CHAPTER IV

Quality of Accounts

&

Financial Reporting Practices

Chapter IV Quality of Accounts & Financial Reporting Practices

A sound internal financial reporting system with relevant and reliable information significantly contributes 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 compliance is, thus, one of the attributes of good governance. Reports on compliance and controls, if effective and operational, assist the Government in meeting its basic stewardship responsibilities, including strategic planning and decision-making.

Issues related to completeness of accounts

4.1 Funds outside Public Account of the State

Article 266(2) of the Constitution provides that all other public moneys received by or on behalf of the Government of a State shall be credited to the Public Account of the State, as the case may be.

It was observed that during 2021-22, an amount of ₹ 2,012.81 crore, being the collection of cess (other than Labour Cess and West Bengal Motor Transport Workers Welfare Cess), was not transferred to the designated fund under the Public Account, as the same has not been created by the State Government. Non-transfer of cess (₹ 2,012.81 crore) to the relevant Fund has resulted in overstatement of revenue receipts and understatement of revenue deficit and fiscal deficit, to that extent (Refer **Table 1.8**).

4.2 Non-discharge of liability in respect of interest towards interest bearing reserve funds

The State Government has a liability to provide and pay interest on the amounts in the 'Reserve Fund bearing Interest and Deposits bearing interest'. During 2021-22, despite fund balance of ₹ 22,860 crore as on 1 April 2021 and budgetary allocation of ₹ 1,838 crore for interest payments under the head of account '2049' (revenue expenditure), the State Government paid interest of ₹ 1,456 crore, against the payable interest of ₹ 1,598 crore (**Table 4.1**).

Table 4.1: Non-discharge of liability in respect of interest towards interest bearing reserve funds

Sl. No.	Name of the Interest-bearing reserve funds and deposits	Balance as on 1 April 2021	Interest payable	Interest paid	Interest short(+)/ excess(-) paid
		(₹ in crore)			
1.	State Disaster Response Fund (SDRF)	1,508.98	90.54	101.56	(-)11.02
2.	State Compensatory Afforestation Fund (SCAF)	233.16	7.81	7.81	-
3.	Civil Deposits	21,117.55	1,499.35	1,346.85	152.50
	Total	**22,859.69**	**1,597.70**	**1,456.22**	**141.48**

Source: Finance Accounts

Short-payment of interest[55] resulted in understatement of the revenue expenditure and understatement of Revenue and Fiscal Deficits of ₹ 141.48 crore (Refer **Table 1.8**).

4.3 Funds transferred directly to State implementing agencies

The Central Government had been transferring funds directly to State implementing agencies for implementation of various schemes/programmes in social and economic sectors. As these funds were not routed through the State budget/State Treasury system, the Annual Finance Accounts did not capture flow of such funds.

Year-wise details of such transfers made outside Consolidated Fund of the State, from 2017-18 to 2021-22, are shown in **Table 4.2**.

Table 4.2: Funds transferred to State implementing agencies by GoI

Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
	(₹ in crore)				
Direct transfers to State implementing agencies	9,891	5,800	11,677	26,198	25,370

Source: Finance Accounts for the respective years

Analysis disclosed that during 2021-22, direct transfer of funds were effected mainly for schemes implemented through the direct benefit transfer (DBT) mode. In course of test check, it was observed that through the DBT mode around 70 *per cent* (₹ 17,661 crore) of the total transfer was made for schemes like 'Mahatma Gandhi National Rural Employment Guarantee Programme (₹ 5,691 crore)', 'Food subsidy for decentralized procurement of food grains under National Food Security Act (₹ 5,421 crore)', 'payments for Indigenous Urea and Phosphorous & Potassium fertilizers (₹ 3,956 crore)' and 'Pradhan Mantri Kisan Samman Nidhi – PM KISAN (₹ 2,593 crore)'.

However, it came to notice that in case of the Centrally Sponsored Scheme 'Jal Jeevan Mission', funds (₹ 1,405 crore) were directly transferred and not routed through the Consolidated Fund of the State. This stood out as an exception as the scheme was not implemented through the DBT mode.

Issues related to transparency

4.4 Delay in submission of Utilisation Certificates

Rule 330A of the West Bengal Treasury Rules (WBTR) and Subsidiary Rules (SR) 1997, read with Finance Department's order (August 2005), stipulate that Utilisation Certificates (UCs), in respect of Grants-in-aid received by the grantee, should be obtained by the departmental officers, from the grantees, within one year from the dates of release of the grants provided for specific purposes.

[55] For SDRF- Interest calculated taking overdraft interest @6.00 *per cent* for 2021-22; For SCAF- Interest calculated taking interest @3.35 *per cent* (as per GoWB's notification) and for Civil Deposits, interest calculated @7.10 *per cent* as per the rate of interest payable to General Provident Fund

Audit scrutiny revealed that, as of March 2022, a total of 4,41,523 UCs, in respect of grants aggregating ₹ 2,65,985 crore, had not been submitted. Details of delays in submission of UCs are given in **Table 4.3**.

Table 4.3: Arrears in submission of Utilisation Certificates

Year	Due for submission upto 2021-22	
	No.	Amount (₹ in crore)
Upto 2020-21	3,83,797	2,24,292
2021-22	57,726	41,693
Total	**4,41,523**	**2,65,985**

Source: Finance Accounts

Note: UCs for the GIA disbursed during 2020-21 became due during 2021-22.

Though such instances of non-submission of UCs are being reported in the Reports of the CAG of India regularly, there has been no improvement as number of pending UCs and the amount increased by 52.66 *per cent* and 66.51 *per cent* respectively, over that reported in the Audit Report of 2017-18 (2,89,213 UCs for ₹ 1,59,742 crore).

4.5 Abstract Contingent bills

Rule 4.108 of the West Bengal Treasury Rules (WBTR) 2005 stipulates that Abstract Contingent (AC) bills are meant for drawal of funds with a view to incurring of expenditure on items which are contingent in nature. Rule 4.138(5) of WBTR requires that advances drawn through AC bills are to be adjusted through Detailed Contingent bills (DC bills) within one month from the date of completion of the purpose for which the related advances were drawn. In no case, should this exceed 60 days from the date of drawal of the respective AC bills. Year-wise progress in submission of DC bills, against AC bills, upto 2019-20, 2020-21 and 2021-22, is given in **Table 4.4**.

Table 4.4: Year-wise progress in submission of DC bills against AC bills

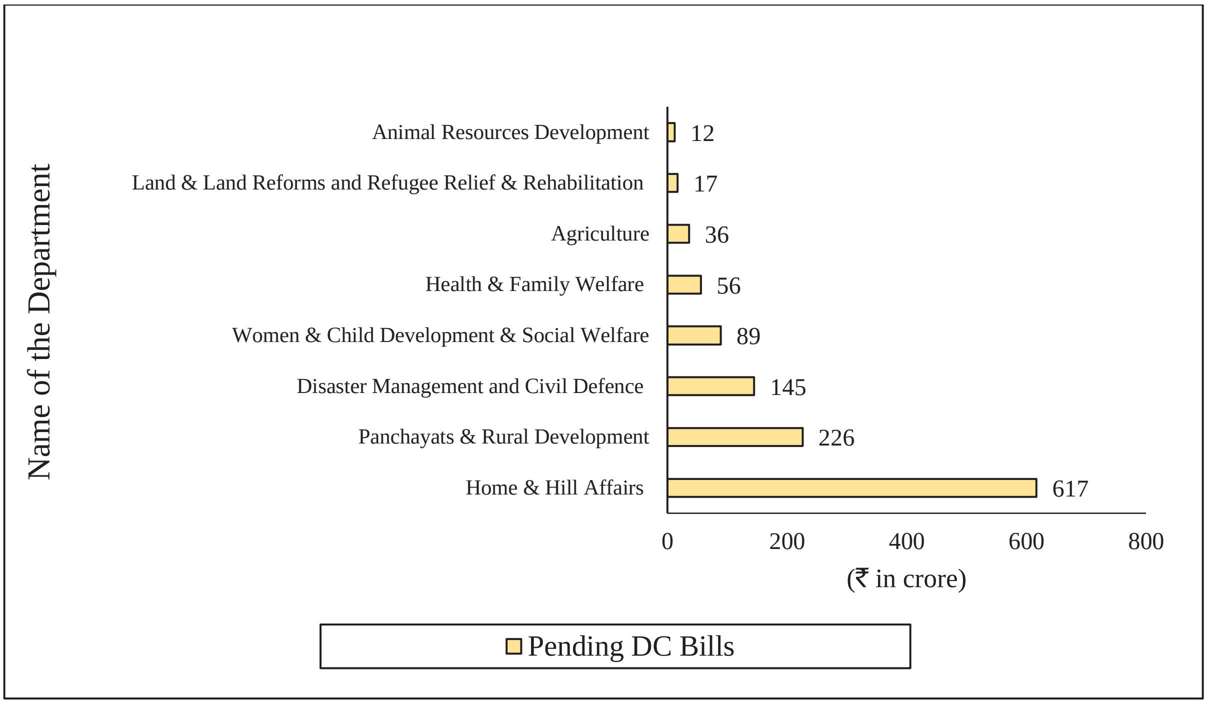
Year	Opening Balance as on 1 April 2021		Addition during 2021-22		Clearance during 2021-22		Closing Balance as on 2021-22	
	No.	Amount (₹ in crore)	No.	Amount (₹ in crore)	No.	Amount (₹ in crore)	No.	Amount (₹ in crore)
Up to 2019-20	9,560	2,640	-	-	3,073	1,738	6,487	902
2020-21	1,761	760			1,241	526	520	234
2021-22	-	-	1,696	1,157	704	655	992	502
Total	**11,321**	**3,400**	**1,696**	**1,157**	**5,018**	**2,919**	**7,999**	**1,638**

Source: Finance Accounts

Pending DC Bills are indicative of reflects on accounting indiscipline by the concerned Government functionaries and controlling authorities, and carry the risk of fraud, temporary misappropriation and embezzlement of funds. Therefore, they require close monitoring by the respective DDOs. Further, to the extent of non-receipt of DC bills, the expenditure shown in the Finance Accounts cannot be asserted as correct or final.

Details of DC bills pending upto 2021-22, against eight departments where pendency is significant, are shown in **Chart 4.1**.

Chart 4.1: Pending DC Bills in respect of eight departments (as on 31 March 2022)



Source: Finance Accounts

The departments of Home & Hill Affairs (₹ 617 crore; 1,684 AC bills), Panchayats & Rural Development (₹ 226 crore; 650 AC bills), and Disaster Management and Civil Defence (₹ 145 crore; 2,226 AC bills) accounted for 57.01 *per cent* of the total number of outstanding AC bills.

Two departments which cleared the maximum AC bills, through submission of DC bills, during 2021-22, were Home & Hill Affairs (₹ 4,124 crore; 86.99 *per cent*) and Disaster Management and Civil Defence (₹ 2,254 crore; 93.97 *per cent*).

Scrutiny revealed (September 2022) that significant amounts drawn on AC bills, had remained unadjusted, in respect of the following DDO, for the reasons described against each:

Commandant, SAP 6th Battalion, Barrackpore:

(i) Three AC bills, amounting to ₹ 10.08 crore, drawn (from July 2019 to January 2022) for procurement of arms, remained pending, since arms were not supplied by the Rifle Factory Ichapore and Controllerate of Quality Assurance, Ichapore.

(ii) Six AC bills, amounting to ₹ 42.22 crore, drawn (from February 2019 to January 2022) for procurement of arms, remained pending, since arms were not supplied by the Ammunition Factory, Khadki, Pune.

(iii) Five AC bills, amounting to ₹ 10.15 crore, drawn (from October 2019 to February 2021) for procurement of arms, remained pending since arms were not supplied by I.T.B.P and ordnance factories – Varangaon, Maharastra & Tiruchirappalli, Tamil Nadu.

4.6 Personal Deposit Accounts

Personal Deposits (PD) are maintained in the treasuries, in the nature of banking accounts. They are commonly known as Personal Ledger (PL) Accounts or Personal Deposit Accounts.

As per the WBTR, the PD Accounts enable their Holders/ Administrators to incur expenditure pertaining to schemes, for which funds are placed at their disposal, by transfer from the Consolidated Fund of the State.

As per Rule 6.09(1) of the WBTR, PD Accounts shall be closed at the end of the financial year by minus debit of the balance to the relevant service head in the Consolidated Fund of the State[56]. The accounts may be opened again in the following year, if necessary.

Analysis revealed the following:

(a) In terms of the WBTR, Personal Deposit Accounts are to be opened Administrator-wise and scheme-wise; they should not be omnibus; and they should be opened only if it is absolutely necessary. No details[57] in this regard were furnished to Audit by the State Government, though called for.

Consequently, the extent of adherence to the procedural norms, could not be vouchsafed in Audit.

(b) Article 202 of the Constitution of India provides for legislative financial control over public expenditure through the Annual Financial Statement/ Budget. Not transferring the unspent balances lying in PD Accounts, to the Consolidated Fund, before the closure of the financial year, violates legislative intent, which is to ensure that the funds approved by it, for the financial year, are spent during the financial year itself.

4.6.1 Status of PD Accounts

West Bengal Treasury Rule 6.09 provides that 'Personal Deposit Account created by debit to the Consolidated Fund of the State shall be closed at the end of the financial year by minus debit of the balance to the relevant service heads in the Consolidated Fund of the State'. It was, however, noticed that there was a balance of ₹ 3,197 crore in 160 PD Accounts, as on 31 March 2022, as shown in **Table 4.5**. Similar such year-end balances were noticed in 2020-21 (₹ 3,465 crore in 160 PD Accounts), 2019-20 (₹ 5,240 crore in 160 PD Accounts), in 2018-19 (₹ 5,466 crore in 159 PD Accounts) and in 2017-18 (₹ 4,282 crore in 157 PD Accounts).

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[56] Except where personal deposits are created by law or rules having the force of law for discharging the liabilities arising out of special enactments.

[57] PD/PL accounts- (i) Department /Administrator /Scheme-wise (ii) Remaining inoperative for more than a period of two years along-with reasons for their non-closure and (iii) Holders' status of annual verification and reconciliation of balances with the treasury.

Table 4.5: Details of PD Accounts

Sl. No.	Description	No. of Accounts	Amount (₹ in crore)
1	Number of PD Accounts at the beginning of the year	160	3,465
2	Addition# during the year 2021-22	-	1,296
3	Cleared@ during the year 2021-22	-	1,564
4	PD Accounts existing at the end of the year	160	3,197

Source: Finance Accounts of Government of West Bengal (2021-22)
#Indicates amounts transferred and credited through challans to existing as well as newly opened PD Accounts (8443-106)
@Indicate amounts surrendered and expended from PD Accounts (8443-106)

The correctness of the closing balances in PD Accounts, as of March 2022, could not be ascertained, as the monthly as well as annual verification of balances in the Treasuries, was found to be deficient, as elaborated in **Para 4.6.2**.

Non-transfer of unspent balances, lying in PD Accounts, to the Consolidated Fund of the State entails the risk of misuse of public funds, fraud and misappropriation.

4.6.2 Operation of PD Accounts

(i) Rule 6.08 (5) of the West Bengal Treasury Rules, stipulates that the holder of the Personal Deposit Account shall, immediately after end of the financial year, make necessary verification and reconciliation of the balances with the treasury and shall furnish a certificate of balance to the Treasury Officers, on or before the 15 May positively.

Test-check of treasuries, conducted in 2021-22, in respect of transactions for the year 2020-21, revealed that 126 Administrators of PD Accounts had not reconciled and verified their balances with the treasury figures.

(ii) During 2021-22, an amount of ₹ 229 crore was transferred to PD Accounts in March 2022 from the Consolidated Fund of the State. This was 17.67 *per cent* of the total yearly inflow into the PD accounts. Of this, ₹ 85 crore was transferred on the last working day of March 2022. This was intended to avoid lapse of budget provisions.

Test-check of PD Accounts maintained by six DDOs[58] revealed the following deficiencies:

(i) There were differences in the closing cash book balance and corresponding Treasury Pass Book balances of four DDOs (**Table 4.6**), due to non-reconciliation, as required under WBTR.

[58] District Magistrates (DM) of North 24 Parganas, Hooghly, Purba Medinipur, South 24 Parganas, Purba Bardhaman, Bankura

Table 4.6: Details of PD Accounts

Sl. No.	Name of the DDO	Closing balance as per cash book	Closing balance as per Treasury pass book	Difference
		(₹ in crore)		
1.	DM, North 24 Parganas	53.51	54.02	0.51
2.	DM, Hooghly	11.27	11.28	0.01
3.	DM, Purba Medinipur	68.86	30.54	38.32
4.	DM, South 24 Parganas	87.52	88.22	0.70

Source: Departmental figures

(ii) Six DDOs as of March 2022 had parked ₹ 25.63 crore, in their respective PD Accounts, for periods exceeding two years, disregarding the provisions of WBTR (***Appendix 4.1***).

(iii) One DDO (DM – Bankura), violating the Finance Department's order (June 2021) had surrendered unutilised funds of ₹ 0.22 crore, in Revenue heads, instead of surrendering them to the Capital heads, from where these funds had originally been drawn. Consequently, Revenue Deficit was understated by ₹ 0.22 crore, with corresponding overstatement of Capital Expenditure to the same extent (**Table 1.8**).

(iv) Two DDOs[59] kept an amount of ₹ 1.25 crore, in the form of un-classified balances, in their PD Accounts, though justification for retention of the same could not be ascertained in Audit.

(v) DM, Hooghly, had an adverse balance of ₹ 0.10 crore in the scheme 'Honorarium of staff of Madrasah Shiksha Kendra' in his PD account, which indicates that there had been more expenditure than receipts. The Auditee, however, failed to provide the details of the scheme/ source, from which such excess expenditure had been met.

(vi) As per BEUP[60] Guideline, the Accounts for each term of Assembly should be closed within six months or the next 31st March, whichever is later, from the date of dissolution of the Assembly. There was retention of unutilised BEUP funds (₹ 32.43 crore), of the 16th Assembly[61], by six DDOs[62], even after its dissolution (May 2021). As per BEUP guidelines, the fund was to be refunded to the Government Account by 31 March 2022.

(vii) DM, North 24 Parganas, as of March 2022, had not remitted the unutilised BADP[63] funds (₹ 2.76 crore) from the concerned PD account. As per norms fixed (March 2021) by the GoI, unutilised BADP funds were to be remitted to the account of the Single Nodal Agency (SNA), maintained at the Home & Hill Affairs Department, GoWB.

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[59] DMs of North 24 Parganas (₹ 1.24 crore) and Purba Medinipur (₹ 0.01 crore)
[60] Bidhyak Elaka Unnayan Prakalpa
[61] The tenure ended on 30 May 2021
[62] DMs: North 24 Parganas (₹10.67 crore), Hooghly (₹ 1.33 crore), Purba Medinipur (₹ 7.88 crore), South 24 Parganas (₹ 10.33 crore), Purba Bardhhaman (₹ 0.67 crore) and Bankura (₹ 1.55 crore)
[63] Border Area Development Project

4.7 Operation of Centrally Sponsored Schemes through Single Nodal Agencies

As per a newly introduced procedure of the GoI (March 2021), release of funds under Centrally Sponsored Schemes (CSSs) is being operated through SNAs with effect from 1 July 2021. In the State of West Bengal, 79 CSSs were found to be operative, under 25 Departments, in the SNA mode.

In this backdrop, an Audit of CSSs, covering all 25 Departments, was undertaken during April-July 2022. Replies from five departments, covering 13 CSSs, were not received. A summary of significant findings, which emerged as a result of this audit, are mentioned in the succeeding paragraphs.

4.7.1 Unreleased Central Share

The central share, amounting to ₹ 1,831 crore, had not been released, by the Finance Department, to six Departments, in respect of the following nine CSSs, as of March 2022 **(Table 4.7)**. Consequently, funds to the same extent had not been transferred to the nodal accounts of SNAs of these Departments.

Table 4.7: Central Share remained unreleased

Name of the Department	Name of Scheme	Amount (₹ in crore)
Public Health Engineering (PHE)	Jal Jeevan Mission	1,424.25
School Education (SE)	PM Poshan[64]	104.82
Backward Classes Welfare (BCW)	Post-Matric Scholarship for OBC students	78.82
	Pre-Matric Scholarship for OBC students	25.89
	Post-Matric Scholarship for SC students	86.60
	Pre-Matric Scholarship for SC students	28.18
Judicial	Development of Infrastructure facilities	73.69
Irrigation and Waterways (I&W)	Rastriya Krishi Vikash Yojana	8.41
Agriculture	Sub-Mission on Agriculture Mechanisation under NMAET[65]	0.18
Total		**1,830.84**

Source: Departmental records

4.7.2 Pending transfer of unspent balances from the Implementing Agencies

As per point 13 of the GoI's order (March 2021), after opening of nodal accounts by SNAs, Implementing Agencies (IAs), at all levels, were required to return all unspent amounts, lying in their accounts, to the nodal account of the SNA. GoI extended (December 2021) the deadline for transfer of unspent funds upto 31 January 2022.

[64] Pradhan Mantri Poshan Shakti Nirman
[65] National Mission on Agricultural Extension and Technology

Audit observed that IAs of four departments had not transferred unspent balances, amounting ₹ 506.47 crore, in respect of following five schemes till March 2022, even though, the SNA's nodal account had remained functional.

- State Nutrition Mission (₹ 354.04 crore), under the Women and Child Development & Social Welfare (WCD&SW) Department
- Human Resources for Health & Medical Education (₹ 66.23 crore) and National Health Mission (₹ 50.74 crore), under the Health & Family Welfare (H&FW) Department
- Jal Jeevan Mission (₹ 35.31 crore), under the PHE Department and
- National Mission for Green India (₹ 0.15 crore), under the Forest Department.

State Headquarters of the School Education (SE) Department had not transferred the unspent balance of the scheme 'Samagra Shiksha Abhiyan (₹ 92.52 crore)' till March 2022, even though the SNA's account had remained functional. Besides, 24 IAs, in respect of the scheme 'Samagra Shiksha Abhiyan', under the SE department, had neither transferred the unspent fund, nor intimated the balances which were to be transferred to the SNA's account, as of March 2022.

Pending transfer of unspent/unreleased funds is reflective of accounting indiscipline by the concerned Government functionaries, which could lead to risk of fraud, temporary misappropriation, and embezzlement of funds and, therefore, requires close monitoring by the State Government.

4.7.3 Unremitted interest to the Central and State exchequers

State Government, in its order (February 2022), stated that interest accumulated in the nodal accounts of SNAs (till December 2021) was to be remitted to the Central and State exchequers, by February 2022. Audit observed that, in violation of the directive of the State Government referred to *ibid,* interest, amounting to ₹ 92.92 crore, against 18 CSSs, involving eight departments, had not been remitted to the central and state exchequers within February 2022 and even upto March 2022. The *inter-se* quantum of interest to be remitted to the Central and State exchequers, based on the approved funding patterns, worked out to ₹ 43.16 crore and ₹ 49.76 crore, respectively. Consequently, the Central and State exchequers remained understated by ₹ 43.16 crore and ₹ 49.76 crore respectively, which eventually led to overstatement of Revenue as well as Fiscal Deficits, of both the Central and State Governments (**Table 1.8**). Schemes where significant amounts of interest remained pending were:

- Pradhan Mantri Awas Yojana (Rural) (₹ 37.37 crore) and Pradhan Mantri Gram Sadak Yojana (₹ 17.45 crore), under the Panchayat and Rural Development Department
- Jal Jeevan Mission (₹ 12.60 crore), under the PHE Department
- PM-Poshan (₹ 4.98 crore) and Samagra Shiksha Abhiyan (₹ 4.04 crore), under the SE department and
- National Health Mission (₹ 6.39 crore), under the H&FW Department.

The State Government needs to prescribe timelines for remittance of interest by SNAs and put in place an appropriate monitoring mechanism, to ensure that interest is remitted to central and state exchequers by SNAs, within the prescribed timelines.

The above facts had been communicated (September 2022) to the Finance Department; reply is awaited (December 2022).

4.8 Misclassification/Avoidable Accounting of Expenditure under Minor head 800 (Other/Miscellaneous expenditure)

Minor Head 800, with the nomenclature 'other receipts'/ 'other expenditure', is used under receipt and expenditure Major Heads, to account for transactions that are not routine and/or cannot be accounted under any specific minor head. Repeated use of Minor Head 800 results in opaqueness in accounts and, hence, needs to be curtailed. State Finances Audit Reports of the CAG[66] have, year after year, pointed out continued arbitrary use of Minor Head 800 by different Departments of the State Government. However, this issue remains unaddressed leading to continued accounting of expenditure under Minor Head 800.

During 2021-22, the State Government booked an expenditure of ₹ 7,039 crore, under Minor Head '800', against 64 revenue and capital Major Heads of Account, constituting 3.09 *per cent* of the total revenue and capital expenditure of ₹ 2,27,644 crore.

In this regard, CGA[67], MoF, GoI has directed (January 2009) Controlling Departments to exercise extreme caution while booking significant expenditure under the Minor Head 800. Departments had also been directed to take steps to bring the Detailed Heads and Sub Heads being operated under Minor Head 800 and carrying significant[68] outlays, under specific Minor Heads, by getting new Minor Heads opened. However, it was noticed that a significant proportion (50 *per cent* or more) of the expenditure, within eight Major Heads, had been classified under the Minor Head 800- 'Other Expenditure', during 2021-22 (**Table 4.8**).

Table 4.8: Significant expenditure booked under Minor Head 800 – Other Expenditure

Major Head	Total Expenditure	Expenditure under Minor Head 800	Expenditure under Minor Head 800 *w.r.t.* Total Expenditure (in *per cent*)
	(₹ in crore)		
5055 - Capital Expenditure on Road Transport	38.08	38.08	100
2250 - Other Social Services	224.41	221.44	98.68
3051 - Ports and Light Houses	1.43	1.23	86.01
5452 - Capital Expenditure on Tourism	55.85	44.11	78.98
2075 - Miscellaneous General Services	161.94	102.98	63.59
4885 - Other Capital Expenditure on Industries and Minerals	369.51	227.40	61.54
2205 - Art and Culture	462.16	260.60	56.39
4235 - Capital Expenditure on Social Security and Welfare	261.42	138.28	52.89

Source: Finance Accounts

[66] Comptroller and Auditor General
[67] Controller General of Accounts
[68] Exceeding 50 *per cent* of the allocation under the Major Head

Audit checked the expenditure incurred by 10 major departments, wherein the amounts booked in Minor Head 800 had totalled ₹ 3,473 crore (constituting 6.02 *per cent* of the total expenditure), during 2021-22 (shown in **Table 4.9**). On test-check of expenditure of ₹ 2,733 crore[69], it was observed that, operation of the Minor Head 800 could have been avoided, in regard to expenditure of ₹ 1,901 crore.

Table 4.9: Booking of expenditure in 10 major departments under the Minor Head 800

Sl. No.	Name of the Department	Total Expenditure incurred	Amount booked under MIH 800	Amount Test-checked under MIH 800	Specific Minor heads available (*Against Col.5*)	Misclassification (*Against Col.5*)	Expenditure against which booking of 800 could have been avoided
		(₹ in crore)					
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(6)+(7) = (8)
1.	Home And Hill Affairs	11,582	466	427	0	401	401
2.	Disaster Management and Civil Defence	2,037	392	344	0	342	342
3.	Public Works	5,387	543	294	283	0	283
4.	Information And Cultural Affairs	518	278	238	229	0	229
5.	Minority Affairs and Madrash Education	2,573	319	219	141	70	211
6.	Animal Resources Development	854	126	119	31	85	116
7.	Technical Education, Training and Skill Development	667	155	139	139	0	139
8.	School Education	30,856	799	661	88	0	88
9.	Irrigation And Waterways	2,255	204	198	58	0	58
10.	Water Resources Investigation & Development	991	191	95	34	0	34
Total		**57,720**	**3,473**	**2,733**	**1,003**	**898**	**1,901**

Source: VLC data

Of this ₹ 1,901 crore, specific minor heads were available for an expenditure of ₹ 1,003 crore, under the related Major/Sub Major heads. Few instances are given below:

- Capital expenditure in connection with programme for Roads and Bridges under the Central Road Fund (Central Share) (₹ 262 crore) under the PWD Department, was booked under the Minor Head 800, instead of the appropriate Minor Heads '101-Bridges' and '337-Road Works', against the Major Head '5054- Capital Expenditure on Roads and Bridges'; and
- Lok Prasar Prakalpa expenditure (₹ 226 crore), under the Information and Cultural Affairs Department, was booked under the Minor Head 800,

[69] 78.70 *per cent* of the total expenditure incurred under Minor Head 800

instead of the appropriate Minor Head '102- Promotion of Arts and Culture' under the Major Head '2205- Art and Culture'.

In respect of expenditure of ₹ 898 crore, the use of Minor Head 800 could have been avoided had the Major/Sub Major heads classification been correct. The appropriate Minor Head for this expenditure was available under the correct Major/Sub-Major heads. Some instances are given below.

- CAPF[70] related expenditure, for conducting Elections in the State (₹ 204 crore) and Deployment of Police and other Forces for conducting Elections (₹ 197 crore), under the Home and Hill Affairs Department, was booked under the Minor Head 800, under the Major Head '2055-Police' instead of the available Minor Head '106-charges for conduct of elections for State Legislature', under the appropriate Major Head '2015-Elections'.

- Expenditure towards rescue of marooned people, affected by flood, cyclone, tornado etc. and set-up of relief camps/centres (₹ 23 crore), under the Disaster Management and Civil Defence Department, was booked under the Major Head '2245-Relief on account of Natural Calamities' of Minor Head 800, against the Sub-Major Head '80-General', instead of the available Minor Head '112-Evacuation of Population', under the appropriate Sub-Major Head '02-Floods, Cyclones, etc.'

In effect, booking of ₹ 1,901 crore, as mentioned *ibid,* amounts to misclassification. Booking under the omnibus minor head not only rendered the accounts opaque but also resulted in incorrect projections of expenditure. This expenditure led to overstatement under Minor Head 800, simultaneously understating the specific/correct minor heads and even the Major/Sub-Major heads in some cases.

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

Issues related to measurement

4.9 Outstanding balance under major Suspense and DDR (Debt, Deposit and Remittances) heads

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.

Balances under Suspense and Remittance heads, at the end of the year, are shown in **Table 4.10**.

[70] Central Armed Police Force

Table 4.10: Balances under Suspense and Remittance Heads for the last three years

(₹ in crore)

Sl. No.	Head of Account / Ministry/Department with which pending	2019-20 Dr.	2019-20 Cr.	2020-21 Dr.	2020-21 Cr.	2021-22 Dr.	2021-22 Cr.
8658-Suspense Account							
1	101-PAO Suspense	187.75	5.63	34.99	(-)1.13	(-) 18.47	2.81
	Net	**182.12 (Dr.)**		**36.12 (Dr.)**		**21.28 (Cr.)**	
2	102-Suspense Account-Civil	1,261.17	1,338.14	714.73	338.41	252.96	722.22
	Net	**76.97 (Cr.)**		**376.32 (Dr.)**		**469.26 (Cr.)**	
3	110- RB Suspense CAO	544.82	279.00	82.36	(-)0.02	(-) 8.81	(-) 164.10
	Net	**265.82 (Dr.)**		**82.38 (Dr.)**		**155.29 (Dr.)**	
4	112-TDS. Suspense	0.00	185.19	0.00	269.40	0.00	(-)397.16
	Net	**185.19 (Cr.)**		**269.40 (Cr.)**		**397.16 (Dr.)**	
5	129-Material purchase settlement Suspense Account	0.00	67.46	0.00	67.44	0.00	0.00
	Net	**67.46 (Cr.)**		**67.44 (Cr.)**		**0.00**	
8782-Cash Remittances and Adjustments between officers rendering account to the same Accounts Officer							
1	102-P.W. Remittances	66,973.96	66,587.64	66,973.96	66,587.64	0.00	0.00
	Net	**386.32 (Dr.)**		**386.32 (Dr.)**		**0.00**	
2	103-Forest Remittances	6,199.01	6,173.39	6,199.01	6,173.39	0.00	0.00
	Net	**25.62 (Dr.)**		**25.62 (Dr.)**		**0.00**	
8793 - Inter State Suspense Accounts							
1	Inter State Suspense Accounts	29.97	0.75	0.64	(-)0.33	(-) 13.31	(-) 0.25
	Net	**29.22 (Dr.)**		**0.97 (Dr.)**		**13.06 (Cr)**	
	Grand Total	**559.48 (Dr.)**		**570.89 (Dr.)**		**48.85 (Dr.)**	

Source: Finance Accounts; Difference of ₹0.01 crore is due to rounding.

It can be seen from **Table 4.10** that, owing to non-clearance of suspense and remittance balances, aggregate cash balances were deflated by ₹ 559 crore, ₹ 571 crore and ₹ 49 crore, respectively during 2019-20, 2020-21and 2021-22. Details of suspense and remittance balances and their effect on cash balances during 2021-22 has been shown in ***Appendix 4.2***. Reasons for non-clearance of significant balances in suspense and remittance heads included the following:

- Reimbursement of claims amounting to ₹ 135.53 crore, in connection with National Highway expenditure, rejected by RPAO[71] for want of allotment. On clearance, the cash balance will increase.

[71] Regional Pay and Accounts Office

- Failed transactions of ₹ 239.14 crore, under the e-Pradan system in IFMS[72]. On clearance, the cash balance will decrease.
- Payments for purchases, amounting to ₹ 67.44 crore, made on credit by 61 Public Works (PW) divisions, had remained pending. On clearance, the cash balance will decrease.
- Cheques amounting to ₹ 322.66 crore and ₹ 114.77 crore, issued by the Forest and PW divisions, respectively, were not encashed at the Treasury. On clearance, the cash balance will decrease.
- Receipt amounting to ₹ 17.14 crore due because of non-settlement of clearance memo from RBI. On settlement, the cash balance will increase.
- Remittances of cash/cheque, amounting to ₹ 347.87 crore and ₹ 11.08 crore, respectively, by Forest and PW divisions, were not acknowledged by Treasuries. On being acknowledged, the cash balance will increase.

4.10 Reconciliation of Cash Balances

There should be no difference between the Cash Balance of the State, as per the books of Accounts of the Principal Accountant General (A&E), and the Cash Balance as reported by the Reserve Bank of India (RBI).As per the Statement of closing balance as on 31 March 2022, worked out by the RBI on 10 April 2022, the State had a debit balance of ₹ 43.45 crore, while the closing cash balance, in the books of the Principal Accountant General (A&E), West Bengal, the State showed a debit balance of ₹ 6.90 crore. Thus, there was a difference of ₹ 36.55 crore (net debit) between the cash balance worked out by the Principal Accountant General (A&E) and reported by the RBI, which requires reconciliation.

Issues related to disclosure

4.11 Compliance with Accounting Standards

As per Article 150 of the Constitution of India, the President of India may, on the advice of the Comptroller and Auditor General of India, prescribe the form of accounts of the Union and of the States. In accordance with this provision, the President of India has, so far, notified three Indian Government Accounting Standards (IGAS). Compliance to these Accounting Standards, by the Government of West Bengal, in 2021-22, and deficiencies therein, are detailed in **Table 4.11**.

[72] Integrated Financial Management System

Table 4.11: Compliance to Accounting Standards

Sl. No.	Accounting Standards	Essence of IGAS	Compliance by State Government	Impact of deficiency
1.	**IGAS-1:** *Guarantees given by the Government – Disclosure requirements*	The 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 invocation of guarantees and automatic debit mechanism were not furnished.
2.	**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	State Government made budgetary provision and classified GIA amounting to ₹ 1,562 crore under Capital Major Heads of Account, instead of under the Revenue section. Non-compliance led to understatement of revenue deficit and overstatement of capital expenditure. Information regarding GIA paid in kind (₹ 193 crore) given to the GoWB during the year was not accounted owing to absence of confirmation and necessary sanction orders from GoWB. Non-compliance led to understatement of revenue receipt.
3.	**IGAS-3:** *Loans and Advances made by the Government*	The 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 closing balances depicted in Statements 7 and 18 have not been reconciled with the Loanee Entities/State Government. The State Government has also not furnished the figures in respect of certain loans and advances for which they maintain detailed accounts. Only 13 out of 119 loanees have confirmed the balances either fully or partially as maintained by the Principal Accountant General (A&E).

Source: Finance Accounts

4.12 Submission of Accounts/ Separate Audit Reports of Autonomous Bodies

Certification of accounts of Autonomous Bodies (ABs), set up by the State Government, is conducted under Sections 19 or 20 of Comptroller and Auditor

General of India (Duties, Powers and Conditions of Service) Act, 1971 (CAG's DPC Act).

The ABs coming under the audit purview of CAG, as per Section 19 or 20 of CAG's DPC Act, are required to submit the annual accounts of a financial year, to Audit, by 30 June of the succeeding year. In regard to 67 ABs which were to render annual accounts to CAG, there were delays in submission of accounts, as detailed in **Table 4.12.**

Table 4.12: Age-wise details of delay in submission of Annual Accounts of Autonomous Bodies, as of 30 September 2022

Sl. No.	Delay in Number of Years	No. of ABs
1.	0-2	32
2.	3-5	18
3.	6-10	13
4.	Above 10	04
Total		**67**

Source: Latest finalised accounts of Autonomous Bodies

The status of rendering of accounts to Audit and communication seeking submission of accounts, made between 27 July and 14 October 2022, have been indicated in ***Appendix 4.3.*** Only six ABs have submitted accounts upto 2021-22. Two District Legal Service Authorities[73] (DLSAs) did not submit accounts since their inception in 1998-99. As of 30 September 2022, 279 annual accounts of ABs, due up to 2021-22, remained pending.

Non-submission of accounts by Autonomous Bodies is in violation of the prescribed financial rules and directives and points to inadequate internal controls and deficient monitoring mechanism of the concerned State Government departments.

4.13 Follow up action on State Finances Audit Report

Rules of procedure of the Committee on Public Accounts of the West Bengal Assembly, promulgated in 1977, provide that, after tabling the Report in the State Legislature, the State Government departments are required to submit replies to the audit observations within one month. Status of tabling of Audit Reports, for the period from 2015-16 to 2020-21, has been shown in **Table 4.13**.

Table 4.13: Status of laying of Audit Reports on State Finances

Year	Submission of Audit Report on State Finances for placement in the Legislative Assembly	Date of laying of Audit Report
2015-16	30.01.2017	07.03.2018
2016-17	26.03.2018	11.07.2019
2017-18	17.02.2020	25.03.2022
2018-19	25.08.2020	25.03.2022
2019-20	06.08.2021	25.03.2022

[73] DLSA, Kolkata and DLSA, South 24 Parganas

Year	Submission of Audit Report on State Finances for placement in the Legislative Assembly	Date of laying of Audit Report
2020-21	28.02.2022	25.03.2022

Source: Records of the Office of the Principal Accountant General (Audit-I), West Bengal and West Bengal Legislative Assembly

SFAR 2015-16 was discussed by the PAC in December 2019. In February 2021, PAC had brought out a report containing its recommendations. Action Taken Note on the recommendations is yet to be furnished by the State Government. Replies on SFARs for the years 2016-17 to 2020-21 are yet to be furnished by the State Government. Such lack of responsiveness is a matter of serious concern and goes against the basic tenet of legislative control over expenditure from the public exchequer and undermines the importance of the Legislature.

4.14 Conclusion

Positive Indicators	Negative Indicators
Downward trend of outstanding AC bills	Upward trend in the position of outstanding UCs
Downward trend in the balances of PD Accounts	Increased tendency in booking under minor head 800 – Other Expenditure
	Increased liabilities of interest towards interest bearing reserve funds

4.15 Recommendations

1. *Government may ensure timely submission of utilisation certificates by the departments, in respect of the grants released for specific purposes.*
2. *The Finance Department may review all PD accounts, to ensure that all amounts, unnecessarily lying in these PD accounts, are immediately remitted to the Consolidated Fund. Further, the Finance Department should reiterate the instructions contained in the financial rules and ensure that appropriate action is taken against departmental officers who fail to follow the rules.*
3. *Finance Department may consider evolving a system to expedite the process of compilation and submission of annual accounts by autonomous bodies and departmentally run undertakings in order to assess their financial position.*
4. *Government may consider carrying out adjustment of Abstract Contingent bills within the stipulated period, as required under the Rules.*
5. *The Finance Department may, in consultation with the Principal Accountant General (A&E), conduct a comprehensive review of all items presently appearing under minor head 800 and ensure that all such receipts and expenditure are, in future, booked under the appropriate heads of account.*