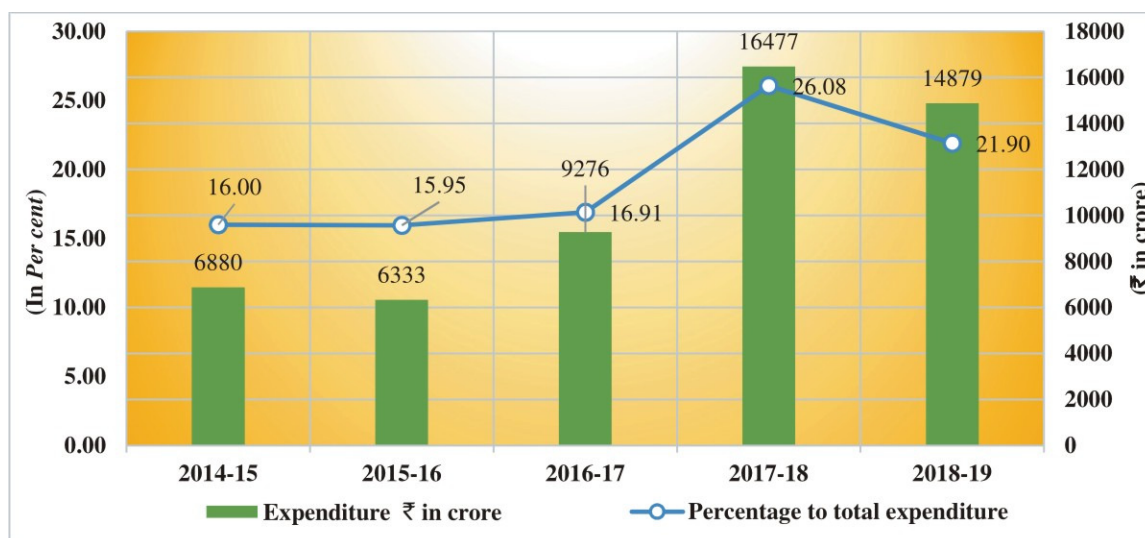


Chart 4.1 shows that there has been largescale operation of 800 for Other Expenditure, with its share in total expenditure ranging from 15.95 *per cent* to 26.08 *per cent* during the period. Instances of substantial proportion (50 *per cent* or more) of the expenditure within a given Major Head, classified under the Minor Head 800 – ‘Other Expenditure’, are given in **Table 4.1**.

Table: 4.1 Significant expenditure booked under Minor Head 800 – Other Expenditure during 2018-19

(₹ in crore)

Major Head	Description	Expenditure under Minor Head 800	Total Expenditure	Percentage
2075-Miscellaneous General Services	Financial Assistance to farmers for farm implements, Assam Infrastructure Financing Authority and expenditure in connection with the revision of Pay and Pension	1,175.39	1,184.69	99.21
2501-Special Programme for Rural Development	National Rural Livelihood Mission (NRLM), Financial Assistance to 1(one) lakh women SHGs and National Social Assistance Programme	803.95	920.55	87.33
2515-Other Rural Development Programmes	General Basic Grant and share of State own taxes assigned to PRIs & ULBs as per recommendations of SFC	577.66	932.91	61.92
2801 - Power	Payment of dues as per FTFRP, Ujwal DISCOM Assurance Yojana (UDAY) and Targeted subsidy to APDCL	1,641.36	1,641.36	100.00
3056-Inland Water Transport	Government Transport Services working expenses - Major Ferry Services, Subansiri River Passenger Services (Commercial)	127.92	144.12	88.76
4405-Capital Outlay on Fisheries	Assam Rural Infrastructure Development Fund (RIDF)- NABARD’s Loan component	58.10	60.25	96.43
4425-Capital Outlay on Co-operation	Rural Infrastructure Development Fund (RIDF)	12.56	13.85	90.69
4701-Capital Outlay on Medium Irrigation	Accelerated Irrigation Benefits Programme (AIBP)	10.19	10.19	100.00
4801-Capital Outlay on Power Projects	Externally Aided Projects (ADB), APSEIP Tranche 4 (ADB) and conversion of 500 KM of LT conductor with AB cables in towns	369.69	369.69	100.00

In the case of receipts, the operation of Minor Head 800 has been lower compared to expenditure, and ranged between 1.34 *per cent* of total receipts in 2017-18 to a high of 3.12 *per cent* of total receipts during 2018-19. During 2018-19, the State Government classified receipts of ₹ 1,982.90 crore, pertaining to 45 Major Heads, under the Minor Head ‘800 - Other Receipts’. Cases where over 50 *per cent* of receipts were classified under Minor Head 800 – ‘Other Receipts’, are given in **Table 4.2**.

Table: 4.2 Significant receipts booked under Minor Head 800 – Other Receipts during 2018-19

(₹ in crore)

Sl. No.	Major Head	Receipts under Minor Head 800	Total Receipts	Percentage
1	0059-Public Works	2.52	2.64	95.45
2	0070-Other Administrative Services	204.41	211.90	96.47
3	0215-Water Supply and Sanitation	0.31	0.54	57.41
4	0404-Dairy Development	0.24	0.24	100.00
5	0408-Food Storage and Warehousing	287.94	287.94	100.00
6	0552-North Eastern areas	33.34	33.34	100.00
7	0701-Medium Irrigation	1.00	1.00	100.00
8	0702-Minor Irrigation	0.19	0.22	86.36
9	0852-Industries	0.41	0.41	100.00
10	1054-Roads and Bridges	40.63	41.21	98.59
11	1056-Inland Water Transport	7.56	7.56	100.00
12	1456-Civil Supplies	0.06	0.06	100.00

Classification of large amounts under the omnibus Minor Head 800 affects transparency in financial reporting and distorts proper analysis of allocative priorities and quality of expenditure.

4.3 Delay in Submission of Utilisation Certificates

Rule 517 (Appendix 16) of Assam Financial Rules provides that every grant made for a specified object is subject to the implied conditions such as (i) the grant shall be spent for the intended purpose, and within a reasonable time if no time-limit has been fixed by the sanctioning authority, and (ii) any portion of the amount which is ultimately not required for expenditure for the purpose, shall be duly surrendered to the Government.

State Government authorities who have received conditional grants are required to furnish formal Utilisation Certificates (UCs) about the proper utilisation of the grants, to the Accountant General (A&E) within 12 months of the closure of the financial year in which the grants have been released, unless specified otherwise.

Audit scrutiny revealed that 9,455 UCs in respect of grants aggregating ₹ 19,672.06 crore given to 49 Departments of the State Government during the period from 2001-02 to 2017-18 had not been submitted. Age-wise details of delays in submission of UCs is given in Table 4.3.

Table 4.3: Age-wise arrears in submission of Utilisation Certificates

(₹ in crore)

Year	Opening Balance		Addition		Clearance		Due for submission	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Up to 2016-17	12,846	14,772.89	1,861	12,267.50	3,066	2,133.13	11,641	24,907.26
2017-18	11,641	24,907.26	2,267	15,958.31	2,271	6,972.16	11,637	33,893.41
2018-19	11,637	33,893.41	2,248*	13,381.83*	2,182	14,221.35	9,455	19,672.06

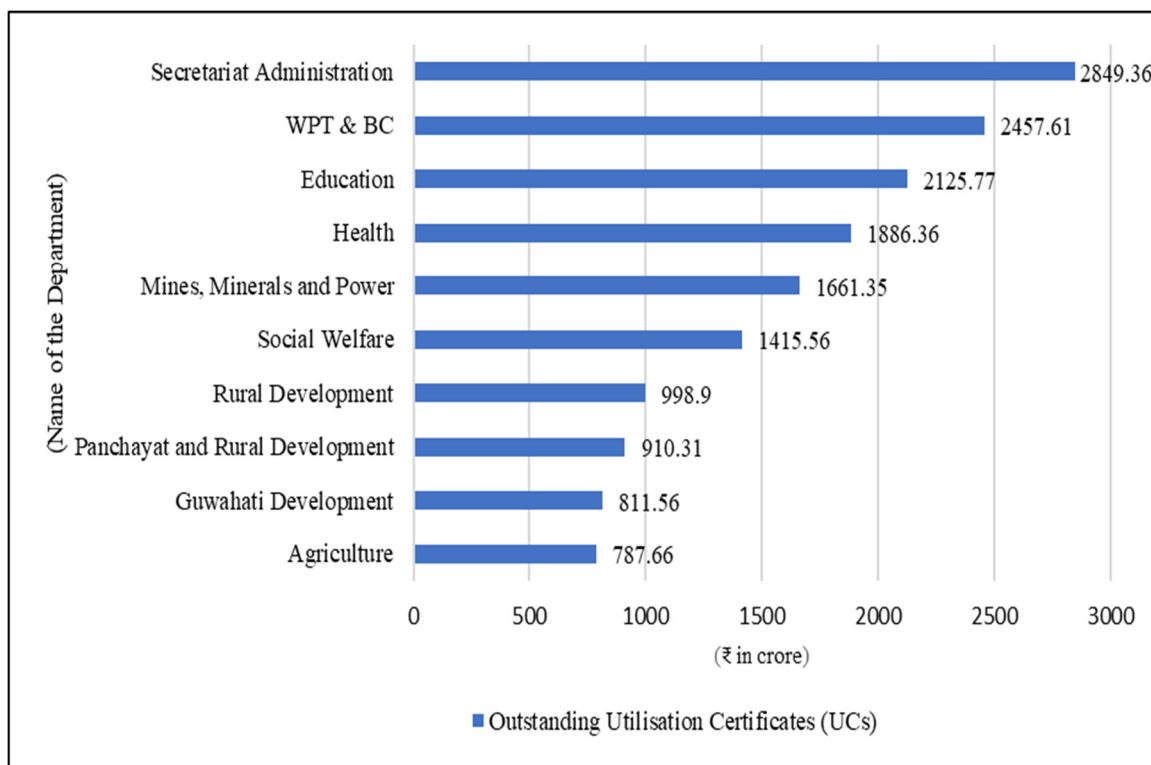
*UCs for the GIA disbursed during 2018-19 become due only during 2019-20.

**Table 4.4: Year-wise breakup of pending UCs
(₹ in crore)**

Year	Number of UCs	Amount
2001-02	833	54.26
2002-03	409	36.22
2003-04	744	197.07
2004-05	949	145.80
2005-06	712	203.12
2006-07	656	198.87
2007-08	463	220.85
2008-09	342	313.25
2009-10	123	447.71
2010-11	307	395.94
2011-12	275	583.03
2012-13	289	827.68
2013-14	401	1,243.02
2014-15	795	1,594.14
2015-16	487	2,972.91
2016-17	33	2,013.93
2017-18	1,637	8,224.26
Total	9,455	19,672.06

The year-wise details of pending UCs and the amounts involved are tabulated alongside. Considering that the Departmental authorities have not yet explained as to how an amount of ₹ 19,672 crore was spent over the years is a matter of concern, 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 as far back as 2001-02, the possibility of misappropriation of these funds cannot be ruled out.

Table 4.4 reveals that 67.16 per cent of outstanding UCs pertains to the last three years i.e., 2015-16, 2016-17 and 2017-18. Department-wise break-up of outstanding UCs for the grants paid up to the year 2017-18 is given in **Appendix 4.1**. Status of outstanding UCs in respect of 10 major departments is given in **Chart 4.2**.

Chart 4.2: Outstanding UCs in respect of 10 major Departments for the grants paid up to 2017-18

In the absence of the UCs, it could not be ascertained whether the recipients had utilised the grants for the purposes for which those were given. This assumes greater importance as about 50 *per cent* of capital expenditure is being incurred out of Grants-in-Aid. Huge pendency in submission of UCs is fraught with the risk of fraud and misappropriation of funds.

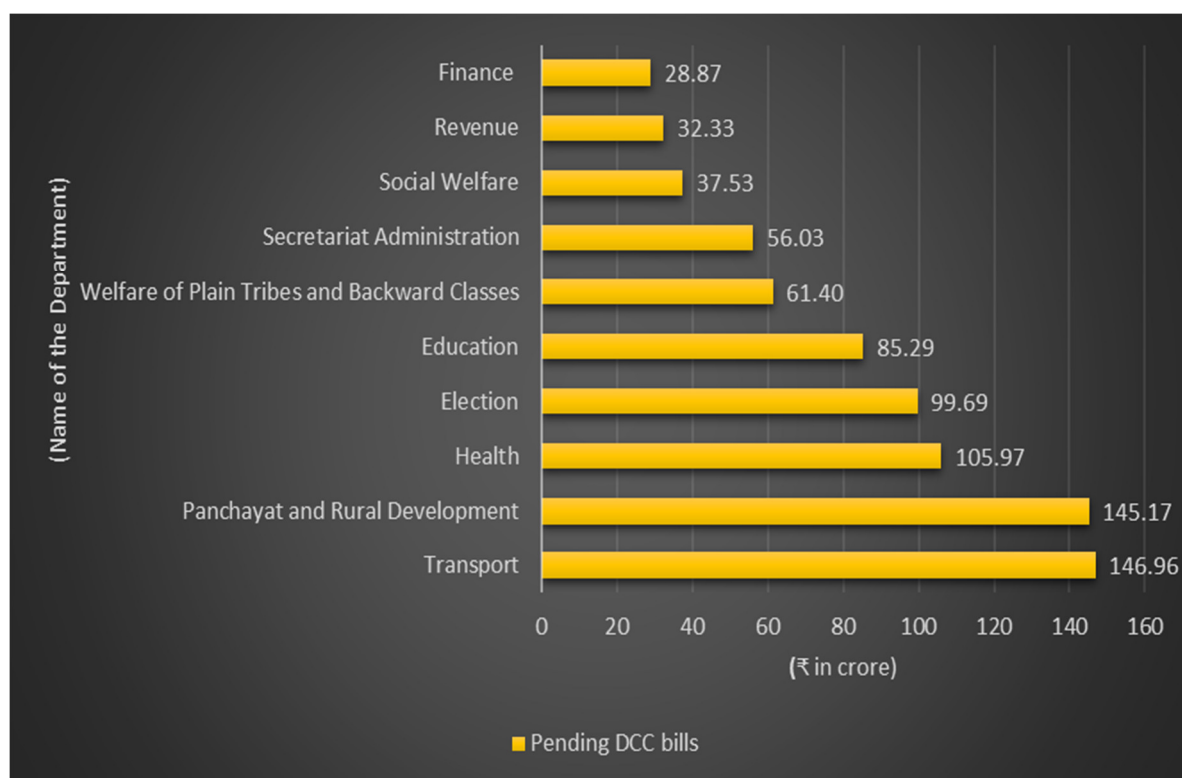
During the Entry Conference (January 2020), the Principal Secretary, Finance stated that the Government has taken the observation on outstanding UCs made in the C&AG's State Finances Audit Report for the year ended 31 March 2018 seriously, and initiated measures whereby the quantum of outstanding UCs due for 2016-17 have been substantially reduced. The Principal Secretary assured that similar efforts would be made in the ensuing year also.

4.4 Pending DCC Bills

Under Rule 21 of the Assam Contingency Manual 1989, Drawing and Disbursing Officers (DDOs) are authorised to draw sums of money for limited purposes by preparing Abstract Contingent (AC) bills without vouchers. Subsequently, Detailed Countersigned Contingent (DCC) bills (vouchers in support of final expenditure) are required to be furnished to the Accountant General (A&E) not later than 25th of the month following the month in which such amounts are drawn.

As of 31 March 2019, 42 Departments of the Government of Assam had not submitted DCC bills for ₹ 965.82 crore against 1,323 AC Bills. Department-wise pending DCC bills for the years up to 2018-19 are detailed in *Appendix 4.2*. Status of pending DCC bills in respect of 10 major departments is given in **Chart 4.3**.

Chart 4.3: Pending DCC Bills in respect of 10 major Departments



Year-wise details of pendency of DCC bills for the years up to 2018-19 is given in **Table 4.5**.

Table 4.5: Pendency in submission of DCC bills against the AC bills

(₹ in crore)

Year	Opening Balance		Addition		Clearance		Closing Balance	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Up to 2016-17	1,264	661.29	64	12.66	192	106.82	1,136	567.13
2017-18	1,136	567.13	10	127.07	80	15.35	1,066	678.85
2018-19	1,066	678.85	298	289.53	41	2.56	1,323	965.82

Source: Data compiled by O/o the AG (A&E), Assam

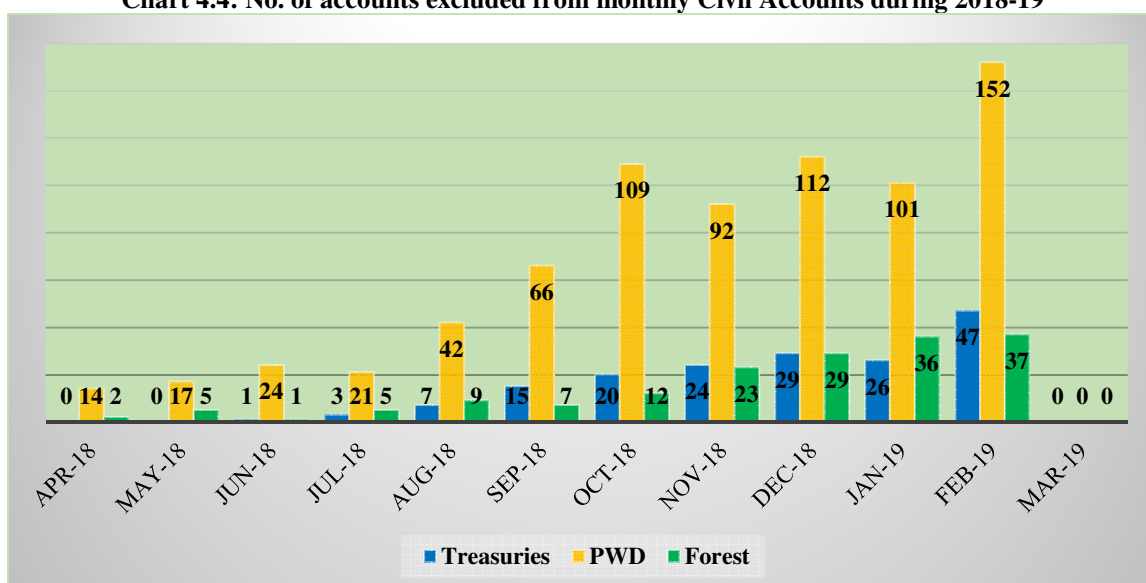
Table 4.5 reveals that during 2018-19, 298 AC bills were drawn for an amount of ₹ 289.53 crore, of which, 232 AC bills for an amount of ₹ 135.37 crore (46.76 per cent) were drawn in March 2019. Out of the drawal in March 2019, 30 AC bills for ₹ 39.31 crore were drawn on the last day of the financial year.

Advances drawn and not accounted for increase the possibility of wastage/ misappropriation/ malfeasance, etc. and therefore, requires close monitoring by the respective DDOs for ensuring submission of DCC bills. Further, to the extent of non-receipt of DCC bills, the expenditure shown in the Finance Accounts cannot be asserted as correct or final.

4.5 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 33 district treasuries, 36 sub-treasuries, Assam House (New Delhi), cyber treasury (Dispur), 265 public works divisions (including 69 irrigation and 80 public health engineering and water resources divisions) and 146 forest divisions, apart from the RBI advices. During the financial year 2018-19, there were delays in rendition of monthly accounts ranging from 01 to 219 days by treasuries, 01 to 139 days by public works divisions and 01 to 141 days by forest divisions. Details of accounts excluded from the monthly Civil Accounts are given in **Chart 4.4**.

Chart 4.4: No. of accounts excluded from monthly Civil Accounts during 2018-19



As can be seen from **Chart 4.4**, public works divisions were the major units that delayed the rendition of monthly accounts. Consequently, receipts and expenditure relating to these divisions/ units could not be incorporated in the Civil Accounts in the month of the occurrence of the transaction. Due to the failure of the account rendering units to furnish accounts on time, some accounts were excluded from the monthly Civil Accounts by the Accountant General (A&E) throughout the year 2018-19, except for March 2019. Therefore, the monthly accounts indicating the receipts and disbursements of the State during the month, rendered by the Accountant General (A&E) to the State Government were incomplete in all the months, except for the month of March.

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. In short, 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.

4.6 Suspense and Remittance 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.

The Finance Accounts reflect the net balances under Suspense and Remittance 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.* The position of gross figures under major suspense and remittance heads for the last three years is given in **Table 4.6**.

Table 4.6: Balances under Suspense and Remittance Heads

(₹ in crore)

Minor Head	2016-2017		2017-18		2018-19	
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
Major Head 8658 - Suspense						
101 - PAO suspense	91.54	0.01	108.77	0.05	117.06	52.53
Net	Dr. 91.53		Dr. 108.72		Dr. 64.53	
102 - Suspense Account-Civil	1,209.28	11.22	965.30	11.86	1,393.36	61.40
Net	Dr. 1,198.06		Dr. 953.44		Dr. 1,331.96	
107 - Cash Settlement Suspense Account	82.73	15.65	82.73	15.65	82.73	15.65
Net	Dr. 67.08		Dr. 67.08		Dr. 67.08	

Minor Head	2016-2017		2017-18		2018-19	
Major Head 8658 - Suspense	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
109 - Reserve Bank Suspense - Headquarters	(-) 150.15	(-)17.18	(-) 331.40	3.36	(-)297.50	(-)0.29
Net	Cr. 132.97		Cr. 334.76		Dr. 297.21	
110 - Reserve Bank Suspense - CAO	14.37	365.75	14.37	588.02	14.30	911.52
Net	Cr. 351.38		Cr. 573.65		Cr. 897.22	
112 - Tax Deducted at Source (TDS) Suspense	---	-----	---	0.02	---	---
Net	-----		Cr. 0.02		---	
123 - A.I.S. Officers' Group Insurance Scheme	0.10	1.32	0.12	1.38	0.14	1.42
Net	Cr. 1.22		Cr. 1.26		Cr. 1.28	
Major Head 8782-Cash Remittances						
102 - P.W. Remittances	47,084.58	46,819.99	52,082.15	51,800.35	61,358.86	61,051.00
Net	Dr. 264.59		Dr. 281.80		Dr. 307.86	
103 - Forest Remittances	3,810.48	3,521.30	4,271.31	3,998.85	4,737.65	4,454.57
Net	Dr. 289.18		Dr. 272.46		Dr. 283.08	

4.7 Personal Deposit (PD) Accounts

Under specific circumstances, the Government may authorise the opening of PD accounts for operation by designated Administrators. Transfer of funds to PD accounts is booked under the service major heads, as expenditure under the Consolidated Fund of the State. Under the rules, the Administrators are required to close such accounts on the last working day of the year and transfer the unspent balances back to the Consolidated Fund, with the PD accounts being reopened in the next year, if necessary. Government of Assam, however, did not follow this procedure.

The following table provides the status of funds lying in PDA on the last day of the financial year during 2014-19.

Table 4.7: Parking of funds in Personal Deposit Accounts during 2014-19

Year	₹ in crore)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Funds parked in PDA	9.98	1.00	0.60	0.60	0.60

Although the closing balance under PDA has reduced from ₹ 9.98 crore in 2014-15 to ₹ 0.60 crore during 2016-17, thereafter, these accounts were not closed at the end of the financial year and the amount credited to the Consolidated Fund of the State. As on 31 March 2019, there were 26 PD Accounts and all these accounts have been inoperative for more than three years.

Non-transfer of unspent balances lying in PD Accounts to Consolidated Fund of the State entails the risk of misuse of public fund, fraud and misappropriation. Further, the Departmental officers have not verified/ reconciled the balances with those maintained by the Office of the Accountant General (A&E), Assam.

4.8 Accounting of Transactions Relating to Central Road Fund

Accounting procedure relating to Central Road Fund (CRF) requires the receipts of grant from GoI to be recorded as revenue receipts in keeping with the principle that Grants-in-Aid are to be recorded in the Revenue section, irrespective of their purpose. Further, expenditure on prescribed road works is to be first accounted for under the relevant revenue or capital expenditure section, and then reimbursed out of the Fund as a deduct expenditure.

GoI released ₹ 408.90 crore towards CRF during the period 2008-09 to 2017-18, which was not accounted for by the State Government in the prescribed manner. During 2018-19, GoI released ₹ 255.92 crore to Assam towards CRF. While the receipts were accounted for correctly as revenue receipts, the prescribed procedure for recording the expenditure under CRF was not followed. There was no budget provision under the relevant Head of Account in Public Account and therefore, expenditure from CRF was not recorded in the appropriate Head. Consequently, it could not be ascertained from accounts whether the amount of ₹ 255.92 crore was spent on revenue or capital Heads.

4.9 Non-transfer of Labour Cess to Labour Welfare Board

Under Section 3 of the Building and Other Construction Workers' Welfare Cess Act, 1996, there shall be levied and collected a Cess 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 Government may, by notification in the Official Gazette, from time to time, specify. As per Rule 5(3) of the Building and Other Construction Workers Welfare Cess Rules, 1998, the amount collected is to be transferred to the Building and Other Construction Workers' Welfare Board (Board) within thirty days of its collection.

Audit scrutiny revealed that out of ₹ 1,004 crore of Cess collected by the State Government, only an amount of ₹ 985 crore was transferred to the Board and an amount of ₹ 18.79 crore was yet to be transferred as of 31 March 2019 in violation of the Rules. Year-wise details of collection of Cess and their transfer are detailed in **Table 4.8**.

Table 4.8: Workers' Welfare Cess collected and transferred to the Board

(Amount in ₹)

Financial Year	Amount of Cess collected	Amount transferred to the Board	Short transfer
2008-09	3,91,02,961.00	3,91,02,961.00	Nil
2009-10	11,79,37,485.00	11,79,37,485.00	Nil
2010-11	53,70,77,253.00	53,70,77,253.00	Nil
2011-12	58,87,60,125.36	58,87,60,125.36	Nil
2012-13	76,81,48,788.99	76,81,48,788.99	Nil
2013-14	97,87,98,381.20	97,27,87,138.23	60,11,242.97
2014-15	94,15,04,459.69	93,50,59,483.84	64,44,975.85
2015-16	91,94,39,592.14	85,55,44,417.48	638,95,174.66
2016-17	141,38,78,553.00	130,38,75,543.47	11,00,03,009.53
2017-18	160,15,16,792.00	160,15,16,792.00	Nil
2018-19	212,93,33,059.00	212,78,33,059.00	15,00,000.00
Total	10,03,54,97,450.38	9,84,76,43,047.37	18,78,54,403.01

The State Government needs to transfer the full Cess amount collected to the Building and Other Construction Workers' Welfare Board immediately for its intended utilisation.

4.10 Compliance with Indian Government Accounting Standards

Government Accounting Standards Advisory Board (GASAB) set up by the Comptroller and Auditor General 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 Assam in its financial statements for the year 2018-19 are given in **Table 4.9**.

Table 4.9: Compliance with Indian Government Accounting Standards

IGAS	Essence of IGAS	Status	Impact of non-compliance
IGAS 1 <i>Guarantees given by government – Disclosure requirements</i>	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 was not furnished.
IGAS 2 <i>Accounting and Classification of Grants-in-Aid</i>	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	State Government made budgetary provision and classified GIA amounting to ₹ 5,489.95 crore under Capital Major Heads of Account, instead of under the Revenue Section. It did not also furnish any information regarding GIA paid in kind during the year. Further, government budgeted and spent an amount of ₹ 545.34 crore on “Major Works” under the Revenue Section and ₹ 120.01 crore on “Minor Works” under the Capital Section. Non-compliance led to overstatement of revenue surplus and overstatement of capital expenditure.
IGAS 3 <i>Loans & Advances made by Government</i>	This Standard relates to recognition, measurement, valuation and reporting in respect of loans and advances made by the Government in its Financial Statements to ensure complete, accurate and uniform accounting practices.	Partly complied	While the State government complied with the format prescribed by the Standard, the information in this regard is incomplete, since the details of overdue principal and interest in respect of loans and advances have not been provided to the Accountant General (A&E).

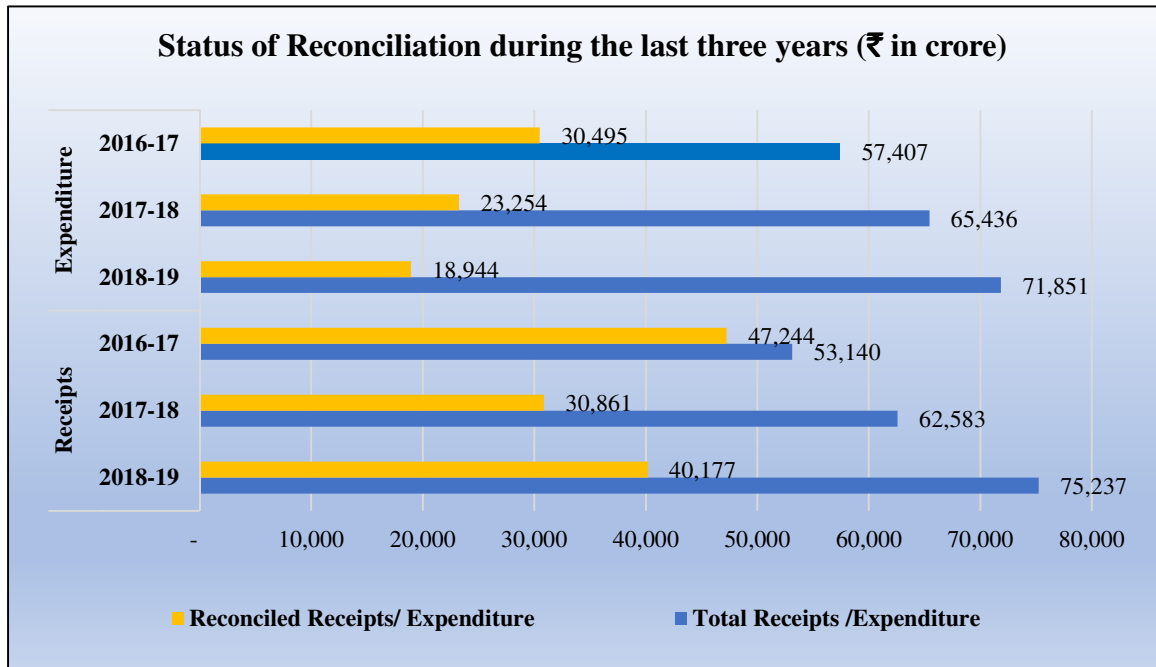
4.11 Reconciliation of Accounts by Controlling Officers

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 (Accounts and Entitlements). This is to enable the COs to exercise effective control over expenditure and manage their budgetary allocation efficiently, and ensure accuracy of their accounts.

While 49 *per cent* of the receipts and 36 *per cent* of the disbursements were reconciled during 2017-18, these figures were 53 *per cent* for receipts and 26 *per cent* in respect of disbursements for the year 2018-19.

The status of reconciliation of receipts and expenditure figures by the COs during the three year period 2016-19 is shown in **Chart 4.5**.

Chart 4.5: Status of reconciliation during the three years 2016-19



The details relating to the number of COs and the extent of reconciliation during the last three years are given in **Table 4.10**.

Table 4.10: Status of Reconciliation of Receipts and Expenditure figures

Year	Total No. of Controlling Officers	Fully Reconciled	Partially Reconciled	Not reconciled at all	Total Receipts/Expenditure	Reconciled Receipts/Expenditure	Percentage of Reconciliation
Receipts							
2016-17	54	8	4	42	53,140	47,244	88.90
2017-18	54	4	3	47	62,583	30,861	49.31
2018-19	54	7	4	43	75,237	40,177	53.40
Expenditure							
2016-17	54	24	17	13	57,407	30,495	53.12
2017-18	54	14	26	14	65,436	23,254	35.54
2018-19	54	31	16	7	71,851	18,944	26.37

Non-reconciliation of figures has been pointed out by the CAG in the Audit Reports year after year. However, there has not been any improvement in this regard even during 2018-19.

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.

4.12 Reconciliation of Cash Balances

As on 31 March 2019, there was a difference of ₹ 1,299.56 crore (Net debit), between the Cash Balance of the State Government, as per the books of Accounts of the Accountant General (A&E), and the Cash Balance as reported by the Reserve Bank of India. Out of this unreconciled cash balance of ₹ 1,299.56 crore, ₹ 1,264.97 crore (97.34 per cent) pertains to the pension payments made by non-link branches and directly reported to the RBI. The corresponding bank scrolls were not sent by the bank branches to the treasuries as required under the directives of RBI. The remaining difference of ₹ 34.59 crore (2.66 per cent) was due to erroneous reporting by Agency Banks. Non-furnishing of date-wise monthly sheets along with pension payment scrolls by bank branches to the treasuries led to the non-accounting of expenditure on pension payments to the extent of ₹ 1,264.97 crore in the State Accounts and in turn, resulted in discrepancy in the Cash Balance of the State Government to that extent.

4.13 Non-entrustment of Audit of Autonomous Councils, Development Councils and Development Authorities

Government of Assam, through various Acts passed by the Legislature/ Ordinances of the Government, created six Autonomous Councils (other than in Sixth Schedule Areas), 31 Development Councils and 24 Development Authorities. State Government disbursed funds to the extent of ₹ 1,176.25 crore to these Councils and Authorities from the Consolidated Fund of State during the five-year period 2014-19 as detailed in **Table 4.11**.

Table 4.11: Funds disbursed to Autonomous Councils, Development Councils & Development Authorities

		(₹ in crore)					
Entities	Name	2014-15	2015-16	2016-17	2017-18	2018-19	Total
Autonomous Councils (Other than 6 th Schedule Areas)	Lalung (Tiwa) Autonomous Council	16.36	32.93	55.81	36.00	39.60	180.70
	Mising Autonomous Council	29.26	32.19	117.80	72.00	79.20	330.45
	Rabha Hasong Autonomous Council	41.20	22.65	70.61	54.36	59.80	248.62
	Deuri Autonomous Council	26.56	14.61	17.17	20.35	22.39	101.08
	Sonowal Kachari Autonomous Council	25.14	13.83	27.98	31.18	36.50	134.63
	Thengal Kachari Autonomous Council	25.12	20.72	15.33	18.00	19.80	98.97

Entities	Name	2014-15	2015-16	2016-17	2017-18	2018-19	Total
Development Councils	31 DCs	60.28	7.81	0.17	1.09	7.75	77.10
Development Authorities	24 DAs	3.70	0.00	0.00	1.00	0.00	4.70
Total		227.62	144.74	304.87	233.98	265.04	1,176.25

The State Government entrusted the audit of six Autonomous Councils and 19 Development Councils to the CAG of India in October 2013. The CAG however, could not take up audit due to non-finalisation of the terms and conditions of the entrustment as well as non-submission of annual accounts. The Government had not entrusted the audit of the remaining 12 Development Councils and 24 Development Authorities to the CAG (January 2020).

During the Entry Conference, the Principal Secretary, Finance stated (January 2020) that the Government would complete all the formalities for formal entrustment of the Autonomous Councils and Development Councils and Authorities and issue direction to the concerned entities to submit the accounts without delay.

4.14 Non-submission of Accounts by PSUs, Autonomous Councils (Sixth Schedule Areas), Government Bodies and Authorities

The CAG has not received 394 annual accounts of 92 Autonomous Councils, Development Councils and Government Bodies and 362 annual accounts of 40 PSUs (due up to 2018-19) for audit as of 31 January 2020.

Table 4.12: Age-wise analysis of Annual Accounts due for audit but not submitted

Delay in Number of Years	No. of Accounts
0-1	132
1-3	154
3-5	94
5-10	155
10-20	151
More than 20	70

The Department-wise details of accounts due from Autonomous Councils, Development Councils, Government Bodies and PSUs are given in *Appendix 4.3 and Appendix 4.4* respectively. Age-wise pendency of these 756 accounts is given alongside.

In the absence of annual accounts and their audit, proper utilisation of the grants and loans disbursed to those Bodies/ Authorities and their accounting cannot be vouched. 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.

4.15 Follow-up on Audit Reports

4.15.1 Suo-motu Action Taken Notes

In his Audit Reports on the Finances of the Government of Assam, the Comptroller and Auditor General of India has been flagging year after year, issues of concern relating to various aspects of financial and budgetary management, areas of non-compliance with the prescribed procedures, rules and regulations, *etc.* by the State Government departments/

authorities. 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 Public Accounts Committee (PAC) of Assam Legislative Assembly issued instructions (September 1994) 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, this is not being complied with by several Departments.

4.15.2 Discussion of SFAR by the PAC

The PAC discussed the audit observations that featured in the State Finances Audit Report for the year ended 31 March 2018 with the Principal Secretary of the Finance Department on 19 November 2019 and obtained a written response from him in this regard. The Report of the PAC thereon is awaited (February 2020).

4.16 Conclusion

Indiscriminate operation of omnibus Minor Head 800 – Other Expenditure affected transparency in financial reporting and obscured proper analysis of allocative priorities and quality of expenditure.

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 deficient monitoring mechanism of the State Government.

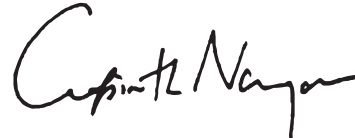
Delayed rendering of accounts by the account rendering units/authorities distorted the accurate depiction of monthly transactions of the State and impacted effective budgetary management. Further, non-furnishing of requisite missing details by the treasuries, public works divisions and other account rendering units, delayed clearance of suspense and remittances transactions in the books of accounts.

Non-reconciliation of receipts and expenditure booked by the Controlling Officers of the State with the figures of the Accountant General (A&E) reflects poorly on the internal control system within the Government and raises concerns relating to accuracy of accounts.

4.17 Recommendations

- i. 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 of UCs, DCC bills and accounts for audit.
- ii. 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.

- iii. State Government should 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.
- iv. Internal control mechanism needs to be strengthened and the Government needs to ensure that the Controlling Officers reconcile their figures of receipts and expenditure with those of the Accountant General (A&E) at prescribed intervals, to provide transparency and accuracy in accounting of Government transactions.



(K. S. GOPINATH NARAYAN)
Accountant General (Audit), Assam

Guwahati
The 24th July 2020

Countersigned



(RAJIV MEHRISHI)
Comptroller and Auditor General of India

New Delhi
The 28th July 2020

