CHAPTER-IV

QUALITY OF ACCOUNTS AND FINANCIAL REPORTING PRACTICES

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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 Non-inclusion of clear cut liabilities incurred during the financial year

In years of tight fiscal conditions, there is a tendency to postpone certain payments due, especially in the last quarter of the financial year, to the next financial year. These could include subsidy related payments and other contracted payments for which bills have been submitted.

As per information furnished by the State Finance Department in the Third Quarterly Review Report of the Finance Minister 2020-21, there was an outstanding amount of ₹ 415.97 crore in respect of various claims which pertain up to the end of December 2020. Such unpaid claims will create miscellaneous liabilities of the State Government to the next financial years. Details of the unpaid claims are given in **Table 4.1**.

Table 4.1: Outstanding miscellaneous liabilities pertains to the end of December 2020

(₹ in crore)

Sl. No.	Particulars	Outstanding amount
1.	Major works and contracts	325.34
2.	Committed liabilities in respect of land acquisition charges	9.54
3.	Claims in respect of unpaid bills on works and supplies	81.09
	Total	**415.97**

The details of unpaid claims as on 31 March 2021 is not available as the State Government has not furnished the Fourth Quarterly Review Report (November 2021).

4.2 Non discharge of liability in respect of interest towards interest bearing Reserve Funds

The Government has a liability to provide and pay interest on the amounts in the Interest-bearing Reserve Funds. The interest liabilities in respect of Reserve Funds bearing interest under Sector J of the Public Account are annual liabilities that the State Government is required to discharge. During the year, the State Government did not invest any amount out of available balance of ₹ 113.98 crore in the State Disaster Response Fund (SDRF) as on 1 April 2020. Interest liability accruing on the balance fund of ₹ 113.98 crore was ₹ 4.56 crore (calculated at the rate of 4.00 *per cent* which is average rate of Ways and Means Advances during the year 2020-21). Moreover, non-transfer of ₹ 0.52 crore from the Defined Contributory Pension Fund to the NSDL/ trustee Bank as on 31 March 2020 represents accrued interest liability of ₹ 0.04 crore of the Government.

4.3 Funds transferred directly to State implementing agencies

The Union Government transfers substantial funds directly to State Implementing Agencies/ Non-Governmental Organisations for implementation of various schemes and programmes. Since these funds are not routed through the State Budget, these are not reflected in the Accounts of the State Government. These transfers are exhibited in **Appendix VI of Volume II** of the Finance Accounts.

As per GoI decision, with effect from 2015-16, funds for implementation of Centrally Sponsored Schemes (CSS) and Additional Central Assistance (ACA) under various schemes were to be released to the State Government and not directly to the State Implementing Agencies. However, as per the Public Financial Management System (PFMS) portal of the Controller General of Accounts, ₹ 1,205.51 crore was released directly by the GoI to the State Implementing Agencies and Non-Government Organisations during 2020-21 for implementation of 140 schemes as exhibited in the Finance Accounts 2020-21 (**Appendix VI**). The trend of the funds transferred directly by GoI during 2016-17 to 2020-21 are shown in **Table 4.2**.

Table 4.2: Position of funds transferred by Government of India directly to State implementing agencies during last five years from 2016-17 to 2020-21

(₹ in crore)

Particulars	Fund transferred				
Year	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**2020-21**
Number of programme/ Schemes under which funds were transferred	57	51	9	59	140
Funds transferred by GoI	830.68	426.74	442.79	853.99	1205.51

Note: *Information relating to GoI releases during the year 2020-21 collected from Public Financial Management System (PFMS) portal of Controller General of Accounts for the State Accounts (2020-21)*

It was noticed that out of ₹ 1,205.51 crore transferred directly by GoI during 2020-21, ₹ 1,157.02 crore (95.98 *per cent*) was given for implementation of 10 major Schemes during the year as detailed in **Appendix 4.1**.

4.4 Deposit of Local Funds

Some State Panchayati Raj Acts provides that Zila Parishad (ZP), Panchayat Samiti (PS) and Gram Panchayat (GP) would maintain ZP fund, PS fund and GP fund respectively (under Major Head 8448-Deposits of Local Funds-109-Panchayat Bodies Funds), which would include all the moneys realised or realisable under the Act and all moneys otherwise received by the PRIs, such as, grants received from Central Finance Commission and State Government as part of the State Finance Commission award and its own revenue, which includes tax and non-tax receipt of a Panchayat. The Acts also envisages that the Municipal Fund is to be held by the Municipality. All the money realised or realisable under this Act and all money otherwise received by the

Municipalities are kept in the Municipal Fund under the Major Head 8448-Deposits of Local Funds-102-Municipal Funds.

However, from Finance Accounts of the State, it was revealed that there was no transaction (Receipts and Disbursement) in respect of Municipal Funds and other local Bodies' Funds under the Major Head 8448 since 2007-08, however an amount of ₹ 10.16 crore was carried forward in the Public Account under this Major Head as on 31 March 2021. The balances under Major Head 8448-Deposits of Local Funds up to the end of 31 March 2021 are shown in **Table 4.3**.

Table 4.3: Balances under Major Head 8448: Deposits of Local Funds as on 31 March 2021

(₹ in lakh)

Year			2016-17	2017-18	2018-19	2019-20	2020-21
Panchayat Bodies Fund	(8448-109)	Opening Balance	3.00	3.00	3.00	3.00	3.00
		Receipt	-	-	-	-	-
		Expenditure	-	-	-	-	-
		Closing Balance	3.00	3.00	3.00	3.00	3.00
Education Funds	(8448-110)	Opening Balance	163.70	163.70	163.70	163.70	163.70
		Receipt	-	-	-	-	-
		Expenditure		-	-	-	-
		Closing Balance	163.70	163.70	163.70	163.70	163.70
Total Closing Balance end of the year			**166.70**	**166.70**	**166.70**	**166.70**	**166.70**
Other Funds	(8448-120)	Opening Balance	848.91	848.91	848.91	848.91	848.91
		Receipt	-	-	-	-	-
		Expenditure	-	-	-	-	-
		Closing Balance	848.91	848.91	848.91	848.91	848.91
Total (8448): Deposit of Local Bodies			**1015.61**	**1015.61**	**1015.61**	**1015.61**	**1015.61**

4.5 Delay in submission of Utilisation Certificates

In terms of Rules 238(1) of the General Financial Rules 2017 (as adopted by Government of Tripura), Utilisation Certificates (UCs) in respect of Grants-in-Aid received by the grantee should be furnished by the grantee to the authority that sanctioned it, within twelve months from the date of receipt of grant or before applying for a further grant on the same object, whichever is earlier.

Audit scrutiny revealed that 361 numbers of UCs due during 2020-21 in respect of grants aggregating ₹ 200.19 crore given to departments of the State Government during the period up to March 2021 were not submitted to the Accountant General (A&E). As on 31 March 2021, 581 UCs amounting to ₹ 259.62 crore were pending for submission. Age-wise details of delay in submission of UCs is given in **Table 4.4**. 10 Major defaulting departments which had not submitted UCs upto the end of 31 March 2021 are shown in **Chart 4.1**.

Table 4.4: Age-wise arrears in submission of Utilisation Certificates

(₹ in crore)

Year	Pending at the beginning of the year		Clearance		Due for submission	
	No.	Amount	No.	Amount	No.	Amount
Upto2018-19	311	109.84	236	93.81	75	16.03
2019-20	319	114.14	174	70.74	145	43.40
2020-21	663	289.89	302	89.70	361	200.19
Total	**1293**	**513.87**	**712**	**254.25**	**581**	**259.62**

Source: *Finance Accounts 2020-21*

Note: UCs for GIA disbursed during 2020-21 shall be due in the year 2021-22

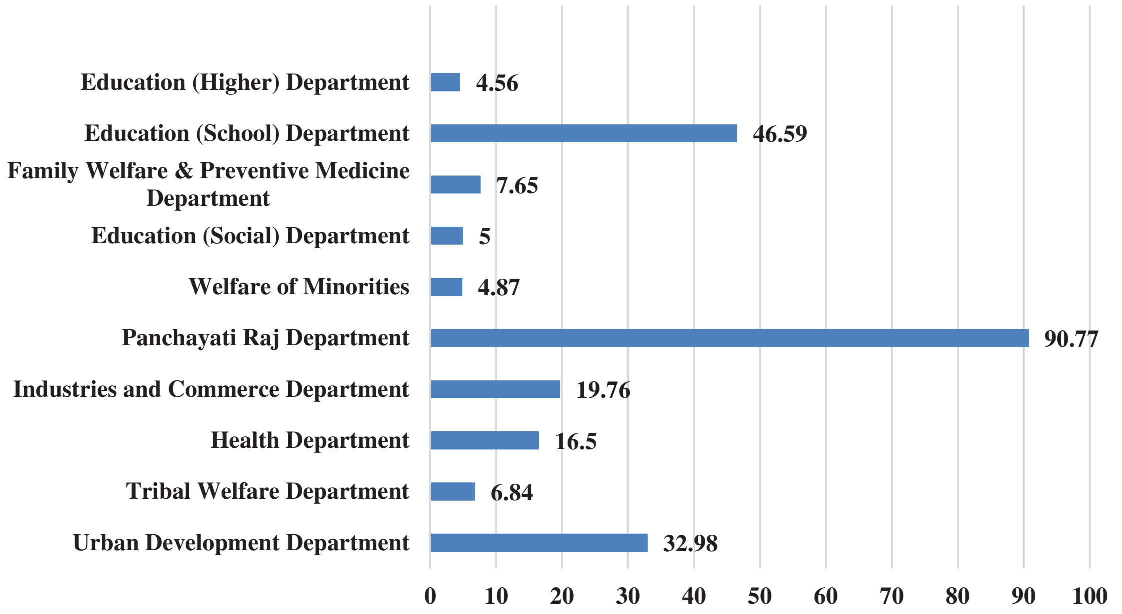
Table 4.5: Trend of outstanding UCs at the end of each financial year from 2016-17 to 2020 21

(₹ in crore)

Year	Number of UCs	Amount
2016-17	25	5.28
2017-18	04	1.20
2018-19	46	9.55
2019-20	145	43.40
2020-21	361	200.19
Total	**581**	**259.62**

Non submission of the Utilisation Certificates (UCs) means that the authorities have not explained as to how funds were spent over the years. There is also no assurance that the intended objectives of providing these funds have been achieved. This assumes greater importance if such UCs are pending against Grants-in-Aid meant for capital expenditure. Since non-submission of UCs is fraught with the risk of misappropriation, it is imperative that the State Government should monitor this aspect closely and hold the concerned persons accountable for submission of UCs in a timely manner. Further, delay in submission of UCs would impact on further release of grants by GoI and non-release of performance grants to Local Bodies. Major defaulting Departments which had not submitted UCs upto the end of 31 March 2021 are shown in **Chart 4.1**.

Chart 4.1: Outstanding UCs in respect of 10 Major Departments for grants paid upto 2020-21 (₹ in crore)



4.6 Abstract Contingent bills

The drawal of contingent charges on items of expenditure by a State Government, for which final classification and supporting vouchers is not available at the time of drawal are made on 'Abstract Contingent' (AC) Bills. Initially made as advance, its subsequent adjustments are ensured through submission of Detailed Contingent (DC) bills within a stipulated period of drawal of AC bill. DC bill consists of abstract of expenditure along with sub-vouchers for amount drawn through AC bill. Drawing and Disbursing officers are required to present Detailed Countersigned Contingent (DC) bills duly countersigned by the Controlling Officer in all these cases within the period prescribed in the Central Treasury Rules as adopted by Government of Tripura.

As per Rule 31(12) of Delegation of Financial Powers Rules, 2019 of Government of Tripura, 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 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, *ibid,* the Head of the Department under whose control a DDO is functioning has to countersign all the DCC Bills and forward them to the AG (A&E), Tripura within 90 days from the date of drawal of the AC Bill.

Out of 594 AC bills involving ₹ 32.03 crore drawn during the year 2020-21, 571 AC bills amounting to ₹ 18.36 crore (57.32 *per cent*) were drawn in March 2021. DCC bills in respect of 1019 AC bills drawn up to the period of 2020-21 amounting to ₹ 65.04 crore were not received as on 31st March 2021. Details of unadjusted AC bills as on 31 March 2021 awaited submission of DCC bills are given in **Table 4.6**.

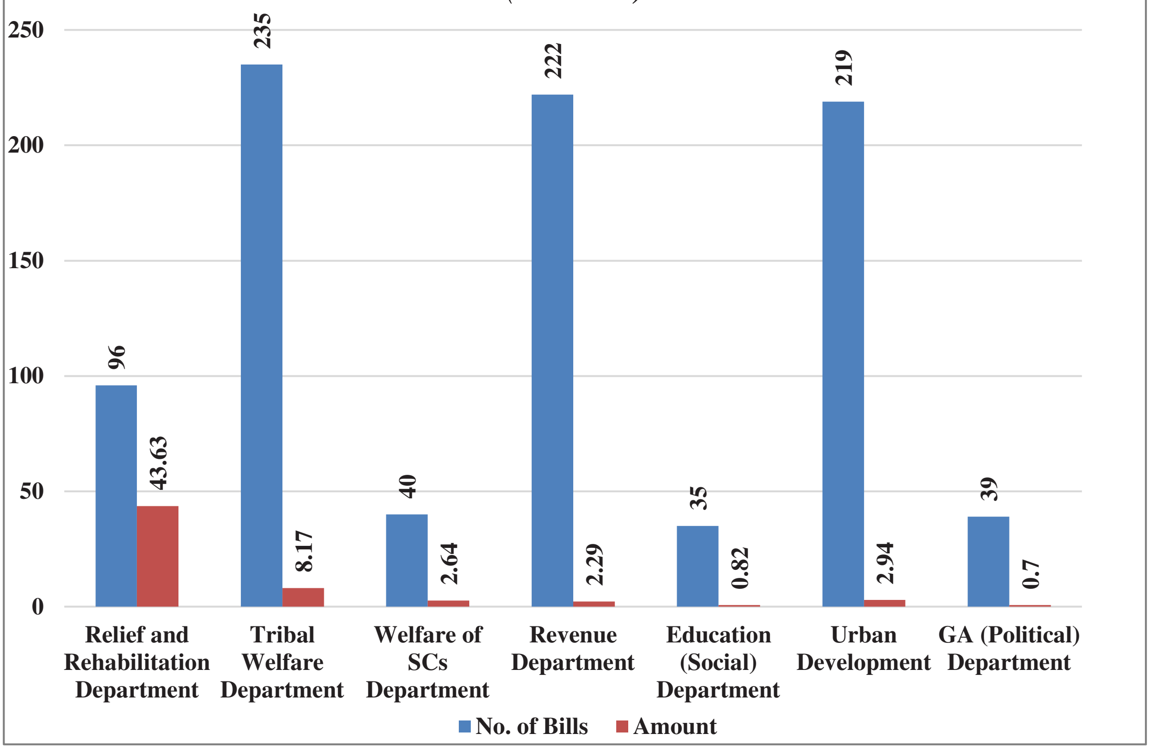
Table 4.6: Year-wise status of unadjusted AC Bills as on 31 March 2021

(₹ in crore)

Year	AC Bills drawn		AC Bills cleared during 2020-21		Unadjusted AC Bills	
	No. of Bills	Amount	No. of Bills	Amount	No. of Bills	Amount
Upto 2018-19	1651	61.62	1511	31.34	140	30.28
2019-20	540	8.28	223	5.06	317	3.22
2020-21	594	32.03	32	049	562	31.54
Total	**2785**	**101.93**	**1766**	**36.89**	**1019**	**65.04**

The major defaulting departments that had not submitted DCC bills are Relief and Rehabilitation Department (₹ 43.63 crore), Tribal Welfare Department (₹ 8.17 crore), Urban Development Department (₹ 2.94 crore), Welfare of Scheduled Castes Department (₹ 2.64 crore) and Revenue Department (₹ 2.29 crore). Outstanding AC bills of seven major defaulting departments as on 31 March 2021 are shown in **Chart 4.2**.

Chart 4.2: Pending DCC Bills in respect of major seven Departments
(₹ in crore)



Non-submission of DDC Bills and non-adjustment of advances by the Controlling Officers/ DDOs for a long period is fraught with the risk of misappropriations.

4.7 Personal Deposit/ Personal Ledger Accounts

The State Government is authorised to open Personal Deposit (PD) accounts to deposit funds required for specific purpose by transfer of funds from Consolidated Fund or by transfer of funds from sources other than from the Consolidated Fund. Personal Deposits are maintained in the nature of a bank account in the treasury. Balances in the Personal Deposit Accounts do not lapse up to three to five complete accounting years as defined in the financial rules though the operation and maintenance of PD accounts vary from State to State.

During the year 2018-19, the State Government had taken a policy decision to open PD Account with the concurrence of the Accountant General (A&E) for transferring the funds from Current Deposit (CD)/ Savings Bank (SB) Accounts of DDOs where Bank balance of a particular DDO exceeds ₹ two crore except for funds of Central Schemes as they are mandatorily required to be kept in a separate Bank Account as per Scheme guidelines.

During 2020-21, the State Government had opened 58 new Personal Ledger (PL) Accounts and an amount of ₹ 465.81 crore was deposited in these Accounts of which ₹ 74.39 crore was transferred from the Consolidated Fund of the State and ₹ 391.42 crore was credited through challans during the year. This includes ₹ 3.56 crore transferred in March 2021 from the Consolidated Fund of the State. This is 0.76 *per cent* of the total credit to PD account during the year. There were 259 PL Accounts in the State in which an amount of ₹ 475.89 crore was lying as closing balance as on 31 March 2021.

As per information provided, 72 Administrators (out of 259) had reconciled and verified their balances lying in their PL Accounts with the treasury figures but no annual verification certificates were furnished by them to the Treasury officer for onward submission to Accountant General (A&E). Details of PD Accounts as on 31 March 2021 are given in **Table 4.7**.

Table 4.7: Status of PD/PL Accounts

Opening Balance as on 01 April 2020		Addition during the year 2020-21		Withdrawal during the year 2020-21		Closing Balance as on 31 March 2021	
Number of Administrator	Amount	Number of PD/PL Accounts Administrator	Amount deposited in PD/ PL Accounts (including new Accounts)	Number of Accounts closed	Amount withdrawn from PD/ PL Accounts	Number of Administrators	Amount
201	328.32	58	465.81	Nil	318.24	259	475.89

In terms of Rule 624 of CTR Vol-I, the PD Accounts are normally required to be closed on the last working day of the year and the unspent balances transferred back to the Consolidated Fund and PD accounts may be reopened next year, if necessary. Further, the PD Accounts which were opened by transfer of funds other than that from the Consolidated Fund, should be reviewed every year, the accounts which are inoperative for more than three to five years (complete account years) should be closed and balances lying in such accounts should be credited to Government Accounts. It is noticed that 109 PL Accounts were not closed during the year 2020-21, though no transactions occurred and no balances were lying in these accounts at the end of the year.

4.8 Indiscriminate use of Minor Head 800

Minor Head 800 relating to Other Receipts and Other Expenditure is intended to be operated only when the appropriate minor head has not been provided in the accounts.

Routine operation of minor head 800 is to be discouraged, since it renders the accounts opaque.

Scrutiny of Finance Accounts for the year 2020-21 revealed that the State Government classified ₹ 147.76 crore as Receipts in 41 Major Head of Accounts under Minor Head 800 – Other Receipts constituting 1.11 *per cent* of total receipts (₹ 13,292.40 crore). Similarly, the State Government booked as expenditure of ₹ 138.75 crore in 18 Major Head of Account under Minor Head 800 – Other Expenditure constituting 0.91 *per cent* of total expenditure of ₹ 15,199.90 crore (Revenue and Capital) during the year 2020-21.

ISSUES RELATED TO MEASUREMENT

4.9 Outstanding balance under major Suspense and DDR heads

Certain intermediary/ adjusting heads of accounts known as 'Suspense heads' are opened in Government accounts to reflect transactions of receipt and payments which cannot be booked to a final head of accounts due to lack of information such as non-furnishing of Schedule of Settlement by the Treasuries/ PAOs, Non-receipt of clearance memos from RBI, non-receipt of vouchers, *etc*. These heads of accounts are finally cleared by *minus* debit or *minus* credit when the accounts under them are booked to their respective final heads of accounts, if these amounts remain uncleared, the balance under the suspense heads would accumulate and would not reflect Government's receipt and expenditure accurately.

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

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 details of outstanding balances under Suspense and Remittance Heads during the last four years from 2017-18 to 2020-21 are shown in **Appendix 4.2**.

4.10 Reconciliation of Departmental figures

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. All the Controlling Officers of the Departments are required to exercise effective control over spending to keep it within the budget grants and to ensure accuracy of their Accounts, the State Financial Rules stipulate that receipts and expenditure during the financial year recorded in their books be reconciled by them every month with that recorded in the books of the Accountant General (A&E).

During 2020-21, all the 62 Controlling Officers (CCOs) of the Government of Tripura reconciled 100 *per cent* of their Receipts (₹ 16,142 crore) and expenditure of ₹ 15,944.03 crore (including Public Debt and Loans and Advances). The State Government reconciled 100 *per cent* of the Receipts and expenditure during the period from 2016-17 to 2019-20 as well.

4.11 Reconciliation of Cash Balances

There should be no difference 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. The Cash balance as on 31 March 2021 as per record of Accountant General (A&E) was ₹ 48.22 crore (Debit) and that reported by the RBI was ₹ 53.79 crore (Credit). There was a net difference of ₹ 5.57 crore (Credit), mainly due to erroneous reporting in maintaining the Cash Balance of the State Government. After reconciliation, the net difference stood at ₹ 0.72 crore (Credit) as on 30 June 2021. The differentials in Cash Balance for the previous years are shown in **Table 4.8**.

Table 4.8: Differences in Cash Balances

(₹ in crore)

Year	Cash Balance (Net amount)
Upto 2018-19	0.06 (cr)
2019-20	-
2020-21	0.66 (Cr.)
Total	**0.72 (Cr.)**

ISSUES RELATED TO DISCLOSURE

4.12 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. Further, the Comptroller and Auditor General of India set up a Government Accounting Standards Advisory Board (GASAB) in 2002, for formulating standards for government accounting and financial reporting, to enhance accountability mechanisms. On the advice of the Comptroller and Auditor General of India, the President of India has so far notified three Indian Government Accounting Standards (IGAS).

Table 4.9: 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*	*This standard requires the Government to disclose the maximum amount of guarantees given during the year in its financial statements along with*	*Partially Complied (Statements 9 and 20 of Finance Accounts)*	*While the Government has disclosed the maximum amount of guarantees given during the year, detailed information like number*

		additions, deletions, invoked, discharged and outstanding at the end of the year.		*of guarantees for each institution, class and sector-wise information was 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 (Statement 10 of Finance Accounts)*	*The State Government has given an amount of ₹ 13.91 crore as Grants-in-aid for creation of capital assets and booked as capital expenditure instead of revenue expenditure.* *Non-compliance with the Standard led to understatement of Revenue expenditure and overstatement of Capital expenditure to that extent. As a result, Revenue deficit is understated during the year 2020-21 which is discussed at Paragraph Nos. 2.4.3.1 & 3.3.8.*
3.	***IGAS-3**: Loans and 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*	*Partially complied (Statement 7 and 18 of Finance Accounts)*	*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 furnished by the State Government*

4.13 Submission of Accounts/ Separate Audit Reports of Autonomous Bodies

As per Section 19(3) of the CAG's DPC Act, the Governor/ Administrator may, in the public interest, request the CAG to audit the accounts of a corporation established by law made by the legislature of the State or of the Union Territory, as the case may be, and where such request has been made, the CAG shall audit the accounts of such corporation and shall have, for the purposes of such audit, right of access to the books and accounts of such corporation.

Apart from Section 19, where the audit of the accounts of any body or authority has not been entrusted to the CAG by or under any law, he shall, if requested so to do by the President, or the Governor of a State or the Administrator of a Union Territory having a Legislative Assembly, as the case may be, undertake the audit of the accounts of such body or authority on such terms and conditions as may be agreed upon between him and the concerned Government and shall have, for the purposes of such audit, right of access to the books and accounts of that body or authority (Section 20).

Audit certificate is issued in case of above mentioned autonomous bodies and authorities provided CAG is the sole auditor. Thus, these bodies and authorities are required to prepare annual accounts and submit them to AG (Audit) for audit. Apart from Audit certificate, on the completion of financial audit, the Audit Office issues separate audit report (SAR) that is part of the audit certificate on the accounts. These SARs are to be placed before the State Legislature.

Due to non-submission of Annual Accounts, the status of grants received and utilisation as on 31 October 2020, are not ascertained by the Accountant General (Audit).

The status of the pending accounts of the institutions/ bodies/ authorities which attracts audit under Section 14 of the C&AG's DPC Act, 1971 are shown in **Appendix 4.3**. It can be seen that out of 44 bodies and authorities, the accounts of the 40 bodies were pending for 1 to 21 years as on 31 October 2021, eight bodies or authorities did not submit their Accounts for more than 10 years while four Bodies/ authorities did not submit their Accounts since inception to 2020-21.

As a result, total grants received and utilisation thereof by them could not be ascertained by Audit. The Status of rendition of accounts which attracts Audit under Sections(19(2), 19(3) and 20(1) of the C&AG DPC Act 1971, issuance of SAR and its placement in the Legislature/ Council as on 31 March 2021 are given in **Appendix 4.4**.

4.14 Non-submission of details of grants/ loans given to bodies and authorities

In order to identify institutions/ organisations which attract audit under Sections 14 and 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act 1971 (C&AG's DPC Act), the Government/ HODs are required to furnish to Audit every year

- detailed information about the financial assistance given to various institutions,
- the purpose for which the assistance is granted, and
- total expenditure of the institutions.

Further, Regulation on Audit and Accounts (Amendment), 2020 provides that Governments and Head of the Departments, who sanction grants and/ or loans to bodies or authorities shall furnish to Audit by the end of July every year a statement of such bodies and authorities to which grants and/ or loans aggregating ₹ 10 lakh or more were paid during the preceding year indicating (a) the amount of assistance, (b) the purpose for which the assistance was sanctioned and (c) the total expenditure of the body or authority.

However, 44 Bodies/ Authorities did not furnish the information about the grants received as on 31 March 2021 and purpose of the grants.

4.15 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 district treasuries, sub-treasuries, Resident

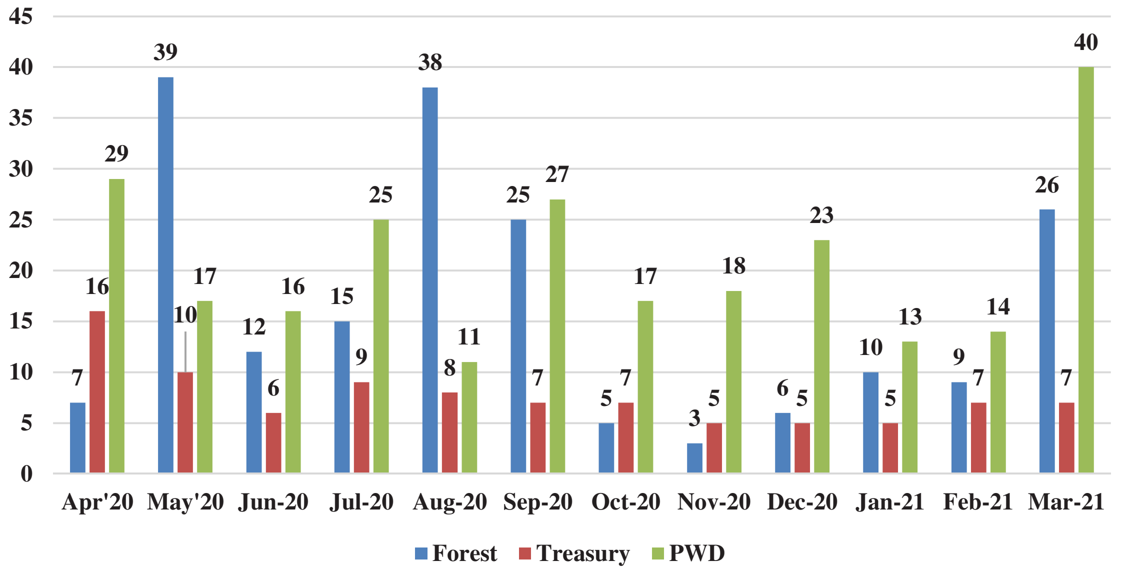
Commissioner (New Delhi), cyber treasury, public works divisions and forest divisions, apart from the RBI advices. There are often delays in rendition of monthly accounts. Due to the failure of the account rendering units to furnish accounts on time, some accounts are excluded from the monthly Civil Accounts 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, providing 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.

The accounts of the State Government are compiled by the Accountant General (A&E) from the initial accounts rendered by Nine Treasuries, one e-Treasury, 53 Public Works Divisions (including 12 Drinking Water &Sanitation and nine Water Resource divisions) and 39 Forest divisions, apart from the RBI advices. The due date for submission of accounts to the Accountant General (A&E) 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 2020-21, there were delays in rendition of monthly accounts ranging from five to 16 days by the Treasuries, 11 to 40 days by the Public Works Divisions and three to 39 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 2020-21 are given in **Chart 4.3**.

Chart 4.3: Rendition of monthly accounts during 2020-21



OTHER ISSUES

4.16 Major types of Cess levied by the State Government

(a) Labour Cess

The Government of India enacted the Building and Other Construction Workers Welfare Cess Act, 1996 (Cess Act) to levy and collect cess for providing benefits to the workers. The Act, inter alia, mandated constitution of a Building and Other Construction Workers' Welfare Board and framing of rules by every State Government to exercise the powers conferred under the Act. Accordingly, the Government of Tripura has framed Building and Others Construction Workers (Regulation of Employment and Conditions of Service) Rules, 2001 under the Act and has constituted Tripura Building and Other Construction Workers Welfare Board (TBO CWWB) in the State on 20 January 2007 under Section 18(1) of the Building and Other Construction Workers (Regulation of Employment and condition of Service) Act, 1996 of the Government of India to secure benefits to the workers engaged in building and other construction works. The proceeds of Labour Cess are collected at the rate of one *per cent* of the total project cost of constructions incurred by the employer and the funds so collected are utilised for the purpose of various welfare activities for the workers. The proceeds of labour cess are collected and accounts are maintained by the Board outside Government Accounts and kept in the Bank Account of the Board. The amount of Labour Cess collected and spent during the period of last five years are shown in **Table 4.10**.

Table 4.10: Collection of labour cess and its spending

(₹ in crore)

Year	Amount of labour cess Collected	Amount spent
2016-17	24.91	6.19
2017-18	22.16	6.96
2018-19	23.56	7.04
2019-20	18.09	9.90
2020-21	19.17	12.05
Total	**107.89**	**42.14**

Source*: Labour Directorate, Government of Tripura*

As per information furnished (June 2021) by the TBOCWWB, during 2020-21, an amount of ₹ 19.17 crore was collected as labour cess. During the year 2020-21, the Board incurred an expenditure of ₹ 12.05 crore in various purposes *like* education, marriage, accident, pension and Covid-19, *etc.* for the BOC workers. In addition, an amount of ₹ 0.83 crore was also incurred for administrative purpose of the Board. As per the information furnished by the Board (August 2020), there was an unspent balance of ₹ 273.06 crore with the Board of which ₹ 44.67 crore remained in the Fixed Deposit Account in various Banks while ₹ 191.39 crore was invested in Tripura Infrastructure and Investment Fund Board (TIIFB) and ₹ 37 crore remained in Current/ Savings Bank Account as on 31 March 2021.

(b) Tripura Road Development Cess

The State Government passed the Tripura Road Development Cess Act, 2018 in August 2018 with the purpose of developing the roads in the State. The Government levied Cess on Petrol, Diesel and Natural Gas for the purpose of this fund. During 2020-21, ₹ 255.81 crore was collected by the State and the same was credited to the Government Account under MH 0045-112-Receipts from Cess under other Acts'.

The State Government has transferred an amount of ₹ 255.67 crore to the State Roads and Bridges Fund (Road Development Fund) created under Public Account. There was a short transfer of ₹ 0.14 crore by the State Government during the year 2020-21 which resulted understatement of Revenue Deficit and Fiscal Deficit to that extent.

During 2020-21, an amount of ₹ 155.36 crore was incurred from the fund for development of roads in the State.

4.17 Misappropriations, losses, thefts, *etc*.

Financial Rules lay down detailed instructions regarding responsibility for losses sustained through fraud or negligence of individuals, loss or destruction of Government property and report thereof to the Police/ Accountant General.

During the year 2020-21, there were five cases of misappropriations, losses and thefts of Government Money involving ₹ 4.04 crore as reported by the concerned departments as detailed in **Table 4.11**.

Table 4.11: Pending cases of misappropriations, losses, theft, *etc*.

(₹ in crore)

Name of department	Cases of misappropriations/ losses/ theft of Government material		Reasons for the delay in final disposal of pending cases of misappropriations, losses, theft, *etc*.					
			Awaiting departmental and criminal investigation		Departmental action initiated but not finalised total		Criminal proceedings finalised but recovery of the amount pending	
	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
Education Department	04	3.94	04	3.94	04	3.94	-	-
GA (Printing and Stationery)	01	0.10	01	0.10	01	0.10	-	-
Total	**5**	**4.04**	**5**	**4.04**	**5**	**4.04**	**-**	**-**

Though the Department had initiated action, no recovery was made as on 31 March 2021.

The Department should finalise the Departmental proceedings for the misappropriations cases and take suitable administrative action against the concerned defaulting officers/ officials.

4.18 Follow up action on State Finances Audit Report

In every State, the Public Accounts Committee (PAC)/ Finance Department requires the line departments to provide *suo motu* Explanatory Notes (EN) on the paragraphs featuring in the Audit Reports within three months of placing the Reports in the Legislature. The line departments are also required to provide Action Taken Notes

(ATNs) to the Accountant General (for vetting and onward transmission to the PAC) within three months of tabling the Reports.

The Finance Department issued instructions (July 1993) to all the departments to initiate *suo moto* action on all paragraphs and reviews featuring in the Audit Reports irrespective of whether the cases had been taken up for examination by PAC or not.

The State Finances Audit Report (SFAR) of the Government of Tripura for the year 2018-19 (*Report No. 1 of 2020*) was placed in the State Legislative Assembly on 23 March 2020. However, the Report is yet to be discussed in PAC (November 2021). The State Finances Audit Report for the year 2019-20 (*Report No.3 of 2021*) was forwarded to the State Government on 17 August 2021. The Report has not yet been placed before the State Legislative Assembly (November2021).

4.19 Conclusion

As on 31 March 2021, 581 UCs amounting to ₹ 259.62 crore in respect of grants given to departments of the State Government were pending for submission. Non-submission of UCs is fraught with the risk of fraud and misappropriation of funds.

During 2020-21, ₹ 32.03 crore was drawn through 594 AC Bills of which 571 AC Bills for ₹ 18.36 crore were drawn in March 2021. As on 31 March 2021, there were 1019 AC bills for an amount of ₹ 65.04 crore which remained outstanding for adjustment due to non-submission of DCC Bills. Non-adjustment of advances for long period is fraught with the risk of misappropriation.

During 2020-21, the State Government transferred/ deposited ₹ 465.81 crore into 259 DDOs Bank Accounts. As per information furnished by the State Government, there was an unspent balance of ₹ 475.89 crore in 259 DDOs' Bank Account as on 31 March 2021.

Out of 44 bodies and authorities in the State, the Accounts of 40 bodies and authorities were pending for one to 21 years as on 31 October 2021.

There was an outstanding amount of ₹ 415.97 crore in respect of various claims which pertains up to the end of December 2020. Such unpaid claims will create miscellaneous liabilities for the State Government in the next financial years.

During the financial year 2020-21, there were delays in rendition of monthly accounts ranging from five to 16 days by the Treasuries, 11 to 40 days by the Public Works Divisions and three to 39 days by the Forest divisions respectively.

4.20 Recommendations

1. *The Government may ensure submission of Utilisation Certificates (UCs) by the grantee within the time frame and institute a mechanism whereby subsequent release of funds is made consequent on furnishing of UCs of earlier releases.*

2. *The Government may consider carrying out adjustment of Abstract Contingent bills within stipulated period, as required under the Rules.*

3. *Finance Department should review all Personal Deposit (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.

4. *Finance Department should consider evolving a system to expedite the process of compilation and submission of Annual Accounts by Autonomous Bodies in order to assess their financial position. It should also hold the concerned officers responsible for delay in finalisation and submission of Accounts.*

5. *The Government may consider preparing a time bound framework for taking prompt action in cases of misappropriations, loss, theft, etc. and strengthening the internal control system to prevent recurrence of such cases.*