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.

Cess proceeds[70] amounting to ₹ 1,543.47 crore, credited to the Consolidated Fund of the State, during 2023-24, had not been transferred as the GoWB did not create specific fund accounts to transfer these proceeds. Non-transfer of cess of ₹ 1,543.47 crore has resulted in understatement of Revenue Deficit and Fiscal Deficit to that extent (**Table 1.8** under **Paragraph 1.9**).

4.3 Funds transferred directly to State implementing agencies

Government of India transfers substantial funds directly to State Implementing Agencies / Non-Governmental Organisations for implementation of various schemes and programmes. These transfers are exhibited in Appendix –VI of Volume-II of the Finance Accounts. 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.

Details of funds transferred directly to State Implementing Agencies from the financial year 2019-20 to 2023-24, are shown in **Table 4.1**.

Table 4.1: Funds transferred to State implementing agencies by GoI

Year	2019-20	2020-21	2021-22	2022-23	2023-24
Direct transfers to State implementing agencies	(₹ in crore)				
	11,677	26,198	25,370	25,436	19,500

Source: Finance Accounts for the respective years

[70] Other than proceeds through Labour Cess and those cess which have been collected under Cess Act *viz.* West Bengal Rural Employment and Production Act,1976 and West Bengal Cess Act 1880

During 2023-24, GoI transferred ₹ 19,500 crore to the State Implementing Agencies of which major transfers were noticed against the schemes for 'Payment for Indigenous Urea' (₹ 9,040 crore), 'Jal Jeevan Mission' (₹ 4,206 crore), 'Pradhan Mantri Kisan Samman Nidhi (₹ 3,065 crore), (iv) 'Payment for Indigenous P & K Fertilizers' (₹ 1,404 crore).

In the current year, direct transfers decreased by ₹ 5,936 crore (23.34 *per cent*) compared to the previous year. This may be in view of the fact that GoI did not transfer any funds during 2023-24 for the scheme 'Food subsidy for decentralized procurement of foodgrains under NFSA[71] though during 2019-23, ₹ 21,175 crore[72] was transferred for this purpose.

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.

Audit scrutiny revealed that, as of March 2024, a total of 5,48,496 UCs[73], in respect of grants aggregating ₹ 2,56,107 crore were outstanding, 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 2023-24	
	No.	Amount (₹ in crore)
Upto 2022-23	4,99,165	2,24,763
2023-24	49,331	31,344
Total	**5,48,496**	**2,56,107**

Source: Finance Accounts

Note: (i) UCs for the GIA disbursed during the FY 23 became due during the FY 24

(ii) An amount of ₹3,20,774 crore was due for submission upto FY 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 36.12 *per cent* and 13.47 *per cent* respectively, in regard to UCs which have not been received by AG (A&E), over that reported in the Audit Report of 2019-20 (4,02,964 UCs for ₹ 2,25,712 crore).

[71] National Food Security Act

[72] ₹ 382 crore in 2019-20, ₹ 8,792 crore in 2020-21, ₹ 5,421 crore in 2021-22 and ₹ 6,580 crore in 2022-23

[73] As per the records of AG (A&E), which is pending reconciliation

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.

4.5 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 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 bill. Year-wise progress in submission of DC bills, against AC bills, upto 2021-22, 2022-23 and 2023-24, 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 2023		Addition during 2023-24		Clearance during 2023-24		Closing Balance as on 2023-24	
	No.	Amount (₹ in crore)	No.	Amount (₹ in crore)	No.	Amount (₹ in crore)	No.	Amount (₹ in crore)
Up to 2021-22	7,057	999	-	-	1,544	549	5,513	450
2022-23	646	239	-	-	423	106	223	133
2023-24#	-	-	1,923	748	853	400	345	79
Total	**7,703**	**1,238**	**1,923**	**748**	**2,820**	**1,055**	**6,081**	**662**

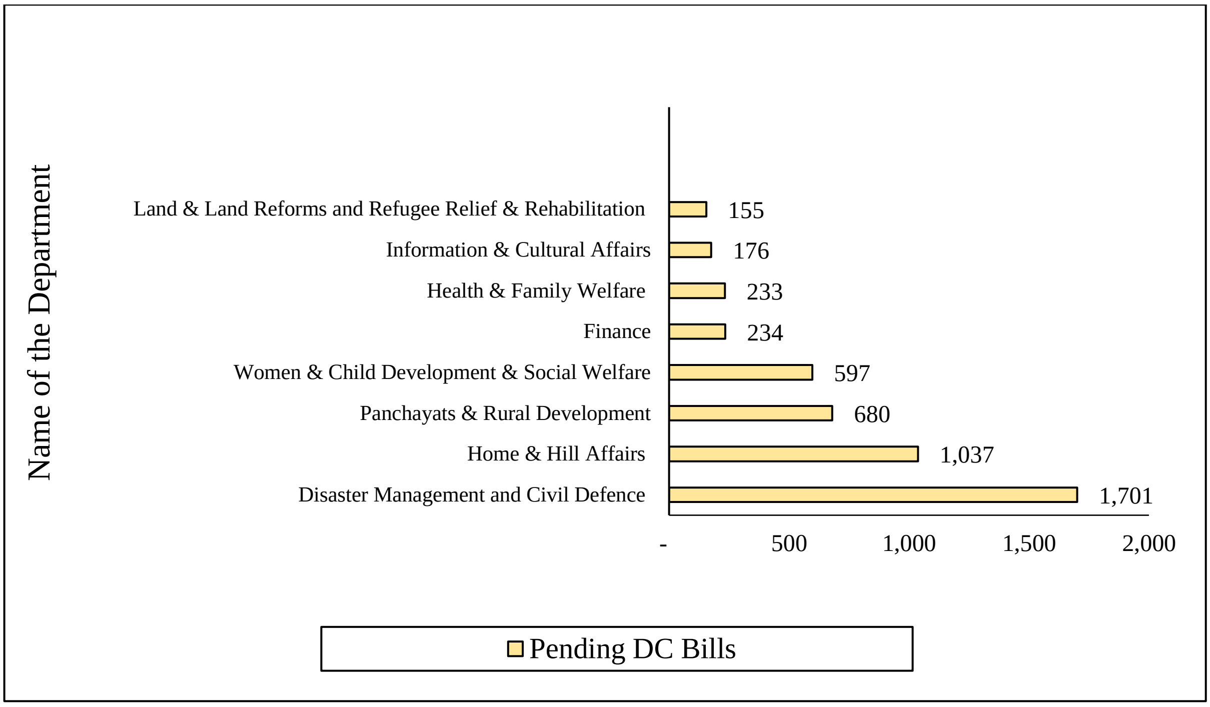
Source: Finance Accounts

#Out of 1,070 AC Bills(1923-853),725 AC Bills amounting to ₹269 crore were drawn during February & March 2024 and out of 725 AC Bills, 22 AC Bills amounting to ₹36 crore adjusted before due date of adjustment and 703 AC Bills amounting to ₹233 crore were neither due for adjustment nor adjusted before due date of adjustment.

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 2024, 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 66.02 *per cent* of the total number of outstanding AC bills. These departments were Home & Hill Affairs (₹ 181 crore; 1,037 AC bills), Women & Child Development and Social Welfare (₹111 crore; 597 AC bills), Panchayats & Rural Development (₹ 81 crore; 680 AC bills) and Disaster Management and Civil Defence (₹ 38 crore; 1,701 AC bills).

Two departments, which had cleared the maximum AC bills, through submission of DC bills during the FY 2023-24, were Home & Hill Affairs (19,931 DC bills involving ₹ 5,399 crore) and Disaster Management and Civil Defence (11,339 DC bills involving ₹ 2,433 crore).

While checking AC and DC bills of 11 test-checked DDOs[74] during July- August 2024, Audit observed the following:

(I) Unadjusted AC Bills

- ***Accounts Officer, North Bengal Medical College & Hospital (NBMCH)***

Two AC bills of ₹ 3.09 crore and ₹ 0.88 crore, drawn in November 2023 and February 2024 respectively for the purchase of 'Telecobalt machine' at the Radiology department of the NBMCH, remained pending till August 2024.

[74] (i) Accounts Officer: PSC, (ii) Accounts Officer: NBMCH, (iii) Commissioner: Barrackpore Police Commissionerate, (iv) Executive Engineer: Agri-Mechanical Division-I, Malda, (v) District Magistrate: 24 Parganas (S), (vi) District Magistrate: Purba Bardhaman, (vii) District Magistrate: Paschim Bardhaman, (viii) Commissioner: Asansol-Dugapur Police Commissionerate, (ix) SP: Jalpaiguri, (x) SP: Jangipur & (xi) District Magistrate: Murshidabad

- ***Accounts Officer, Public Service Commission (PSC)***

Seven AC bills amounting to ₹ 6.98 crore, drawn between October 2023 and March 2024 for meeting the incidental expenses in connection with conducting various examinations, remained un-adjusted till June 2024 despite completion of 60 days.

(II) Irregular adjustments of AC Bills

- Advances drawn by the Accounts Officer, PSC in connection with the payment of 'Professional and Special services' against three AC bills of ₹ 2.05 crore (drawn during March 2023 to August 2023) and two AC bills of ₹ 1.55 crore (drawn during January 2024 to March 2024) were shown adjusted in the month of September 2023 and April 2024, respectively merely by transferring the amount into the PL Account.
- Five AC bills, involving ₹ 0.91 crore, drawn by the Executive Engineer, Agri- Mechanical Division-I, Malda from March 2023 to February 2024 for the 'Purchase of HSD and Mobil' in connection with minor irrigation schemes were shown adjusted between June 2023 to March 2024 despite holding of provisional balances ranging between ₹ 1,96,577 to ₹ 1,97,372 with the supplier 'Indian Oil Corporation Ltd' against each Advance bill.

(III) Refund of unspent balances after holding for a significant period

Rule 4.116(1) of the WBTR stipulated that no money shall be drawn from the Treasury unless it is required for immediate disbursement.

Table 4.4 indicates that five test-checked DDOs, out of the 70 AC bills aggregating ₹ 26.27 crore, had refunded ₹ 8.96 crore (34.12 *per cent*) through challans after holding the amounts for a significant period, beyond the stipulated period of 60 days.

Table 4.4: Refund of unspent advances by the DDOs

Sl. No.	Name of DDO	Purpose of drawal of advances	Number of AC bills involved	Advance drawn	Amount Refunded	Percentage of refund	Holding of unspent amount beyond 60 days
				(in ₹)			
1.	Commissioner, Barrackpore Police Commissionerate	Panchayat General Election 2023	06	1,71,80,000	1,08,22,595	63.00	24 to 173 days
2.	District Magistrate, South 24 Parganas	Procurement of Rice	05	6,39,69,580	3,84,68,960	60.14	1,056 to 1,444 days
3.	Superintendent of Police, Jangipur	Sagardhi Assembly Bye-election 2023 and Panchayat	29	7,44,78,000	1,76,94,098	23.76	129 to 300 days

Sl. No.	Name of DDO	Purpose of drawal of advances	Number of AC bills involved	Advance drawn	Amount Refunded	Percentage of refund	Holding of unspent amount beyond 60 days
				(in ₹)			
		General Election 2023					
4.	Superintendent of Police, Jalpaiguri	Dhupguri Assembly Bye-election 2023 and Panchayat General Election 2023	25	8,55,51,000	1,87,08,784	21.87	51 to 140 days
5.	Commissioner, Asansol-Durgapur Police Commissionerate	Assembly Bye-Election 2022 and Panchayat General Election 2023	05	2,14,75,000	39,18,861	18.25	119 to 183 days
Total			**70**	**26,26,53,580**	**8,96,13,298**	**34.12**	

Source: Departmental Records

Further, out of the unspent advances, as mentioned above, instances were noticed where following DDOs had refunded the entire amount of advance against the number of AC bills, shown against each.

(i) District Magistrate, South 24 Parganas: Two AC Bills of ₹ 3.05 crore;

(ii) Superintendent of Police, Jalpaiguri: Three AC Bills of ₹ 0.57 crore;

(iii) Superintendent of Police, Jangipur: Two AC Bills of ₹ 0.30 crore;

(iv) Commissioner, Barrackpore Police Commissionerate: One AC Bill of ₹ 0.07 crore.

Refund of full/partial advances indicate that AC bills were drawn without assessing the requirement, as mentioned in the Rule *ibid*.

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 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[75]. 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

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

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

4.6.1 Status of PD Accounts

It was noticed that there was a balance of ₹ 2,998 crore, in 159 PD Accounts, as on 31 March 2024, as shown in **Table 4.5**. Such similar year-end balances were noticed in 2022-23 (₹ 3,014 crore in 159 PD Accounts), in 2021-22 (₹ 3,197 crore in 160 PD Accounts), in 2020-21 (₹ 3,465 crore in 160 PD Accounts) and in 2019-20 (₹ 5,240 crore in 160 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 with 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 4.5: Details of PD Accounts

Sl. No.	Description	No. of Accounts	Amount (₹ in crore)
1	Number of PD Accounts at the beginning of the year	159	3,014
2	Addition# during the year 2023-24	-	1,238
3	Cleared@ during the year 2023-24	-	1,254
4	PD Accounts existing at the end of the year	159	2,998

Source: Finance Accounts of Government of West Bengal (2023-24)

#*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 2024, 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 **Paragraph 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, carry out necessary verification and reconciliation of balances with the treasury and furnish a certificate of balance to the Treasury Officers, on or before the 15 May positively.

Checking of treasuries, conducted in 2023-24, in respect of transactions for the year 2022-23, revealed that only six out of 159 Administrators of PD

Accounts had reconciled and verified their balances with the treasury figures.

(ii) During the FY 2023-24, an amount of ₹ 457.62 crore was transferred to PD Accounts, in March 2024, from the Consolidated Fund of the State. This comprised 36.97 *per cent* of the total yearly inflow into the PD accounts. Of this, ₹ 15.27 crore was transferred on the last working day of March 2024. This indicated that the same was intended to avoid lapse of budget provisions.

4.6.3 Findings on test-checked DDOs

Test-check of PL Accounts, maintained by six DDOs[76], revealed the following deficiencies:

(i) There were differences in the closing Cash Book balances and corresponding Treasury Pass Book balances of three DDOs **(Table 4.6)**, due to non-reconciliation, although this was required under WBTR.

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, South 24 Parganas	155.81	156.70	0.89
2.	DM, Jalpaiguri	26.36	27.67	1.31
3.	DM, Murshidabad	47.53	47.88	0.35

Source: Departmental figures

(ii) Six DDOs, as of March 2024, had parked ₹ 21.74 crore, in their respective PL Accounts, for periods exceeding two years, disregarding the provisions of WBTR (***Appendix 4.1***).

(iii) Five DDOs[77] had kept an amount of ₹ 150.59 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) In respect of three DDOs[78], there were negative balances of ₹ 6.61 crore under four schemes indicating excess drawal over available balances.

[76] District Magistrates (DM) of Purba Burdwan, South 24 Parganas, Jalpaiguri, Darjeeling, Paschim Burdwan & Murshidabad

[77] DMs of Purba Burdwan (₹ 0.25 crore), South 24 Parganas (₹ 144.67 crore), Jalpaiguri (₹ 5.13 crore), Darjeeling (₹ 0.23 crore) & Murshidabad (₹ 0.31 crore)

[78] DMs of Darjeeling (₹ 6,56,07,598 for the scheme 'PL A/C of D.M.058_058' against ID:9225), Purba Burdwan (₹ 919 for the Schemes 'Dist. planning scheme on the basis of S.S.C' against ID:5053 and ₹ 5,638 for 'Expenditure against voucher of S.W.Section' against ID:5156), & Paschim Burdwan (₹ 5,30,308 for the scheme 'DFCC project' against ID:22910)

(v) As per Bidhayak Elaka Unnayan Prakalpa (BEUP) Guidelines, the Accounts for each of the 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 (₹ 14.20 crore) of the 16th Assembly[79], by five DDOs[80] even after its dissolution. As per BEUP guidelines, the funds were to have been refunded to the Government Account by 31 March 2022.

(vi) As per norms fixed (March 2021) by the GoI, unutilised funds of CSSs were to be remitted to the account of the SNA of the concerned department, responsible for implementing the CSSs. Audit noticed that, in violation of these norms, funds amounting to ₹ 21.62 crore, in respect of following six CSSs, were lying in the PL Accounts of the DDOs as of August 2024:

- Mid-Day Meal (now renamed as PM POSHAN) funds were lying unspent with the DMs of South 24 Parganas (₹ 15.44 crore) and Murshidabad (₹ 0.60 crore).
- Integrated Child Development Scheme (now renamed as PM POSHAN 2.0) funds were lying unspent with the DMs of South 24 Parganas (₹ 4.44 crore) Jalpaiguri (₹ 0.22 crore) and Purba Burdwan (₹ 0.22 crore).
- Border Area Development Programme funds were lying unspent with the DMs of Darjeeling (₹ 0.04 crore) and Jalpaiguri (₹ 0.38 crore).
- Multi Sectoral Development Project (now renamed as Pradhan Mantri Jan Vikas Karyakram) funds for minorities were lying unspent with the DMs of Darjeeling (₹ 0.18 crore), Jalpaiguri (₹ 0.02 crore) and South 24 Parganas (₹ 0.02 crore).
- Prime Minister Scholarship to Scheduled Castes and the Scheduled Tribes students funds were lying unspent with the DM of Purba Burdwan (₹ 0.05 crore).
- Scheduled Castes and the Scheduled Tribes (Prevention of Atrocities) Act, 1989 funds were lying unspent with the DM of Paschim Burdwan (₹ 0.01 crore).

4.7 Misclassification/Avoidable accounting of expenditure under Minor Head '800'

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

[79] The tenure ended on 30 May 2021

[80] DMs: Purba Burdwan (₹ 0.48 crore), south 24 Parganas (₹ 9.43 crore), Jalpaiguri (₹ 0.49 crore), Darjeeling (₹ 2.65 crore) & Murshidabad (₹ 1.15 crore)

opaqueness in accounts and, hence, needs to be curtailed. State Finances Audit Reports of the Comptroller & Auditor General 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 2023-24, the State Government had booked expenditure of ₹ 2,659 crore[81], under the Minor Head '800', against 63 revenue and capital Major Heads of Account, constituting 1.04 *per cent* of the total revenue and Capital Expenditure of ₹ 2,54,923 crore.

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[82] 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 two Major Heads, had been classified under the Minor Head '800'- 'Other Expenditure', during 2023-24 (**Table 4.7**).

Table 4.7: Significant expenditure booked under Minor Head 800 – Other Expenditure

Major Head	Total Expenditure (₹ in crore)	Expenditure under Minor Head 800 (₹ in crore)	Expenditure under Minor Head 800 *w.r.t.* Total Expenditure (in *per cent*)
2075 – Misc. General Services	404.61	354.43	87.60
2250 – Other Social Services	355.54	341.54	96.06

Source: Finance Accounts

Audit checked the expenditure incurred by three departments, wherein the total amount booked in Minor Head '800' was ₹ 400 crore (constituting 0.98 *per cent* of the total expenditure), during 2023-24 (shown in **Table 4.8**).

Table 4.8: Booking of expenditure in three departments under Minor Head - 800

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.	15- School Education	32,171.99	169.13	142.67	142.67	0.00	142.67
2.	38- Minority Affairs & Madrasah Education	3,068.81	216.09	181.43	181.43	0.00	181.43
3.	43- Power	5,418.89	15.00	15.00	0.00	15.00	15.00
Total		**40,659.69**	**400.22**	**339.10**	**324.10**	**15.00**	**339.10**

Source: VLC data

[81] During the FY 2022-23, an amount of ₹ 6,515 crore was booked under Minor Head – 800.
[82] Exceeding 50 *per cent* of the allocation under the Major Head

Of this ₹ 339.10 crore, specific minor heads were available for an expenditure of ₹ 324.10 crore, under the related Major/Sub Major heads. Instances in this regard, are given below:

- Expenditure of ₹ 181.43 crore pertaining to the "Administration of Religious and Charitable Endowment Acts" had been incurred by the Wakf Board of Minority Affairs & Madrasah Education Departments and had been booked under the minor head '800- other expenditure', under the Major Head '2250- Other Social Services', in spite of having appropriate minor heads '103- Assistance to Local Bodies for Primary Education'.

- Expenditure amounting to ₹ 142.67 crore had been incurred by the School Education Department for the "Assistance to Local Bodies for Elementary Education/Secondary Education/General" and had been booked under the minor head '800- other expenditure', under the Major Head '2202- General Education', in spite of having appropriate minor heads '103 Assistance to Local Bodies for Primary Education' and '191- Assistance to Local Bodies for Secondary Education'.

In respect of expenditure of ₹ 15.00 crore, use of the Minor Head '800' could have been avoided, had the Major/Sub Major heads classification been correctly applied. The appropriate Minor Heads for this expenditure was available under the correct Major/Sub-Major heads, one instance as seen during Audit is given below.

- Expenditure amounting to ₹ 15.00 crore, incurred for the purpose of 'Subsidy (including metre rent) to Calcutta Electricity Supply Corporation (CESC) for subsidization in power tariffs to its customers under 'Hasir Alo Scheme', was booked under the head of account '2801 - Power', with corresponding Sub-Major head '80' and Minor head '800 - Other Expenditure', instead of the available head of account '2235- Social Security and Welfare', with the corresponding Sub-Major head '60' and Minor head '200- Other Programmes'.

In effect, booking of ₹ 339.10 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 the allocative priorities and quality of expenditure.

Issues related to measurement

4.8 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 4.9**.

Table 4.9: Balances under Suspense and Remittance Heads, for the last three years

(₹ in crore)

Sl. No.	Head of Account Ministry/Department with which pending	2021-22 Dr.	2021-22 Cr.	2022-23 Dr.	2022-23 Cr.	2023-24 Dr.	2023-24 Cr.
8658-Suspense Account							
1	101-PAO Suspense	(-) 18.47	2.81	17.34	(-) 1.71	(-) 3.37	0.53
	Net	**21.28 (Cr.)**		**19.05 (Dr.)**		**3.90 (Cr.)**	
2	102-Suspense Account-Civil	252.96	722.22	346.41	376.77	132.76	153.91
	Net	**469.26 (Cr.)**		**30.36 (Cr.)**		**21.15 (Cr.)**	
3	110-RB Suspense CAO	(-) 8.81	(-)164.10	21.00	(-) 17.30	212.96	(-) 74.63
	Net	**155.29 (Dr.)**		**38.30 (Dr.)**		**287.59 (Dr.)**	
4	112-TDS Suspense	0.00	(-)397.16	0.00	(-) 10.32	--	29.91
	Net	**397.16 (Dr.)**		**10.32 (Dr.)**		**29.91 (Cr.)**	
8782-Cash Remittances and Adjustments between officers rendering account to the same Accounts Officer							
1	102-P.W. Remittances	0.00	0.00	(-)608.40	(-)118.38	0.00	0.00
	Net	**0.00**		**490.02 (Cr.)**		**0.00**	
8793-Inter State Suspense Accounts							
1	Inter State Suspense Accounts	(-)13.31	(-)0.25	3.16	0.09	(-)0.61	0.02
	Net	**13.06 (Cr.)**		**3.07 (Dr.)**		**0.63 (Cr.)**	
	Grand Total	**48.85 (Dr.)**		**449.64 (Cr.)**		**232.00 (Dr.)**	

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

It can be seen from **Table 4.9** that, owing to non-clearance of suspense and remittance balances, the aggregate cash balances were deflated by ₹ 49 crore and ₹ 232 crore, respectively, during 2021-22 and 2023-24 and inflated by ₹ 450 crore, during 2022-23. Details of significant balances under "Suspense and Remittances" and their effect on cash balances, during 2023-24, are shown in ***Appendix 4.2***.

4.9 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 RBI. As per the Statement of closing balance, as on 31 March 2024, worked out by the RBI, the State had a debit balance of ₹ 19.04 crore, while the closing cash balance, in the books of the Accountant General (A&E), West Bengal, showed a debit balance of ₹ 2.45 crore. Thus, there was a difference of ₹ 16.59 crore, between the cash balance worked out by the Accountant General (A&E) and the cash balance reported by the RBI, which requires reconciliation.

Issues related to disclosure

4.10 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 four Indian Government Accounting Standards (IGAS). Compliance to these Accounting Standards, by the Government of West Bengal, in 2023-24, and deficiencies therein, are detailed in **Table 4.10**.

Table 4.10: 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	'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	Partly complied	Accounting and classification of Grants-in-aid given by the State Government are depicted in Statement 10 and Appendix III of the Finance Accounts. Detailed information in respect of Grants-in-aid given in kind

Sl. No.	Accounting Standards	Essence of IGAS	Compliance by State Government	Impact of deficiency
		grantee, irrespective of the end use.		is disclosed as available from the State Government. State Government made budgetary provision and classified GIA amounting to ₹ 908 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.
4.	**IGAS-4:** *Prior Period Adjustment*	Prior Period Adjustments including errors once identified shall be presented and disclosed in the current period (the financial year) under the cash basis of accounting	Not complied	There was no prior period adjustment in financial statements of the Government of West Bengal during the FY 2023-24.

Source: Finance Accounts

4.11 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 66 ABs which were to render annual accounts to CAG, there were delays in the submission of accounts, as detailed in **Table 4.11**.

Table 4.11: Age-wise details of delays in the submission of Annual Accounts of Autonomous Bodies, as of 30 September 2024

Sl. No.	Delay in Number of Years	No. of Abs
1	0-2	29
2	3-5	17
3	6-10	15
4	Above 10	05
Total		**66**

Source: Accounts of Autonomous Bodies

The status of rendering of accounts to Audit and communications seeking submission of accounts, made upto December 2024, are indicated in ***Appendix 4.3***. Four ABs namely (i) West Bengal Commission for Backward Classes, (ii) West Bengal Commission for Women, (iii) District Legal Services Authority, Uttar Dinajpur and (iv)The Commissioner for Rabindra Setu had submitted accounts upto 2023-24, as of August 2024. Two District Legal Service Authorities[83] (DLSAs) did not submit accounts since their inception in 1998-99. As of 30 September 2024, 316 annual accounts of ABs, due up to 2023- 24, 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.

4.12 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 4.12**.

Table 4.12: 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

[83] 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
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 SFARs for the year 2021-22 and 2022-23 were handed over to the State Government on 19 April, 2023 and 03 July, 2024 respectively. However, the Reports are yet to be tabled before the State Legislature. SFAR for the year 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, however, is yet to be furnished by the State Government (as of November, 2024). 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.

4.13 Conclusions

Positive Indicators	Negative Indicators
Downward trend of outstanding AC bills	Non-compliance to IGAS-4
Downward trend in the balances of PD Accounts	Two ABs did not submit accounts since their inception in 1998-99
Downward trend in booking under minor head '800' – Other Expenditure	Non-tabling of SFARs for the years 2021-22 and 2022-23
Decrease in the pending amount of UCs	

4.14 Recommendations

1. *Government may ensure timely submission of utilisation certificates by the departments, in respect of the grants released for specific purposes. Further, it needs to devise a suitable mechanism to ensure that all UCs depict the amount of Central and State share separately.*

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. Appropriate action may be initiated against departmental officers who fail to follow the rules and instructions pertaining to PD Accounts promulgated by the Finance Department.*

3. *The Finance Department may 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.*

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 Accountant General (A&E), conduct a comprehensive review of all items appearing under the Minor Head '800' and ensure that all such receipts and expenditure are, in future, booked under the appropriate heads of account.*

Kolkata
Dated 17 MAR 2025

(BIBHUDUTTA BASANTIA)
Principal Accountant General
(Audit-I)
West Bengal

Countersigned

New Delhi
Dated 24 MAR 2025

(K. SANJAY MURTHY)
Comptroller and Auditor General of India