CHAPTER IV

Quality of Accounts

&

Financial Reporting Practices

Chapter IV Quality of Accounts & Financial Reporting Practices

4.1 Introduction

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

4.2 Funds outside the Public Account of the State

Article 266 (2) of the Constitution provides that all public money' received by or on behalf of the Government of a State, other than the public money covered under Article 266(1), shall be credited to the Public Account of the State.

It was observed that during 2022-23, an amount of ₹ 1,834.43 crore, being the collection of cess[70] under the: (i) West Bengal Cess Act, 1880 (ii) West Bengal Rural Employment & Production Act, 1976 and (iii) West Bengal, Primary Education Act, 1973, had not been transferred to the designated funds.

Audit observed that the Government had not created specific fund accounts to transfer these collections. Hence, the cess proceeds, credited to the Consolidated Fund of the State, had not been transferred.

4.3 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 'Deposits bearing interest'. During 2022-23, despite fund balance of ₹ 2,154.61 crore, as on 1 April 2022, the State Government had paid interest of ₹ 117.56 crore, against the payable interest of ₹ 119.15 crore.

[70] (i) Rural Employment Cess on coal mines (₹ 1,450.79 crore) (ii) Education Cess on coal mines (₹ 63.36 crore) (iii) Public Works Cess (₹ 6.41 crore) (iv) Education Cess other than tea states and coal mines (₹ 5.72 crore) (v) Road Cess (₹ 3.97 crore) (vi) Rural Employment Cess other than on tea states and coal mines (₹ 3.68 crore) (vii) Rural Employment Cess on Tea estates (₹ 0.07 crore) and miscellaneous receipts under the Cess Act (₹ 0.43 crore)

Short-payment of interest[71] resulted in understatement of the revenue expenditure and understatement of the Revenue and Fiscal Deficits by ₹ 1.59 crore each (Refer **Table 1.8**).

4.4 Funds transferred directly to State implementing agencies

The Central Government had been transferring funds directly to the State implementing agencies for implementation of various schemes/programmes in the social and economic sectors. As these funds were not routed through the State budget/State Treasury system, the Annual Finance Accounts did not capture the flow of such funds. Thus, to that extent, the State's receipts and expenditure, as well as other fiscal variables/parameters derived from them, did not present the complete picture.

GoI, with effect from 1 April 2014, had decided to release all assistance for Centrally Sponsored schemes/Additional Central Assistance to the State Governments, through the budgetary mechanism. In West Bengal, however, transfer of Central funds, directly to the State implementing agencies, continued even during 2022-23 (**Appendix –VI** of **Finance Accounts, Volume-II**). Year-wise details of such transfers from 2018-19 to 2022-23, are shown in **Table 4.1**.

Table 4.1: Funds transferred to State implementing agencies by GoI

Year	2018-19	2019-20	2020-21	2021-22	2022-23
	(₹ in crore)				
Direct transfers to State implementing agencies	5,800	11,677	26,198	25,370	25,436

Source: Finance Accounts for the respective years

During 2022-23, GoI released ₹ 25,436 crore, of which the schemes involving major transfers of Central funds directly to the State implementing agencies were 'Payment for Indigenous Urea' (₹ 9,148 crore), 'Food subsidy for decentralized procurement of food grains under NFSA[72]' (₹ 6,580 crore), 'Pradhan Mantri Kisan Samman Nidhi – PM KISAN' (₹ 2,866 crore), and 'Payment for Indigenous P & K Fertilizers' (₹ 1,683 crore).

Issues related to transparency

4.5 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 disbursed by the State Government and received by the grantee, should be obtained by

[71] For Civil Deposits, interest calculated @7.10 *per cent* as per the rate of interest payable to General Provident Fund

[72] National Food Security Act

the departmental officers, from the grantees, within one year from the dates of release of the grants provided for specific purposes.

Audit scrutiny revealed that, as of March 2023, a total of 5,08,222 UCs, in respect of grants aggregating ₹ 3,20,774 crore, have not been received by AG (A&E) and are pending reconciliation as shown in **Table 4.2**.

Table 4.2: Utilisation Certificates, not received by AG (A&E) and pending reconciliation

Year	Due for submission upto 2022-23	
	No.	Amount (₹ in crore)
Upto 2021-22	4,41,244	2,65,685
2022-23	66,978	55,089
Total	**5,08,222**	**3,20,774**

Source: Finance Accounts

Note: UCs for the GIA disbursed during 2021-22 became due during 2022-23.

Though such instances of non-receipt of UCs, by AG (A&E), are regularly being reported in the Reports of the CAG of India, there has been significant increase in the number of UCs and the amount by 42.50 *per cent* and 59.77 *per cent* respectively, in regard to UCs which have not been received by AG (A&E), over that reported in the Audit Report of 2018-19 (3,56,657 UCs for ₹ 2,00,772 crore).

Further, no mechanism has been prescribed by the State Government mandating depiction of the Central and the State share in the UCs. Hence, audit could not ascertain the amount of Central and State share for which UCs were pending out of the total pending amount of UCs.

4.6 Abstract Contingent bills

Rule 4.108 of the West Bengal Treasury Rules (WBTR) 2005 stipulates that 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 the 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 2020-21, 2021-22 and 2022-23, is given in **Table 4.3**.

Table 4.3: Year wise progress in submission of DC bills against AC bills

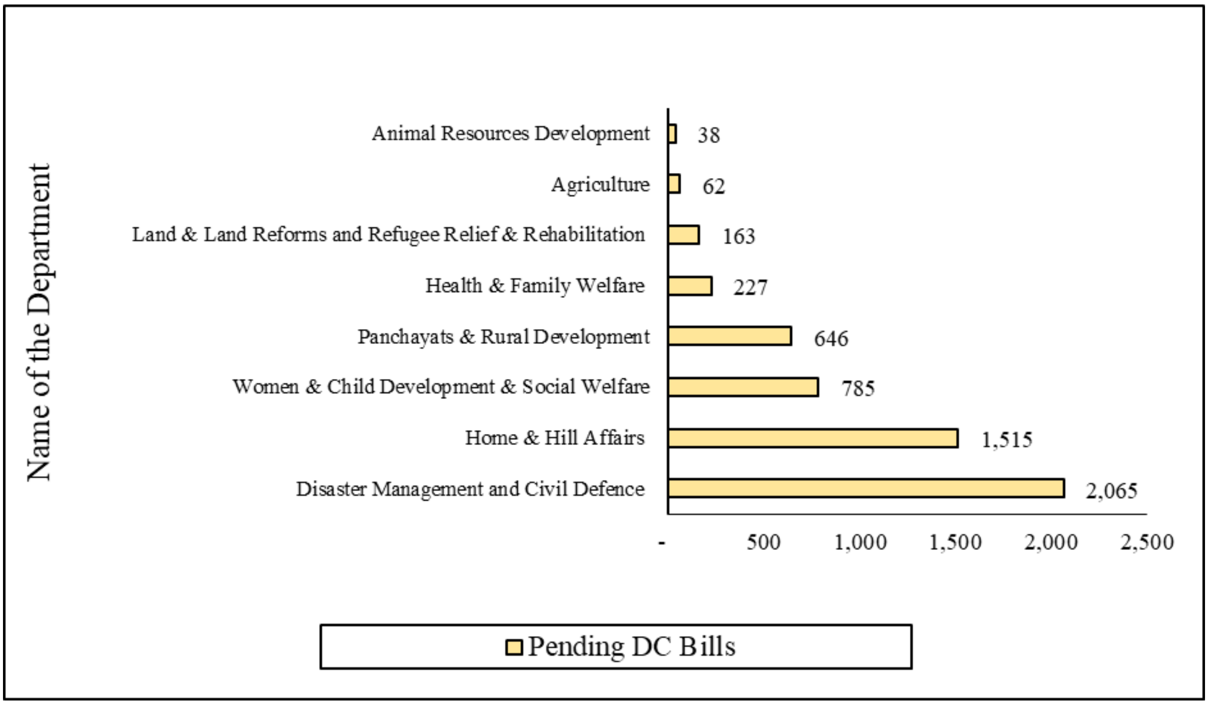
Year	Opening Balance as on 1 April 2022		Addition during 2022-23		Clearance during 2022-23		Closing Balance as on 2022-23	
	No.	Amount (₹ in crore)	No.	Amount (₹ in crore)	No.	Amount (₹ in crore)	No.	Amount (₹ in crore)
Up to 2020-21	7,007	1,136			465	328	6,542	808
2021-22	992	502			477	311	515	191
2022-23	-	-	901	556	255	317	646	239
Total	**7,999**	**1,638**	**901**	**556**	**1,197**	**956**	**7,703**	**1,238**

Source: Finance Accounts

Pending DC Bills are indicative of 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 31 March 2023, against eight departments where pendency is significant, are shown in **Chart 4.1.**

Chart 4.1: Pending DC Bills in respect of eight departments



Source: Finance Accounts

Four departments accounted for 65.05 *per cent* of the total number of outstanding AC bills. These departments were Home & Hill Affairs (₹ 723 crore; 1,515 AC bills), Women & Child Development and Social Welfare (₹ 106 crore; 785 AC bills), Disaster Management and Civil Defence (₹ 90 crore; 2,065 AC bills) and Panchayats & Rural Development (₹ 45 crore; 646 AC bills).

Two departments, which had cleared the maximum AC bills, through submission of DC bills during 2022-23, were Home & Hill Affairs (18,816 DC bills involving ₹ 4,452 crore) and Disaster Management and Civil Defence (10,619 DC bills involving ₹ 2,308 crore).

Scrutiny revealed (August 2023) that significant amounts drawn on AC bills, had remained unadjusted in respect of the following five DDOs:

Accounts Officer, Transport Department

16 AC bills, involving ₹ 62.04 crore, drawn on 31 March 2023, for construction of 13 Jetties on the Hooghly River and three Helipads in different districts of West Bengal, for multimodal connectivity under Gati Shakti NMP (under special assistance to states under Part II of PM Gatishakti scheme), had remained un-adjusted till August 2023.

Drawal of funds at the fag end of the year indicated avoidance of lapse of grant.

Commandant, SAP 6th Battalion, Barrackpore:

27 AC bills, involving ₹ 121.98 crore, drawn from March 2014 to March 2023, for the purpose of 'procurement of arms and ammunitions' from different factories in India, had remained unadjusted till August 2023.

In reply, the Commandant stated that adjustment of advance bills could not be possible owing to non-receipt of arms and ammunition from the concerned suppliers in due time. It was stated that DC bills would be submitted soon.

District Magistrate (DM), Birbhum

- DC bills, in respect of 41 AC Bills of ₹ 3.21 crore, drawn over the years 2011 to 2018, could not be produced before Audit. As a result, compliance to the provisions, as laid down in the WBTR, could not be ascertained.

DM, Paschim Medinipur

- One AC bill, amounting to ₹ 4.84 crore, drawn by the DM, in the month of March 2021, in connection with the General Elections to the West Bengal Legislative Assembly (WBLA), 2021, was shown as 'adjusted', in June 2022, though an amount of ₹ 5.68 lakh (out of ₹ 4.84 crore) had remained parked (August 2023) in the DM's PL Account. Submission of DC bills for the entire amount, without, having actually incurred, was a violation of the WBTR.

DM, Malda

- Two AC bills, amounting to ₹ 1.26 crore, drawn for the purpose of election expenditure, in March 2021, had remained unadjusted till July 2023, due to non-receipt of UCs and relevant sub-vouchers from the Block Development Officers (BDOs).
- 12 AC bills, amounting to ₹ 6.60 crore, drawn in the month of March 2021, for WBLA 2021, were shown as 'adjusted', even though ₹ 23.01 lakh, out of ₹ 6.60 crore, had remained unspent, in the bank account, as of June 2023. Submission of DC bills for the entire amount, without having actually incurred the expenditure, was a violation of the WBTR.

4.7 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 are to 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[73]. The accounts may be opened again in the following year, if necessary. Analysis in this regard revealed that, in terms of the WBTR, the 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 in this regard were, however, furnished to Audit by the State Government, though called for (June 2023). Consequently, the extent of adherence to the procedural norms, could not be vouchsafed in Audit.

4.7.1 Status of PD Accounts

It was noticed that there was a balance of ₹ 3,014 crore, in 159 PD Accounts, as on 31 March 2023, as shown in **Table 4.4**. Similar such year-end balances were noticed in 2021-22 (₹ 3,197 crore in 160 PD Accounts), in 2020-21 (₹ 3,465 crore in 160 PD Accounts), in 2019-20 (₹ 5,240 crore in 160 PD Accounts), and in 2018-19 (₹ 5,466 crore in 159 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'. However, details in regard to year-wise and operator-wise balances under PD/PL accounts, alongwith details of lapsable and non-lapsable PD Accounts, were not furnished to Audit, though called for.

Table 4.4: 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	3,197
2	Addition# during the year 2022-23	-	2,380
3	Cleared@ during the year 2022-23	1	2,563
4	PD Accounts existing at the end of the year	159	3,014

Source: Finance Accounts of Government of West Bengal (2022-23)
#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 2023, 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 4.7.2**.

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.

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

4.7.2 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.

Checking of treasuries, conducted in 2022-23, in respect of transactions for the year 2021-22, revealed that only 13 out of 159 Administrators of PD Accounts had reconciled and verified their balances with the treasury figures.

(ii) During 2022-23, an amount of ₹ 181.68 crore was transferred to PD Accounts, in March 2023, from the Consolidated Fund of the State. This comprised 7.63 *per cent* of the total yearly inflow into the PD accounts. Of this, ₹ 47.94 crore was transferred on the last working day of March 2023. This was intended to avoid lapse of budget provisions.

4.7.3 Findings on test-checked DDOs

Test-check of PL Accounts, maintained by six DDOs[74], revealed the following deficiencies:

(i) There were differences in the closing cash book balances and corresponding Treasury Pass Book balances of three DDOs **(Table 4.5),** due to non-reconciliation, although this was required under WBTR.

Table 4.5: 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, Nadia	10.44	12.79	2.35
2.	DM, Purulia	19.41	27.44	8.03
3.	DM, Birbhum	8.60	12.32	3.72

Source: Departmental figures

(ii) Six DDOs[75], as of March 2023, had parked ₹ 4.82 crore, in their respective PL Accounts, for periods exceeding two years, disregarding the provisions of WBTR (***Appendix 4.1***).

(iii) Three DDOs[76] had kept an amount of ₹ 53.82 crore, in the form of un-classified balances, under the scheme description 'Miscellaneous', in their PD Accounts. As such, the purpose of retention of funds could not be ascertained.

(iv) As per BEUP[77] Guidelines, the Accounts for each of the Assembly should be closed within six months or the next 31st March, whichever is

[74] District Magistrates (DM) of Nadia, Paschim Medinipur, Purulia, Malda, Birbhum, Cooch Behar
[75] DMs of Nadia, Paschim Medinipur, Purulia, Malda, Birbhum and Cooch Behar
[76] DMs of Purulia (₹ 23.03 crore), Paschim Medinipur (₹ 6.24 crore) & Cooch Behar (₹ 24.55 crore)
[77] Bidhayak Elaka Unnayan Prakalpa

later, from the date of dissolution of the Assembly. There was retention of unutilised BEUP funds (₹ 5.03 crore) of the 16th Assembly[78], by five DDOs[79] even after its dissolution. As per BEUP guidelines, the funds were to have been refunded to the Government Account by 31 March 2022.

(v) As per norms fixed (March 2021) by the GoI, unutilised funds of Centrally Sponsored Schemes (CSSs) were to be remitted to the account of the Single Nodal Agency (SNA) of the concerned department, responsible for implementing the CSSs. Audit noticed that, in violation of these norms, funds amounting to ₹ 2.51 crore, in respect of following four CSSs, were lying (August 2023) in the PL Accounts of the DDOs:

- BADP[80] funds with the DMs of Malda (₹ 0.20 crore) and Cooch Behar (₹ 0.06 crore)
- ICDS[81] (now renamed as PM POSHAN 2.0) funds with the DMs of Purulia (₹ 1.27 crore), Malda (₹ 0.13 crore), Paschim Medinipur (₹ 0.11 crore) and Cooch Behar (₹ 0.02 crore)
- MSDP[82] fund for minorities with the DM, Cooch Behar (₹ 0.14 crore); and
- MGNREGA[83] fund of ₹ 0.58 crore, with DM, Birbhum.

4.8 Misclassification/Avoidable accounting of expenditure under Minor head '800' (Other/Miscellaneous expenditure)

The Minor Head '800', with the nomenclature 'other receipts'/'other expenditure', is to be 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 the Minor Head '800' results in opaqueness in accounts and, hence, needs to be curtailed. State Finances Audit Reports of the CAG[84] have, year after year, pointed out the continued arbitrary use of the Minor Head '800', by different Departments of the State Government. However, this issue had been left unaddressed, leading to continued accounting of expenditure under Minor Head '800'.

During 2022-23, the State Government had booked expenditure of ₹ 6,515 crore, under the Minor Head '800', against 65 revenue and capital Major Heads of Account, constituting 2.66 *per cent* of the total revenue and capital expenditure of ₹ 2,44,848 crore.

[78] The tenure ended on 30 May 2021
[79] DMs: Malda (₹ 1.71 crore), Cooch Behar (₹ 1.57 crore), Purulia (₹ 1.00 crore), Nadia (₹0.41 crore), and Paschim Medinipur (₹ 0.34 crore)
[80] Border Area Development Programme
[81] Integrated Child Development Scheme
[82] Multi Sectoral Development Programme
[83] Mahatma Gandhi National Rural Employment Guarantee Act
[84] Comptroller and Auditor General

In this regard, CGA, MoF, GoI, had 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[85] outlays, under specific Minor Heads, by getting new Minor Heads opened. However, it was noticed that a significant proportion (₹ 100 crore or more as well as 50 *per cent* or more against the total expenditure) of the expenditure, within three Major Heads, had been classified under the Minor Head '800'- 'Other Expenditure', during 2022-23 (**Table 4.6**).

Table 4.6: 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)		
2075 – Misc. General Services	199.03	148.45	74.59
2250 – Other Social Services	277.35	273.26	98.53
4885 – Other Capital Outlay on Industries & Minerals	158.94	135.32	85.14

Source: Finance Accounts

Audit checked the expenditure incurred by nine departments, wherein the total amount booked in Minor Head '800' was ₹ 3,538.96 crore (constituting 2.59 *per cent* of the total expenditure), during 2022-23 (shown in **Table 4.7**).

Table 4.7: Booking of expenditure in nine departments, where the test-checked amounts, under Minor Head '800', were ₹ 10 crore and above

Sl. No.	Demand 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.	18- Finance	95,916.93	800.89	14.78	13.36	1.42	14.78
2.	24- Health & family Welfare	16,872.00	1,558.39	19.94	19.73	0.21	19.94
3.	68- Home & Hill Affairs	11,506.47	172.72	20.60	-	20.60	20.60
4.	25- Public Works	7,054.71	435.82	205.92	205.92	-	205.92
5.	73- Disaster Management & Civil Defence	2,006.41	186.51	18.58	-	18.58	18.58
6.	53- Transport	1,427.49	47.87	13.29	13.29	-	13.29
7.	6- Animal Resources Development	963.89	119.97	54.65	25.10	29.55	54.65
8.	51- Technical Education, Training & Skill Development	694.98	154.30	19.67	-	19.67	19.67
9.	52- Tourism	124.22	62.49	44.59	44.59	-	44.59
Total		**1,36,567.10**	**3,538.96**	**412.02**	**321.99**	**90.03**	**412.02**

Source: VLC data

[85] Exceeding 50 *per cent* of the allocation under the Major Head

Of this ₹ 412.02 crore, specific minor heads were available for an expenditure of ₹ 321.99 crore, under the related Major/Sub Major heads. Some instances in this regard, are given below:

- Expenditure of ₹ 205.92 crore had been incurred by the Public Works Departments for the purpose of 'Maintenance & Minor Works' (₹ 205.88 crore) & 'Contribution to Indian Road Congress' (₹ 0.04 crore) and had been booked under the minor head '800- other expenditure', under the Major Head '3054- Roads, and Bridges', in spite of having appropriate minor heads '105- Maintenance and Repairs'; and '001-Direction and Administration', respectively.

- Expenditure amounting to ₹ 44.59 crore had been incurred for the purpose of expansion/improvement of tourist lodges, provision of developed sites, construction of ancillary works, maintenance of tourist lodges, motel centers (₹ 2.39 crore) and creation of new attractions for tourism (₹ 42.20 crore), despite having appropriate minor heads '102-Tourist Accommodation' and '101-Tourist Centre', respectively.

In respect of expenditure of ₹ 90.03 crore, use of the Minor Head '800' could have been avoided, had the Major/Sub Major heads classification been correct. The appropriate Minor Heads for this expenditure were available under the correct Major/Sub-Major heads. Some instances are given below.

- Expenditure amounting to ₹ 29.55 crore, incurred for the purpose of establishing Poultry Feed Plants/Broiler Breeding Farms under RKVY[86], was booked under the head of account '2401 - Crop Husbandry', with corresponding Sub-Major head '00' and Minor head '800 - Other Expenditure', instead of the available head of account '2403-Animal Husbandry', with the corresponding Sub-Major head '00' and Minor head '103-Poultry Development/107-Fodder and Feed development'.

- CAPF[87] related expenditure (₹ 14.45 crore), for conducting Elections in the State and Deployment of Police and other Forces (₹ 6.15 crore) for conducting elections, 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 Heads '105-charges for conduct of elections to Parliament/106-charges for conduct of elections for State Legislature' and '109- charges for conduct of elections for Panchayats/Local Bodies', under the appropriate Major Head '2015-Elections'.

In effect, booking of ₹ 412.02 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

[86] Rashtriya Krishi Vikas Yojana
[87] Central Armed Police Force

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 the allocative priorities and quality of expenditure.

Issues related to measurement

4.9 Outstanding balances 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 last three years, are shown in **Table 4.8**.

Table 4.8: Balances under Suspense and Remittance Heads, for the last three years

(₹ in crore)

Sl. No.	Head of Account Ministry/Department with which pending	2020-21 Dr.	2020-21 Cr.	2021-22 Dr.	2021-22 Cr.	2022-23 Dr.	2022-23 Cr.
8658-Suspense Account							
1	101-PAO Suspense	34.99	(-)1.13	(-) 18.47	2.81	17.34	(-) 1.71
	Net	**36.12 (Dr.)**		**21.28 (Cr.)**		**19.05 (Dr.)**	
2	102-Suspense Account-Civil	714.73	338.41	252.96	722.22	346.41	376.77
	Net	**376.32 (Dr.)**		**469.26 (Cr.)**		**30.36 (Cr.)**	
3	110-RB Suspense CAO	82.36	(-)0.02	(-) 8.81	(-)164.10	21.00	(-) 17.30
	Net	**82.38 (Dr.)**		**155.29 (Dr.)**		**38.30 (Dr.)**	
4	112-TDS Suspense	0.00	269.40	0.00	(-)397.16	0.00	(-) 10.32
	Net	**269.40 (Cr.)**		**397.16 (Dr.)**		**10.32 (Dr.)**	
5	129-Material purchase settlement Suspense Account	0.00	67.44	0.00	0.00	0.00	0.00
	Net	**67.44 (Cr.)**		**0.00**		**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	0.00	0.00	(-)608.40	(-)118.38
	Net	**386.32 (Dr.)**		**0.00**		**490.02 (Cr.)**	
2	103-Forest Remittances	6,199.01	6,173.39	0.00	0.00	0.00	0.00
	Net	**25.62 (Dr.)**		**0.00**		**0.00**	
8793-Inter State Suspense Accounts							
1	Inter State Suspense Accounts	0.64	(-)0.33	(-)13.31	(-)0.25	3.16	0.09
	Net	**0.97 (Dr.)**		**13.06 (Cr.)**		**3.07 (Dr.)**	
	Grand Total	**570.89 (Dr.)**		**48.85 (Dr.)**		**449.64 (Cr.)**	

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

It can be seen from **Table 4.8** that, owing to non-clearance of suspense and remittance balances, the aggregate cash balances were deflated by ₹ 571 crore and ₹ 49 crore, respectively, during 2020-21 & 2021-22, and inflated by ₹ 450 crore, during 2022-23. Details of suspense and remittance balances and their effect on cash balances, during 2022-23, are 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 ₹ 161.09 crore, in connection with National Highway expenditure, had been rejected by RPAO[88], for want of allotment. On settlement, the cash balance will increase.
- Pension paid by the State Government to the Central Pension Accounting Office for IAS Officers', amounting to ₹ 42.22 crore, had remained uncleared. On clearance, the cash balance will increase.
- An amount of ₹ 207.55 crore had not been credited under the e-Payment procedure. On clearance, the cash balance will decrease.
- Transactions amounting to ₹ 39.46 crore of GoWB, arising in the accounts of various Ministries, had remained unsettled. On settlement, 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 ₹ 114.77 crore and ₹ 322.66 crore, issued by PW and Forest Divisions, respectively, had not been encashed at the Treasuries. On clearance, cash balance will decrease.
- Remittances of cheques, amounting to ₹ 347.87 crore, issued by Forest Divisions, had not been acknowledged by the concerned Treasuries. On being acknowledged, the cash balance will increase.
- Receipts amounting to ₹ 20.21 crore had remained due, because of non-settlement of clearance memos from RBI. On settlement, 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 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 2023, worked out by the RBI on 10 April 2023, the State had a credit balance of ₹ 9.51 crore, while the closing cash balance, in the books of the Accountant General (A&E), West Bengal, showed a credit balance of ₹ 13.88 crore. Thus, there was a difference of ₹ 4.37 crore, between the cash balance worked out by the Accountant General (A&E) and the cash balance reported by the RBI, which requires reconciliation.

[88] Regional Pay and Accounts Office

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 2022-23, and deficiencies therein, are detailed in **Table 4.9**.

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 guarantees*	The standard requires the Government to disclose the maximum amount of guarantees given during the year in its financial statements along with additions and deletions, as well as invoked, discharged and outstanding at the end of the year.	Partly complied	Contingent liabilities are not recognised. 'Guarantees given by the Government', comprising sector-wise disclosure of each class of guarantees', are disclosed in Statements 9 and 20 of the Finance Accounts, as per the details made available by the State Government. Commitment accountings are not followed and the commitments are neither recorded nor the liabilities against commitments recognised in the accounts.
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.	Partly complied	State Government made budgetary provision and classified GIA amounting to ₹ 3,179 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.
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 it maintained detailed accounts.

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 the submission of accounts, as detailed in **Table 4.10.**

Table 4.10: Age-wise details of delays in the submission of Annual Accounts of Autonomous Bodies, as of 30 September 2023

Sl. No.	Delay in Number of Years	No. of ABs
1	0-2	27
2	3-5	26
3	6-10	10
4	Above 10	04
Total		**67**

Source: Accounts of Autonomous Bodies

The status of rendering of accounts to Audit and communications seeking submission of accounts, made between September 2022 and July 2023, are indicated in ***Appendix 4.3***. No AB had submitted accounts upto 2022-23, as of September 2023. Two District Legal Service Authorities[89] (DLSAs) did not submit accounts since their inception in 1998-99. As of 30 September 2023, 279 annual accounts of ABs, due up to 2022-23, remained pending.

Non-submission of accounts by Autonomous Bodies is in violation of the prescribed financial rules and directives and is indicative of 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, is shown in **Table 4.11**.

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

Table 4.11: 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
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

The SFAR for the year 2021-22 was handed over to the State Government on 19 April, 2023. However, the Report is yet to be tabled before the State Legislature. SFAR 2015-16 was discussed by the PAC in December 2019. In February 2021, PAC had brought out a report containing its recommendations. The Action Taken Note on the recommendations was, however, is yet to be furnished by the State Government (as of November, 2023). Such lack of responsiveness is a matter of serious concern and goes against the basic tenets of legislative control over expenditure from the public exchequer and undermines the importance of the Legislature.

4.14 Conclusions

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	
Downward trend in booking under minor head '800' – Other Expenditure	
Decreased 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. Further, State Government needs to devise a suitable mechanism to ensure that all UCs depict the amount of Central and State share separately.*
2. *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*

may 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. *Finance Department may, in consultation with the Accountant General (A&E), conduct a comprehensive review of all items correctly appearing under the minor head '800' and ensure that all such receipts and expenditure are, in future, booked under the appropriate heads of account.*