

CHAPTER-III
FINANCIAL REPORTING

This Chapter provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the current year.

3.1 Personal Deposit Accounts

As per rule 338 to 344 of Bihar Treasury Code (BTC), Personal Deposit (PD) Accounts are opened to transfer funds from the Consolidated Fund for special cases where public interest requires speed of expenditure which is not possible through the normal treasury procedure or there are a large number of small beneficiaries dispersed in interiors where direct disbursement through the Treasury is not practicable. PD administrators are required to review all PD Accounts at the end of the financial year and transfer the amounts lying unspent after five consecutive financial years (including the financial year in which the money was withdrawn)¹ back to the Consolidated Fund by reduction of expenditure to the concerned service head.

3.1.1 Unspent balance in PD Accounts

PD Accounts are kept in treasuries in the name of the Administrator of the Accounts. These accounts are opened with the consent of Finance Department under intimation to the AG (A&E). As per information furnished by 75 treasuries to the AG (A&E), 19 treasuries² are not maintaining any PD Accounts. There was a balance of ₹ 5,888.45 crore in existing 174 PD Accounts as on 31 March 2018. No PD Account was opened whereas three accounts were closed during the year as detailed in table 3.1.

Table 3.1: Details of PD Accounts during 2017-18

(₹ in crore)

Opening Balance as on 01.04.2017		Addition during the year		Closed during the year		Closing Balance as on 31.03.2018	
Number	Amount	Number	Amount	Number	Amount	Number	Amount
177	4,464.82	0	2,762.21	03	1,338.58	174	5,888.45

(Source: Finance Accounts for the year 2017-18)

Out of total balance of ₹ 5888.45 crore, an amount of ₹ 65.77 crore were lying unspent in nine PD Accounts in nine different Treasuries for more than five consecutive years to avoid lapse of funds as detailed in table 3.2.

¹ GoB notification No. 6679 dated 23.08.2016.

² Bihar Bhawan, New Delhi, Dalsinghsarai, Dumraon, Hilsa, Lalganj, Masaurhi, Mokama, Naugachhia, Pupri, Rajgir, Rajouli, Rosera, Secretariat Treasury (Vikash Bhawan, Patna), Shahpur Patori, Sikarhna, Tekari, Triveniganj Udakishanganj and e-treasury.

Table 3.2: Money lying unspent for more than Five Consecutive Years*(₹ in crore)*

Sl. No.	Treasury	Name of PD Account	Amount
1	Muzaffarpur	DLAO, Muzaffarpur	4.94
2	Patna	DM, Patna	0.66
3	Kaimur	DLAO, Kaimur	16.22
4	Jehanabad	DLAO, Jehanabad	0.30
5	Purnea	DLAO, Purnea	0.21
6	Gaya	DLAO, Gaya	21.21
7	Samastipur	DLAO, Samastipur	4.74
8	Begusarai	DLAO, Begusarai	16.33
9	Sasaram	DLAO, Sasaram	1.16
Total			65.77

(Source: Finance Accounts for the year 2017-18)

3.1.2 Inoperative Personal Deposit Accounts

Out of 174 PD Accounts, 94 PD Accounts in 47 Treasuries remained inoperative for the last three financial years as detailed in **Appendix 3.1**. Out of these 94 inactive PD Accounts, 89 had zero balance and an amount of ₹ 27.73 crore was lying unspent at the end of March 2018 in five³ PD accounts. These 94 inoperative PD Accounts were not closed as per GoB Letter no. 11262 dated 5.10.2010, though they were liable to be closed at the end of March 2018.

Non-reconciliation of balances of PD Accounts periodically and not transferring the unspent balances lying in PD Accounts to the Consolidated Fund before the closure of the financial year entails the risk of misuse of public funds, fraud and misappropriation.

Recommendations: *The Finance Department should devise a management information system through which the PD administrators should review PD accounts operated by them and submit annual report specifying the necessity to maintain the PD accounts and take appropriate action in respect of inoperative PD accounts and accounts where amount is lying since more than five years.*

3.2 Building and Other Construction Workers Welfare Cess

Rules have not been framed by the Government of Bihar for accounting of Labour Cess. No sub-head has been opened by the Government for booking the Labour Cess collected by various Departments executing projects involving labour. The Labour Cess collected by Government Departments has been directly booked under MH 8443 Civil Deposit-108-Public Works Deposits. Further, though the minor head- Public Works Deposits includes many receipts apart from Labour Cess, it does not have any further sub-heads below it, and consequently, the amount of Labour Cess collected by various departments could not be ascertained. It has also not been possible to segregate the amount paid to the Labour Welfare Board.

³ DM, Banka (₹ 25.30 crore), DM, Patna (₹ 0.66 crore), DM, Vaishali (₹ 0.07 crore), DM, Bhojpur (₹ 0.20 crore) and DDC, Katihar (₹ 1.50 crore)

Further, Finance Department GoB has not taken action for accounting and classification of Labour Cess till the presentation of budget 2019-20. However, Finance department assured to take proper action on this matter with the help of AG (A&E).

3.2.1 Accounting of Cess

As per the information furnished by the Bihar Building and Other Construction Workers (BOCW) Welfare Board, their accounts have been finalised only up to 2015-16.

As informed by the Board, there was opening balance of ₹ 895.15 crore in April 2017 and a total amount of ₹ 266.46 crore including ₹ 0.19 crore refund amount of District Board, was received by them on account of Labour Cess during 2017-18. Out of this, ₹ 62.55 crore (5.38 per cent) has been spent on Welfare Schemes (₹ 61.26 crore) and Administration (₹ 1.29 crore), benefitting 40,740 workers (10.94 per cent of the registered workers) during 2017-18. The closing balance was ₹ 1,099.06 crore at the end of the year.

Bihar has utilised very less amount (5.38 per cent) of the available funds in comparison to the neighbouring states viz. Chhattisgarh (42 per cent), Madhya Pradesh (14 per cent), Uttar Pradesh (seven per cent) and Jharkhand (21 per cent).

Recommendation: *The Bihar BOCW Welfare Board should ensure timely preparation of accounts and maintain relevant records to fulfil its mandate of improving the working conditions of building and other construction workers and providing adequate financial assistance to them. GoB should also frame rules for accounting of the Cess.*

3.3 Opaqueness in accounts

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 as these heads do not disclose the concerned schemes, programmes etc.

Audit noticed that during 2017-18, ₹ 107.09 crore (0.08 per cent of total expenditure) under 19 Revenue and Capital Major Heads of accounts on the expenditure side was classified under minor head '800- Other Expenditure' below the respective Major Heads.

Similarly, ₹ 1,607.18 crore (1.37 per cent of Revenue Receipts) under 46 Revenue Major Heads of accounts on the receipts side (excluding Grants-in-aid) were classified under the minor head '800- Other Receipts' below the respective Major Heads.

Instances where a substantial proportion (10 per cent or more of the total receipts/ expenditure under the related Major Head) of the receipts and expenditure were classified under minor head 800- 'Other Receipts/ Expenditure' are detailed in **Appendix 3.2** and **Appendix 3.3** respectively.

Classification of large amounts under the omnibus minor head 800- 'Other Receipts/ Expenditure' reflected lack of transparency in financial reporting.

Recommendations: The Finance Department may, in consultation with the Accountant General (A&E), conduct a comprehensive review of all items presently appearing under minor head 800 and ensure that in future such receipts and expenditure are booked under the appropriate head of accounts.

3.4 Outstanding balances under Major Suspense and Remittance Heads

Certain intermediary/adjusting Heads of Account known as 8658-Suspense Heads are operated in Government Accounts to reflect transactions of receipt and payments which cannot be booked to a final Head of Account due to lack of information as to their nature, or for other reasons. 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. The position of gross figures under some of major Suspense and Remittance heads at the end of last three years is indicated in **table 3.3**.

Table 3.3: The position of Suspense and Remittance balances

(₹ in crore)

Name of Minor Head	2015-16		2016-17		2017-18	
	Dr	Cr	Dr	Cr	Dr	Cr
8658-101 - Pay and Accounts Office Suspense	270.29	0.00	296.05	0.00	335.27	0.00
Net	(Dr) 270.29		(Dr) 296.05		(Dr) 335.27	
8658-102 - Suspense Accounts (Civil)	3,980.75	290.43	4,673.39	297.35	4,059.01	309.73
Net	(Dr) 3,690.32		(Dr) 4,376.04		(Dr) 3,749.28	
8658-110 - Reserve Bank Suspense- Central Accounts Office	1,242.12	894.60	1,265.00	894.60	1,276.72	894.62
Net	(Dr) 347.52		(Dr) 370.40		(Dr) 382.10	
8782-102-Public Works Remittances	1,09,773.31	1,09,574.26	1,18,943.96	1,18,827.32	16,469.13	15,520.08
Net	(Dr) 199.05		(Dr) 116.64		(Dr) 949.05	
8782-103-Forest Remittance	2,214.48	2,035.28	2,535.84	2,318.34	2,779.39	2,535.37
Net	(Dr) 179.20		(Dr) 217.50		(Dr) 244.02	

(Source: Finance Accounts for the year 2017-18)

There is net increase of ₹ 39.22 crore (debit) under 101-Pay and Accounts Office Suspense, ₹ 11.70 crore (debit) under 110-Reserve Bank Suspense-Central Accounts Office, ₹ 832.41 crore (debit) under 102- Public Works Remittances and ₹ 26.52 crore (debit) under 103-Forest Remittance and decrease of ₹ 626.76 crore (debit) under 102-Suspense Accounts (Civil) in the year 2017-18 as compared to 2016-17.

If these amounts remain un-cleared, the balances under the Suspense Heads would accumulate and not reflect true and fair picture of Government's expenditure.

Recommendation: Clearance of outstanding balances under Suspense Heads would require to be vigorously pursued by Finance Department with the help of concerned entity.

3.5 Delay in finalisation in the accounts of Public Sector Undertakings

The Financial Statement of the Companies for each financial year are required to be finalised within six months from the end of relevant financial year i.e., by September, in accordance with the provision under Section 96 (1) read with Section 129(2) of the Companies Act, 2013. Failure to do so may attract penal provisions, under which every officer of the concerned defaulting company shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees, or with both. As such, the management of Government Companies, whose accounts are in arrears, are liable to pay for any default. Similarly, in case of Statutory Corporations, their accounts are to be finalised, audited and presented to the Legislature as per the provisions of their respective Acts. Further, Indian Accounting Standards (Ind-AS) is the accounting standard adopted by companies in India and issue under the supervision of Accounting Standard Board (ASB) which was constituted as a body in the year 1977. However, at present Ind-AS is applicable only on Electricity Companies and Bihar Rajya Pul Nirman Nigam Limited.

There were 77 State Public Sector Undertakings (PSUs) in Bihar comprising 32 Working Companies, three Statutory Corporations (all working) and 42 Non-working Companies as on September 2018.

3.5.1 Arrears of Accounts of Working Companies

As of 30 September 2018, the accounts of 27 working companies and three statutory corporations were in arrears for periods of up to 22 years and 12 years respectively, as depicted in **Appendix 3.4**. Delays in finalisation of accounts often results in unavailability or loss of crucial records over a period of time, which is fraught with possibilities of misrepresentation of facts, fraud and misappropriation.

Out of 35 working (including Statutory Corporation) PSUs, only one PSU⁴ finalised its accounts for 2017-18 while account were not due for four PSUs⁵ and the remaining 30 PSUs have arrears of 160 accounts⁶. BSRTC⁷, in the service sector, is a recurring loss making Corporation with no road worthy fleet and accounts in arrear since 2006-07.

⁴ Bihar Grid Company Limited.

⁵ Bihar State Mining Corporation Ltd, Bihar State Education Finance Corporation Ltd, Patna Smart City Ltd and Muzaffarpur Smart City Ltd. were incorporated in year 2017-18.

⁶ At the rate of one account per year.

⁷ Bihar State Road Transport Corporation

3.5.2 Arrears of Accounts of Non-working Companies

In addition to the above, as on 30 September 2018, the accounts of all Non-working PSUs were in arrears. Out of 42 non-working PSUs, five PSUs⁸ were in the process of liquidation. Out of remaining 37 non-working PSUs, 1,016 Accounts are in arrears. Bihar State Agro Industries Ltd. and SCADA Agro Business Corporation Ltd. were in arrear of one and three years respectively and 35 PSUs accounts were in arrears for nine to 41 years as detailed in *Appendix 3.4*.

Due to non-finalisation of accounts, the C&AG has been unable to perform the supplementary audit of Companies as stipulated in the Companies Act, and statutory audit of the Corporations as stipulated in their respective Acts for periods up to 41 years.

3.5.3 Budgetary support to PSUs whose accounts were in arrear

Government provided budgetary support (equity-₹ 12,413.51 crore, loans-₹ 2,881.44 crore, grants- ₹ 956.42 crore and subsidies ₹ 4,569.10 crore) and accepted liability (guarantee- ₹ 5,820.06 crore) of ₹ 26,640.53 crore in 27 Public Sector Undertakings during the period for which their accounts were in arrear as on 31 March 2018 (*Appendix 3.5*). These PSUs have not finalised their accounts for the last one to 41 years in violation of provisions of the Companies Act/Acts of the respective statutory corporations. The State Government needs to see if this is value-for-money expenditure; and if such assistance can justifiably be booked as capital expenditure for equity and loans.

3.5.4 Liquidation of Non-working Companies

The company can be closed, by strike off under Section 248 of the Companies Act 2013 or winding up by the Tribunal or voluntary.

Out of 42 non-working PSUs, five PSUs have commenced liquidation process in the last six to 19 years, which were pending with the official liquidator, High Courts Patna and Ranchi. Further, the State Government had issued orders to initiate liquidation of 15 PSUs, but final action by the concerned authority is still pending.

Recommendation: *The Finance Department should review the cases of all PSUs that are in arrears of accounts, ensure that the accounts are made current within a reasonable period, and stop financial support in all cases where accounts continue to be in arrears.*

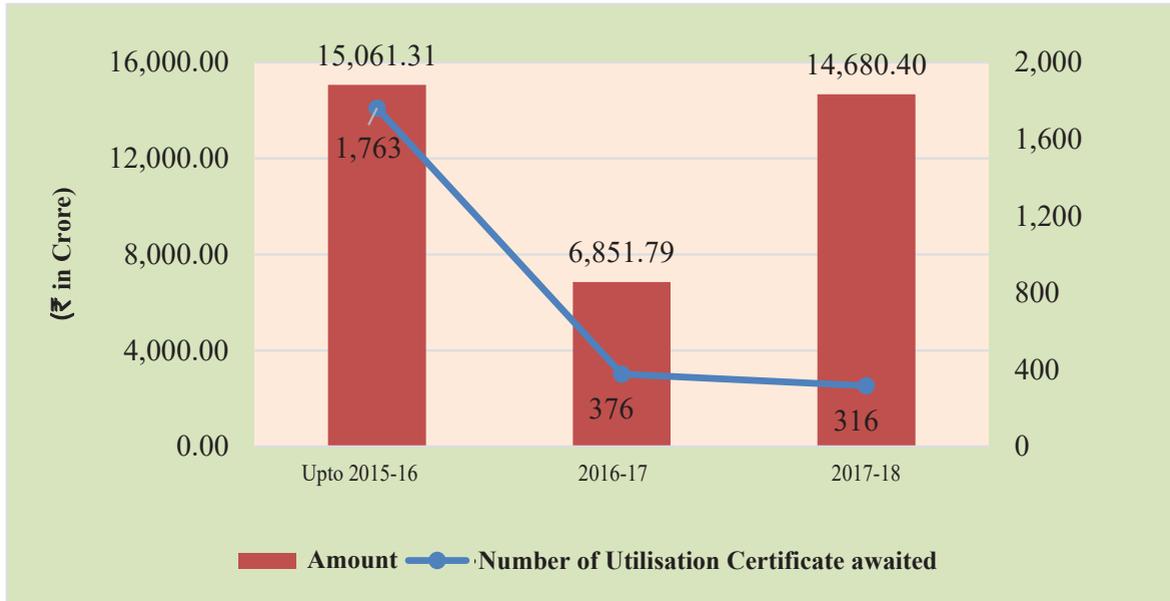
3.6 Non-submission of Utilisation Certificates

The Bihar Financial Rules (BFR) stipulate that where Grants-in-aid (GIA) are given for specific purposes, departmental officers concerned should obtain Utilisation Certificates (UCs) from grantees, which, after verification, should be forwarded to the Accountant General (A&E) within 18 months of the drawal of grant, to ensure that the funds have been utilised for the intended purposes.

⁸ Bihar Finished Leather Ltd., Bihar State Leather Industries Development Corporation Ltd., Kumardhubi Metal Casting and Engineering Ltd., Bihar State Small Industries Corporation Ltd., Bihar State Export Corporation.

It was observed, however, that 2,455 UCs amounting to ₹ 36,593.50 crore were outstanding as on 31 March 2018 from 35 Departments as detailed in *Appendix 3.6*. Year-wise position of outstanding UCs is shown in **Chart 3.1**.

Chart 3.1: Details of outstanding UCs



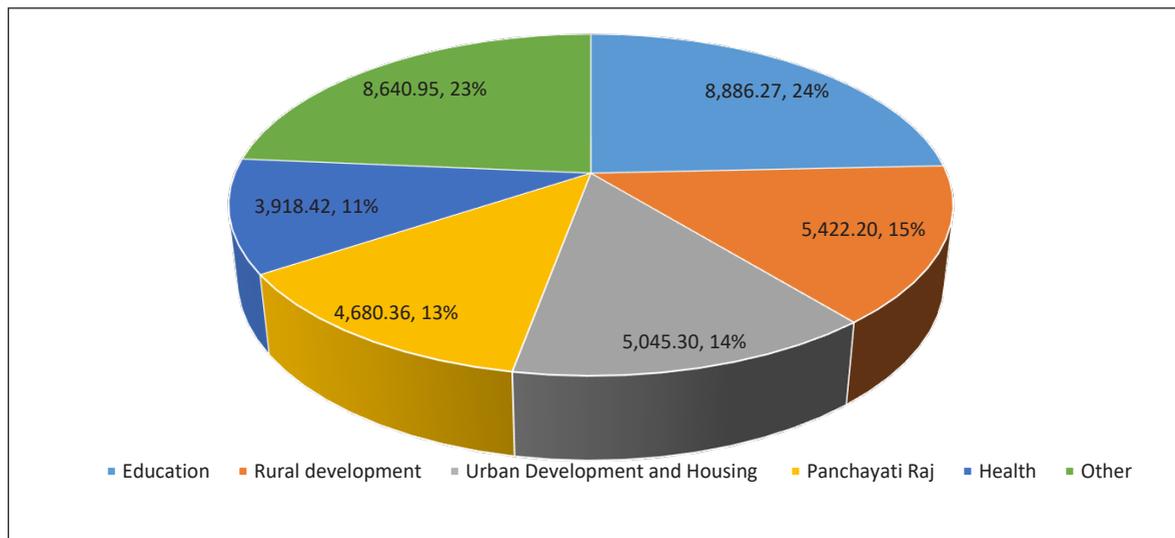
(* The year mentioned above relates to “due year” i.e., after 18 months of actual drawal)

(Source: Finance Accounts for the year 2017-18).

Out of the outstanding UCs, 77 per cent pertain to five departments as shown in **Chart 3.2**.

Chart 3.2: UCs outstanding (Department-wise)

(₹ in crore)



Though such instances of non-submission of UCs are feature in the reports of the C&AG regularly, there has been no improvement. In many cases, the same recipients continue to receive further grants from the same departments, even while the UCs for earlier grants are pending. High pendency of UCs is fraught with risk of misappropriation of fund and fraud.

Recommendation: The Finance Department should prescribe a time frame within which administrative departments collect pending utilisation certificates. The Finance Department should also ensure that till such time, administrative departments release no further grants to defaulting grantees.

3.7 Outstanding Detailed Contingent bills

Rule 177 of Bihar Treasury Code (BTC), 2011 provides that a certificate shall be furnished by the DDO to the effect that money withdrawn on the abstract contingent bill (AC) shall be spent within the same financial year and that the unspent amount shall be remitted to the Treasury before 31 March of that year. Further, as per Rule 194 of the BTC, 2011, countersigned DC bill along with vouchers in support of the final expenditure shall be submitted to the Accountant General (A&E) within six months following the month in which the abstract bill was drawn and no AC bill shall be encased after the end of this period of six months unless DC bill has been submitted. Delayed submission or prolonged submission of DC bills renders the expenditure under AC bills opaque.

Details of outstanding AC Bills awaiting adjustment as on 31 March 2018 is detailed in table 3.4.

Table 3.4: Details of drawal and adjustment of AC bills

(₹ in crore)

Year	AC bills drawn during the year		DC bills adjusted during the year		AC bills pending for adjustment	
	No. of bills	Amount	No. of bills	Amount	No. of bills	Amount
Upto 2015-16	1,01,334	42,987.91	88,645	40,639.43	12,689	2,348.48
2016-17	1,383	1,808.68	366	898.09	1,017	910.59
2017-18	1,540	2,906.91	32	3.3	1,508*	2,903.61
Total	1,04,257	47,703.5	89,043	41,540.82	15,214	6,162.68

* 522 AC Bills amounting to ₹ 884.31 crore out of 1,508 AC Bills will be due after 31 March 2018.

(Source: Finance Accounts for the year 2017-18)

It was observed that 1,540 AC bills of ₹ 2,906.91 crore were drawn during 2017-18 of which 491 Bills amounting to ₹ 867.31 crore (29.84 per cent of the total amount drawn against AC Bills during the year) were drawn in March 2018 alone, and of this 43 AC Bills amounting to ₹ 73.01 crore was drawn on last day of Financial year. 1508 detailed contingent bills amounting to ₹ 2,903.61 crore were not submitted before the close of the financial year 2017-18. Therefore, there is no assurance that the amount of ₹ 2,903.61

crore has actually been incurred during the financial year for the purpose for which it was sanctioned/authorized by the legislature. Advances drawn and not accounted for increased the possibility of wastage/misappropriation/malfeasance etc.

Recommendations: *The Finance Department should ensure that all controlling officers adjust AC bills pending beyond the prescribed period in a time bound manner, and also ensure that AC bills are not drawn merely to avoid lapse of budget. Disciplinary action may be initiated against officers/officials who draw funds on AC bills to avoid lapse of budget.*

3.8 Non-reconciliation of investments / loans / guarantees

As of March 2018, there is a difference of ₹ 645.26 crore between the figures of investment in various State Government PSUs reported in the Finance Accounts (₹ 31,284.55 crore) and the figures reported by the companies (₹ 30,639.29 crore).

Similarly, difference of ₹ 163.33 crore was noticed between the figures of loans shown in the Finance Accounts (₹ 5,258.01 crore) and those intimated by various State Government entities (₹ 5,094.68 crore).

Further, difference of ₹ 2,185.48 crore was also noticed between the figures of Guarantees (₹ 4,844.52 crore) shown in Finance Accounts and figures intimated by various State Government entities (₹ 7,030.00 crore).

All the differences noticed in figures of investments, loans and guarantees as detailed in **Appendix 3.7** are under reconciliation.

Recommendation: *The Finance Department and the concerned administrative departments should work closely with the Accountant General (A&E) to reconcile the differences in records and accounts relating to State Government investments, loans and guarantees extended to different State Government entities.*

3.9 Non-payment of interest on deposits

The State Government is required to pay interest on balances of deposits appearing under Major Head 8121- General and Other Reserve Funds -122- State Disaster Response Fund (₹ 696.39 crore) and 8342-Other deposits⁹ (₹ 88.61 crore) as on 31 March 2017. The Public Account relating to these Major Head had a total balance of ₹ 785 crore. However, no interest has been paid on this deposit as is evident from the fact that no expenditure has been booked under the head 2049 Interest on Deposits during 2017-18. The interest payable on these deposits was ₹ 64.54 crore for this period. Consequently, the Revenue surplus for 2017-18 was overstated by ₹ 64.54 crore as shown in Paragraph 3.14.

Recommendation: *The Finance Department should book interest in respect of all interest bearing deposits.*

⁹ 117- Defined Contribution Pension Scheme for Government Employees and 120-Miscellaneous Deposits.

3.10 Apportionment of balances on reorganisation of the State

Balances representing under Capital (MH 4059 to 5475), Loans and Advances (MH 6202 to 7615) and the balances under part-III Public Account (except deposits with Reserve Bank) amounting to ₹ 11,148.69 crore, remain to be apportioned between the successor States of Bihar and Jharkhand, almost two decades after the reorganisation of the composite State of Bihar with effect from 15 November 2000.

Further, it was decided (September 2005) to divide the assets and liabilities of the then existing 12 PSUs¹⁰. This exercise has, however, been completed only in respect of five PSUs¹¹ as of September 2018. Further, bifurcation of Bihar State Forest Development Corporation Limited and Bihar State Construction Corporation Limited is pending since 2012.

Recommendation: *The State Government should expedite the apportionment of balances of ₹ 11,148.69 crore between the two successor States Bihar and Jharkhand.*

3.11 Differences in Cash Balances

The Cash Balance as on 31 March 2018 as worked out by the Accountant General was ₹ 46.90 crore (Debit) while the Cash Balances with the Reserve Bank of India (RBI) was ₹ 92.16 crore (Credit). The difference of ₹ 45.26 crore (Credit) was mainly due to incorrect reporting of transactions and non-reconciliation by the Agency Banks and is under reconciliation.

3.12 Cash balances and investment of cash balances

Details of cash balance and investment of cash balances during 2017-18 are given in **table 3.5** below:

Table 3.5: Cash balances and investment of cash balances

(₹ in crore)

Sl. No.	Particulars	Opening balance as on 01 April 2017	Closing balance as on 31 March 2018
(a) General cash balances			
1	Cash in Treasuries	00.00	00.00
2	Deposits with Reserve Bank	114.90	46.90
3	Remittances in Transit-local	00.00	00.00
	Total	114.90	46.90

¹⁰ Bihar Rajya Beej Nigam Limited, Bihar State Mining Corporation Limited, Bihar State Credit & Investment Corporation, Limited, Bihar State Backward Classes Finance & Development Corporation, Bhagalpur Smart City Limited, North Bihar Power Distribution Company Limited, South Bihar Power Distribution Company Limited, Lakhisarai Bijli Company Private Limited, Bihar State Financial Corporation, Bihar State Warehousing Corporation, Bihar Hill Area Lift Irrigation Corporation Limited, Bihar State Mineral Development Corporation Ltd.

¹¹ Bihar Rajya Beej Nigam Limited, Bihar State Hydroelectric Power Corporation Limited, Bihar State Tourism Development Corporation Limited, Bihar State Warehousing Corporation and Bihar State Mineral Development Corporation Limited.

Sl. No.	Particulars	Opening balance as on 01 April 2017	Closing balance as on 31 March 2018
4	Investments held in Cash Balance Investment Account	13,001.71	17,395.63
	Total (a)	13,116.61	17,442.53
	(b) Other cash balances and investments		
1	Cash with Departmental Officers viz., Public Works Departmental officers and Forest Department officers,	185.60	185.73
2	Permanent advances for contingency expenditure with Department Officers	342.26	341.97
3	Investment of Earmarked Funds	3,417.73	4,111.33
	Total (b)	3,945.59	4,639.03
	Grand Total (a) + (b)	17,062.20	22,081.56

(Source: Finance Accounts of the year 2017-18)

Cash with departmental balances amounting to ₹ 185.73 crore consists of ₹ 161 crore in the shape of temporary advance/imprest and rest of the amount of ₹ 24.73 crore is part of legacy figures of United Bihar which has been carried by successor state of Bihar due to non-finalisation of Asset and liabilities between the states of Bihar and Jharkhand.

3.13 Unadjusted Temporary Advances and Imprest

As per Rule 177 of Bihar Treasury Code 2011, if money is drawn in advance, the unspent balance of the amount so drawn should be refunded to the treasury by short drawal in the next bill or with a challan at the earliest possible opportunity and in any case before the end of the financial year in which the amount is drawn. A certificate shall be furnished by the DDO to the effect that the money withdrawn on the contingent bill shall be spent with the same financial year and that the unspent amount shall be remitted to the treasury before 31st March of the year.

It was noticed that temporary advances drawn by the DDOs of work divisions of eight departments/organisations, amounting to ₹ 145.24 crore was pending for adjustment as on 31 March 2018 which is liable to be refunded to the treasury before the end of financial year. Further, an amount of ₹ 16.01 crore was also kept in these works divisions as imprest. Department/ Organisation-wise advances and imprest pending upto 31 March 2018 is given in **table 3.6**.

Table 3.6: Unadjusted temporary advance and imprest as on 31 March 2018*(₹ in crore)*

Sl. No.	Name of the Departments	Period of Advance	Temporary advance	Imprest	Total
1.	Building Construction	1998-2015	5.60	2.14	7.74
2.	Irrigation	1983-2015	26.49	0.40	26.89
3.	National Highways	Not available	0.78	0.16	0.94
4.	Public Health Engineering	Not available	8.42	0.38	8.80
5.	Road Construction	1999-2005	67.48	2.15	69.63
6.	Rural Works	2002-2016	6.13	7.19	13.32
7.	Local Area Engineering Organisation	2011-2016	28.05	3.38	31.43
8.	Minor Water Resources	1985-2014	2.29	0.21	2.50
	Total		145.24	16.01	161.25

(Source: Finance Accounts for the year 2017-18)

The DDOs of the concerned Departments stated that adjustment/recovery of the advances drawn is under process.

Recommendation: *The Finance Department and the concerned administrative departments should review all unadjusted temporary advances and unspent amounts, initiate action for their immediate adjustment, and take disciplinary action against officials/officers who have not adjusted/refunded the temporary advances and imprest within the stipulated time.*

3.14 Impact on Revenue surplus and Fiscal deficit

As per the Finance Accounts, the impact of incorrect accounting of expenditure and revenue resulting in overstatement of revenue surplus and understatement of fiscal deficit to the tune of ₹ 227.06 crore each is given in **table 3.7** below:

Table 3.7: Impact on Revenue Surplus and Fiscal Deficit*(₹ in crore)*

Sl. No.	Item	Impact on Revenue Surplus		Impact on Fiscal Deficit	
		Over statement	Under statement	Over statement	Under statement
1.	Reserve Funds bearing interest including State Disaster Response Funds	57.45	--	--	57.45
2.	Non payment of interest on deposits	7.09	--	--	7.09
3.	National Pension System (NPS)	128.28	--	--	128.28
4.	Accrued interest on NPS	34.24	--	--	34.24
	Total Net	Overstatement 227.06		Understatement 227.06	

(Source: Finance Accounts for the year 2017-18, GoB)

In view of the above, the Revenue surplus and Fiscal deficit of the State which was ₹ 14,823 crore and ₹ 14,305 crore would actually be ₹ 14,596 crore and ₹ 14,532 crore respectively. The overall impact on the performance of the State is discussed in Paragraph 1.1.2.

Patna
The 08 December 2019



(Dr. NILOTPAL GOSWAMI)
Pr. Accountant General (Audit), Bihar

COUNTERSIGNED

New Delhi
The 17 December 2019



(RAJIV MEHRISHI)
Comptroller and Auditor General of India