

Chapter 3

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 Delay in furnishing Utilisation Certificates

General Financial and Accounts Rules provide that for the grants provided for specific purposes, Utilisation Certificates (UCs) should be obtained by the departmental officers from the grantees and after verification, these should be forwarded to the Principal Accountant General (A&E) within 12 months from the date of their sanction unless specified otherwise. However, of 15,517 UCs due in respect of grants and loans aggregating to ₹ 2,923.44 crore paid during 1995-96 to 2009-10, 520 UCs (3.35 per cent) for an aggregate amount of ₹ 19.87 crore were in arrears. The department-wise break-up of outstanding UCs is given in *Appendix 3.1*. The age-wise position of delays in submission of UCs is summarised in the following table:

Table 3.1 Age-wise arrears of Utilisation Certificates

(₹ in crore)

| Range of Delay in Number of Years | Total grants paid | | Utilisation Certificates Outstanding as on 30 June 2011 | |
|-----------------------------------|-------------------|-----------------|---|--------------|
| | Number | Amount | Number | Amount |
| 0-1 | 107 | 07.00 | 76 | 6.08 |
| 1-3 | 523 | 78.37 | 243 | 11.35 |
| 3-5 | 1,474 | 85.74 | 101 | 0.77 |
| 5-7 | 1,424 | 84.50 | 65 | 1.28 |
| 7-9 | 1,919 | 117.04 | 20 | 0.19 |
| 9 and above | 10,070 | 2,550.79 | 15 | 0.20 |
| Total | 15,517 | 2,923.44 | 520 | 19.87 |

Source: Finance Accounts and vouchers compiled by PAG (A & E).

Pendency of UCs mainly pertained to Social Welfare Department (257 UCs: ₹ 5.43 crore), Science and Technology Department (253 UCs: ₹ 1.36 crore) and Family Welfare Department (three UCs: ₹ 12.36 crore).

3.2 Non-submission/delay in submission of accounts

Out of 189 accounts received during the year 2009-10, the accounts of 64 bodies/authorities attracted audit by CAG of India. Of these, accounts of 47 bodies/authorities were audited upto May 2011. The details of the pendency in receipt of accounts in respect of the bodies and authorities who receive grants

from various Government departments are given in *Appendix 3.2* and their age-wise pendency is as follows:

Table 3.2 Age-wise arrears of Annual Accounts due from Bodies/Authorities

| Delays in number of years | Number of the Bodies/Authorities | Grants received during preceding year (₹ in crore) |
|---------------------------|----------------------------------|--|
| 0-1 year | 59 | 130.55 |
| 1-3 years | 12 | 132.05 |
| 3-5 years | 28 | 101.85 |
| 5-10 Years | 20 | 15.60 |
| More than 10 years | 02 | 0.26 |
| Total | 121 | 380.31 |

Source: Information received from the Departments

It would be seen that delay in submission of the accounts of 48 (40 per cent) Bodies/authorities ranged between three and ten years.

In order to identify the institutions which attract audit under Section 14 of the Comptroller and Auditor General's (Duties, Power and Conditions of Service) Act, 1971, the Government/Heads of the Department are required to furnish to Audit every year detailed information about the financial assistance given to various institutions, the purpose of assistance granted and the total expenditure of the institutions. It was, however, observed that list of bodies/authorities receiving grant and loan during the year 2009-10 has not been received from the sanctioning authorities except Commissioner, Higher Education, Rajasthan, Jaipur. As of March 2011, 330 annual accounts in respect of 121 autonomous bodies/authorities due upto 2009-10 had not been received by the Principal Accountant General (Civil Audit), Rajasthan.

3.3 Delay in submission of Accounts/Audit Reports of Autonomous Bodies

Three¹ autonomous bodies have been set up by the State Government in the field of legal aid, human rights and development of *khadi* respectively. These bodies are audited by the CAG. The audit of accounts of Rajasthan Khadi and Village Industries Board (RKVIB) in the State has been entrusted to the Comptroller and Auditor General of India under Section 20(i) of the Act while the audit of other two bodies have been entrusted to the CAG as per provision in their Acts. The status of entrustment of audit, rendering of accounts to Audit, issuance of Separate Audit Report and its placement in the legislature are indicated in *Appendix 3.3*. The accounts of Rajasthan State Human Rights Commission and Rajasthan State Legal Services Authority have not been received for the years 2007-08 to 2010-11 and 2009-10 to 2010-11 respectively.

3.4 Departmentally managed commercial undertakings

The departmental undertakings of certain Government departments performing activities of quasi commercial nature are required to prepare *pro*

¹ Rajasthan State Legal Services Authority, Jaipur; Rajasthan State Human Right Commission, Jaipur and Rajasthan *Khadi* and Village Industries Board, Jaipur.

forma accounts in the prescribed format annually showing the working results of financial operations so that the Government can assess their working. The finalised accounts of departmentally managed commercial and quasi-commercial undertakings reflect their overall financial health and efficiency in conducting their business. In absence of timely finalisation of accounts, the investment of the Government remains outside the scrutiny of the Audit/State Legislature. Consequently, corrective measures, if any required, for ensuring accountability and improving efficiency cannot be taken in time. Besides, the delay in all likelihood may also expose the system to risk of fraud and leakage of public money.

The Heads of Department in the Government are to ensure that the undertakings prepare such accounts and submit the same to Accountant General for audit within a specified time frame. As of 2010-11, all the 12 such undertakings have prepared the accounts up to 2009-10. The department-wise position as on 31 May 2011 of preparation of *pro forma* accounts and investment made by the Government are given in *Appendix 3.4*.

3.5 Misappropriations, losses, defalcations etc.

Rule 20 of General Financial and Accounts Rules Part-I provides that any loss of public money, departmental revenue or receipts, stamps, stores or other property held by or on behalf of Government caused by misappropriation, fraudulent drawal/payment or otherwise discovered in a treasury, any other office/department shall be reported immediately by the officer concerned to the next higher authority as well as to the Principal Accountant General.

State Government reported 991 cases of various Departments regarding misappropriation (343) and the theft/loss (648) of the Government money amounting to ₹ 42.25 crore upto 31 March 2011 on which final action was pending at the end of June 2011. The department-wise break up of pending cases and age-wise analysis is given in *Appendix 3.5* and nature of these cases is given in *Appendix 3.6*. The age-profile of pending cases and the number of cases pending in each category theft/loss and misappropriation as emerged from these appendices are summarised in the **Table 3.4**:

Table 3.4: Profile of Misappropriation, losses, defalcations etc.

| Age profile of the pending cases | | | Nature of the pending cases | | |
|----------------------------------|-----------------|-----------------------------|---|-----------------|-----------------------------|
| Range in years | Number of cases | Amount involved (₹ in lakh) | Nature of the cases | Number of cases | Amount involved (₹ in lakh) |
| 0-5 | 301 | 2,036.00 | Theft/loss of material | 648 | 865.63 |
| 5-10 | 239 | 788.20 | Misappropriation/Embezzlement | 343 | 3,359.88 |
| 10-15 | 182 | 813.82 | | | |
| 15-20 | 141 | 293.00 | | | |
| 20-25 | 82 | 216.44 | | | |
| 25 and above | 46 | 78.05 | Cases of losses written off during the year | 86 | 125.40 |
| Total | 991 | 4,225.51 | Total pending cases | 991 | 4,225.51 |

Source: Information received from the Departments

Further analysis indicates that the reasons for outstanding cases could be classified in the categories listed in the following table:

Table 3.5: Reasons for outstanding cases of Misappropriations, losses, defalcations etc.

| Reasons for the Delay/ Outstanding Pending Cases | Number of cases | Amount (₹ in lakh) |
|--|-----------------|--------------------|
| Departmental action initiated but not finalised | 186 | 862.13 |
| Awaiting orders for recovery/ write off | 701 | 2,821.17 |
| Pending in the courts of law | 104 | 542.21 |
| Total | 991 | 4,225.51 |

Source: Information received from the Departments

3.6 Irregularities in submission of Detailed Countersigned Contingent Bills against Abstract Contingent Bills

- *Pendency in submission of Detailed Countersigned Contingent Bills against Abstract Contingent Bills*

As per rule 219 of General Financial and Accounts Rules (GF&ARs), every drawing officer has to certify in each Abstract Contingent (AC) bill that the detailed bills for all contingent charges drawn by him prior to the first of the current month have been forwarded to the respective controlling officers for countersignature and transmission to the Principal Accountant General (A&E). Out of ₹ 3,106.65 crore drawn on AC bills up to 31 March 2011, total amount of Detailed Countersigned Contingent (DCC) bills received up to 31 August 2011 was ₹ 3,002.10 crore resulting in an outstanding balance of ₹ 104.55 crore. Year wise details are given in **Table 3.6**.

Table 3.6: Pendency in submission of Detailed Countersigned Contingent Bills against Abstract Contingent Bills

(₹ in crore)

| Year | AC bills | | DCC bills | | DCC bills as percentage of AC bills | Outstanding AC bills | |
|--------------|---------------|-----------------|---------------|-----------------|-------------------------------------|----------------------|---------------|
| | Number | Amount | Number | Amount | | Number | Amount |
| Upto 2005-06 | 15,288 | 987.42 | 15,204 | 985.37 | 99.8 | 84 | 2.05 |
| 2006-07 | 6,068 | 456.78 | 6,062 | 455.63 | 99.7 | 6 | 1.15 |
| 2007-08 | 3,679 | 236.62 | 3,664 | 230.51 | 97.4 | 15 | 6.11 |
| 2008-09 | 3,102 | 297.18 | 3,074 | 295.11 | 99.3 | 28 | 2.07 |
| 2009-10 | 3,669 | 708.79 | 3,608 | 691.79 | 97.6 | 61 | 17.00 |
| 2010-11 | 2,460 | 419.86 | 2,123 | 343.69 | 81.9 | 337 | 76.17 |
| Total | 34,266 | 3,106.65 | 33,735 | 3,002.10 | 96.6 | 531 | 104.55 |

Source: Finance Accounts

The outstanding AC bills were in General Administration (₹ 12.34 crore), Revenue (₹ 11.54 crore) and Relief (₹ 58.83 crore) Departments. Delay in submission of DCC bills is fraught with the risk of serious financial indiscipline/ misappropriation. The department-wise pendency of DCC bills for the period up to August 2011 is detailed in **Appendix 3.7**. During 2010-11, utilisation of ₹ 76.17 crore was not verifiable in the absence of detailed bills, though the amount was shown as expended in the State accounts. Due to long pendency in adjusting the bills, possibility of misuse of Government funds and misappropriation thereof could not be eliminated.

- *Without assessing the requirement ₹ 29.82 crore was drawn and deposited back in Treasuries.*

Rule 8 (ii) of General Financial & Accounts Rules prescribes that funds shall be withdrawn only if required for immediate payment.

Scrutiny of records of Collectors of Relief and Deputy Register (Land Record), Revenue Board, Ajmer revealed that of ₹ 79.16 crore drawn on AC bills, ₹ 29.82 crore were not utilised and refunded after a delay of one to 15 months. Thus, funds were drawn on AC bills without assessing the actual requirement as given in **Table 3.7**:

Table 3.7: Drawal of Abstract Contingent Bills without actual requirement

(₹ in lakh)

| S. No. | Name of Office | Month of A.C. Bill | Amount | Date of refund | Amount | Delay in submission of DCC Bills/ depositing amount in treasury |
|--------|------------------------------------|-----------------------------|----------------------------|----------------------------------|---------------------------|---|
| 1 | Deputy Registrar Land Record Ajmer | March 2007 | 40.50 | 11-07-08 | 40.50 | 15 |
| 2 | Collector Relief, Ajmer | March 2009 | 49.50 | 6-04-09 14-05-09 | 33.00 3.75 | 2 |
| | ---do-- | March 2009 February 2009 | 27.00 1.10 | 21-04-09 | 13.23 | 1 |
| | ---do-- | March 2009 | 58.80 | 12-08-09 01-07-09 | 49.28 0.01 | 4 |
| 3 | Collector Relief, Bundi | February 2010 | 1,600.00 | 29-03-10 & 25.09.10 | 660.00 3.47 | 1 7 |
| 4 | Collector Relief, Alwar | February 2010 | 4,260.00 | 31-03-10 21-04-10 | 1,200.00 73.95 | 1 2 |
| 5 | Collector Relief, Sriganaganagar | April 2008 -do- -do- | 850.00 700.00 170.00 | 28-08-08 07-08-08 29-09-08 | 205.46 43.37 300.67 | 4 4 5 |
| 6 | Collector Relief, Jodhpur | February 2009 March 2009 | 112.00 46.72 | 25-06-09 | 355.36 | 5 3 |
| | Total | | 7,915.62 | | 2,982.05 | |

Source: Inspection Reports of Concerned Departments

3.7 Personal Deposit Accounts

The State Government is authorised to open a Personal Deposit (PD) Accounts in order to deposit money by transferring funds from the Consolidated Fund for discharging liabilities of the Government arising out of special enactments. Transfer of funds to PD Accounts is booked as expenditure in the Consolidated Fund (Service Major Heads) of the State. During 2010-11, ₹ 7,614.67 crore have been transferred to PD Account, of which ₹ 1,749.36 crore (23 per cent) was transferred in March 2011 alone. As of 31 March 2011, there was unspent balance of ₹ 2,083.53 crore in 1,697 PD Accounts. Of these, 32 PD Accounts involving ₹ 5.27 crore remained inoperative for the last five years (2006-11) which did not yield any interest, out of which mainly two PD Accounts pertain to Project Director, DRDA, Churu and Rajasthan State Beverages Corporation Limited, Jaipur involving an amount of ₹ 3.84 crore and ₹ one crore respectively. DDO-wise details of inoperative PD Accounts are given in *Appendix 3.8*.

The details of unspent balances in the accounts of the administrators which also include receipts from other sources other than the Consolidated Fund of State was not readily ascertainable.

3.8 Booking under Minor Head 800–“Other Expenditure” and “Other Receipts”

One crucial component of a transparent system of accounting is that the forms of account in which the receipts and expenditure of the Government are reported to the legislature, are constantly reviewed and updated so that they truly reflect receipt and expenditure on all major activities of the Government in a transparent manner for meeting the basic information needs of all the important stakeholders.

Scrutiny of State Government Finance Accounts 2010-11 disclosed that ₹ 5,762.83 crore under 51 Major Head of accounts (representing function of the Government) was classified under the Minor Head ‘800- Other expenditure’ in the accounts constituting more than 11.50 *per cent* of the total expenditure (Revenue and Capital) recorded under respective Major Heads. The major schemes such as “Grants-in-aid/subsidies given to various Power Companies: ₹ 2,068.12 crore, Interest on Major/Medium Irrigation projects: ₹ 921.95 crore, National Agriculture Development Project: ₹ 479.84 crore, Crop Compensation: ₹ 357.69 crore, Road Upgradation project under Capital Outlay on Roads and Bridges: ₹ 346.54 crore, Agriculture input grant except for small and marginal farmers under Relief on account of Natural Calamities: ₹ 197.82 crore, National Rural Health Mission: ₹ 146.50 crore and Integrated House, slum Development Plan Under Capital outlay on Urban Development: ₹ 115.09 crore, Rajasthan Investment Promotion Policy: ₹ 71.93 crore” etc. are not depicted distinctly in the Finance Accounts but are rolled up under the Minor Head 800 “Other expenditure”, though the details of these expenditure are depicted at the sub-head (Scheme) level or below in the Detailed Demands for Grants and corresponding headwise Appropriation Accounts forming part of the State Government accounts.

Similarly, ₹ 1,829.73 crore under 42 Major Heads of accounts (representing functions of the Government) were classified under the Minor Head ‘800-Other Receipts’ in the accounts constituting about 3.98 *per cent* of the total receipts recorded under the respective Major Heads.

Large amounts booked under the Minor head ‘800’ affects the transparency in financial reporting. This shows that the existing structure of the Government Accounts does not truly reflect the current activities of the Government in these Ministries/Departments.

3.9 Book Adjustment

Certain transactions are in the nature of periodical adjustments and book adjustments and do not represent actual cash transaction, as mentioned below:

- (i) Creation of Funds/ adjustment of contribution to Funds in Public Account by debit to Consolidated Fund e.g. State Disaster Response Fund, Reserve Funds etc.

- (ii) Crediting of deposit heads of accounts in Public Account by debit to Consolidated Fund.
- (iii) Annual adjustment of interest on General Provident Fund and State Government Group Insurance Scheme where interest on General Provident Fund of State Government is adjusted by debiting 2049-Interest Payments and crediting 8009-State Provident Funds.

During 2010-11, there were 37 items² of Book adjustment involving ₹ 5,090.32 crore, which were transferred from Consolidated Fund to Public Account and vice versa. The Book adjustment were mainly under Interest on balance of State Provident Fund: ₹ 1,027.14 crore, Interest on capital expenditure on Irrigation Projects: ₹ 921.95 crore, Expenditure on drought and flood etc met from Calamity Relief Fund: ₹ 804.03 crore and Interest on balance of Life Insurance Fund: ₹ 454.87 crore. Actual utilisation of the amounts for the intended purposes could not be verified in audit.

3.10 Extra expenditure on payment of interest

The State Government has been raising loans for the purpose of development, repayment of old loans and payment of interest thereon taken from Government of India, Financial Institutions and from the Public. A total of ₹ 24,022.76 crore was raised from the public at an average rate of interest of 8.20 per cent during 2007-11. The entire loan amount could not be utilised in any of the years. The State Government invested the unutilised amount in 14 days Treasury Bills and in 91, 181 and 364 days auctioned Treasury Bills. The State Government earned ₹ 698.42 crore as interest from investment in Treasury Bills during 2007-11 whereas paid ₹ 998.25 crore as interest on the amounts which were invested in these Treasury Bills by raising loans from the public. Thus, the Government incurred ₹ 299.83 crore extra expenditure on payment of interest of unutilised market loans as detailed in **Table 3.8**:

Table 3.8: Extra expenditure on payment of interest

(₹ in crore)

| Year | Market Loan | Repayment of Market Loan | Interest on current Market loan upto 2011 | Average monthly investment in Treasury Bills | Interest payment on amount invested in Treasury Bills | Interest earned on Treasury Bills | Extra expenditure on interest payment |
|--------------|------------------|--------------------------|---|--|---|-----------------------------------|---------------------------------------|
| 2007-08 | 3,986.96 | 753.90 | 610.48 | 3,143.41 | 257.76 | 177.24 | 80.52 |
| 2008-09 | 6,355.80 | 1,160.16 | 735.91 | 3,688.09 | 303.53 | 209.91 | 93.62 |
| 2009-10 | 7,500.00 | 1,388.59 | 1,184.44 | 2,654.58 | 214.49 | 130.83 | 83.66 |
| 2010-11 | 6,180.00 | 1,342.79 | 450.60 | 2,683.62 | 222.47 | 180.44 | 42.03 |
| Total | 24,022.76 | 4,645.44 | 2,981.43 | 12,169.70 | 998.25 | 698.42 | 299.83 |

Source: Finance Accounts

² Details of the items are given in the Finance Accounts (Volume-I) Government of Rajasthan-2010-11

3.11 Reconciliation of Receipt and Expenditure

As per the provisions of financial code, all controlling officers are required to reconcile the receipt and expenditure figures of the State Government with the figures accounted for by the Principal Accountant General (Accounts and Entitlements). *During 2010-11, 100 per cent reconciliation of the total expenditure of ₹ 53,703.32 crore (net) has been done by all 373 controlling officers.*

Similarly, out of 131 controlling officers, 121 have reconciled State Government receipts to the extent of ₹ 44,285.60 crore (96.4 per cent) against the total receipts (including Miscellaneous Capital Receipt) of ₹ 45,941.62 crore.

3.12 Outstanding balance under major Suspense accounts

According to list of major and minor heads of accounts, certain intermediary/adjusting heads of accounts known as “Suspense heads” are operated in Government accounts to reflect transaction of receipts 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. These heads of accounts are finally cleared by minus debit or minus credit when the amount under them is booked to their respective final heads of accounts. If these amounts remain uncleared, the balances under the suspense heads would accumulate and would not reflect Government’s receipts and expenditure accurately.

The ledger of suspense balances is to be maintained by Pay and Accounts Office (PAOs) sub/detailed head-wise, as may be necessary.

The aggregate net balance under the Major Heads “8658-Suspense Accounts” in the Finance Accounts of the Government of Rajasthan was ₹ 4.30 crore (Dr) as on 31 March 2011. The Finance Accounts reflect the net balances under Suspense accounts and, therefore, the real magnitude of outstanding under these heads does not get reported in the annual accounts of the Government presented to the State Legislature. The correct balances under these heads can be worked out only by aggregating the debit and credit balances separately under various Suspense Heads, Netting of debit/credit balances leads to significant understatement of Suspense balances in the Finance Accounts. This understatement takes place both at the minor head as well as major head level. The position of suspense balances under 8658-major suspense account for the last three years are given in *Appendix 3.9*.

The aggregate net balance of Suspense Accounts was reduced by ₹ 51.57 crore (Cr), leaving a balance of ₹ 4.30 crore (Dr) in 2010-11 from ₹ 47.27 crore (Cr) in 2008-09. The reduction was mainly under Tax Deducted at Source (TDS) Suspense (₹ 29.43 crore (Cr)) sub-head. It would be seen that net debit balances under Suspense Account, Pay and Accounts Office- Suspense has increased in 2010-11 over the previous year. Similarly, net credit balances under All India Service Officers’ Group Insurance Scheme have also increased in 2009-10 over the previous year.

3.12.1 Pay and Accounts Office– Suspense

This minor head is operated for the settlement of inter-departmental and inter-governmental transactions arising in the books of PAOs under the Union Government, PAOs of the Union Territories and the Accountants General. Transactions under this minor head represent either recoveries effected or payments made by an Accounts Officer on behalf of another Accounts Officer against whom the minor head “PAO Suspense” has been operated. Credit under the head is cleared by ‘minus credit’ when cheque is issued by the Accounts Officer in whose books initial recovery was accounted for. Debit under ‘PAO Suspense’ is cleared by ‘minus debit’ on receipt and realisation of cheque from the Accounts Officer on whose behalf payment was made. Outstanding debit balance under this head would mean that payments have been made by the PAO on behalf of other PAO, which are yet to be recovered. Outstanding credit balance would mean that payments have been received by the PAO on behalf of other PAO, which are yet to be paid.

In March 2011, the outstanding debit balance under this head was ₹ 29.31 crore and the credit balance was ₹ 1.65 crore. The outstanding balances were mainly in respect of PAO (National Highways) Ministry of Road, Transport and Highway, Jaipur: ₹ 28.40 crore (Dr) and ₹ 1.21 crore (Cr), PAO (ERIS and Banking) Department of Economic Affairs, Ministry of Finance, New Delhi: ₹ 0.47 crore (Dr), PAO Electoral Office Ministry of Law and Justice, New Delhi: ₹ 0.27 crore (Cr) and PAO (Legal Affairs) Ministry of Law and Justice and Supreme Court of India, New Delhi: ₹ 0.37 crore (Dr) and ₹ 0.13 crore (Cr), indicating the payments made (Dr) or received (Cr) by these departments/ministries on behalf of other PAOs which were yet to be recovered/paid by them as on 31 March 2011. The debit and credit balance under PAO suspense and their continuous accumulation indicated significant control deficiencies.

As per Finance Account 2010-11, ₹ 0.47 crore (Dr) pertaining to Central Government securities and interest thereon were pending since 1999-2000 with PAO (ERIS and Banking) Department of Economic Affairs, Ministry of Finance, New Delhi. Debit amount ₹ 0.37 crore pertaining to provident fund is pending from 1997-98 with PAO (Legal Affairs), Ministry of Law and Justice and Supreme Court of India, New Delhi.

3.12.2 Suspense Account (Civil)

This transitory minor head is operated for accounting of the transaction, which for want of certain information/documents viz., vouchers, challans etc., cannot be taken to the final head of expenditure or receipt. This minor head is credited for recording receipts and debited for expenditure incurred. On receipt of the requisite information/documents etc., the minor head is cleared by ‘minus’ debit or ‘minus’ credit by contra debit or credit to the concerned major/sub-major/minor heads of accounts. Outstanding debit balance under this head would mean payments made which could not be debited to final expenditure head for want of details like vouchers etc. Outstanding credit balance would mean accounts received which could not be credited to the final receipt head for want of details.

The Outstanding balance under this minor head as on 31 March 2011 was ₹ 3.97 crore (Dr) and ₹ 5.44 crore (Cr) indicating that receipts and expenditure of ₹ 9.41 crore, which were required to be handled individually for settlement, had not been booked to their final heads of accounts. The Major balances outstanding under Accounts of Defence pertained to CDA (Pension) Allahabad: ₹ 2.90 crore (Dr), CDA (SC) Pune: ₹ 0.34 crore (Dr), House Building Advance Suspense under Director, Postal Accounts, Kolkata: ₹ 0.70 crore (Dr) and unclassified suspense: ₹ 5.44 crore (Cr).

As per Finance Account, Accounts with Defence, balance of ₹ 3.24 crore (Dr) and ₹ 0.02 crore (Cr) were outstanding for the period from 1977-78 to 2010-11 and balance of ₹ 0.70 crore (Dr) outstanding for House Building Advance Suspense with Postal Accounts, Kolkata from 1996-97.

3.12.3 Material Purchase Settlement Suspense Account

The cost of stores received either by purchase or through inter-divisional transfers, shall be accounted for initially under this suspense head in all cases where the payment had not been made in the same month of receipt of stores. This head shall be cleared by a contra entry (minus credit) on making payment to the supplier/Division supplying stores. Unclaimed balances for more than three complete account years under this minor head shall be cleared by credit to revenue.

The Outstanding balance was '*minus*' ₹ 1.15 crore (Cr) as on 31 March 2011 under this minor head which was pending prior to 1994 for want of adjustment of Store Purchase in Accounts. The uncleared '*minus*' credit balance under this minor head indicates lack of significant control of the Government.

3.13 Non-revision of General Financial and Accounts Rules

The General Financial and Accounts Rules (GF&ARs) were last published in 1993. After a lapse of 18 years, the State Government has entrusted the work of revision of GF&ARs to a Private Limited Company to update the State GF&ARs considering the provisions of revised General Financial Rules of Government of India.

3.14 Conclusion and Recommendations

Eight departmental officers did not submit Utilisation Certificates in respect of the grants (₹ 19.87 crore) given for specific purposes to the Principal Accountant General (A&E), Rajasthan till June 2011. In the absence of the certificates it could not be ascertained whether the recipients had utilised the grants for the intended purposes. Annual Accounts (330 numbers) in respect of 121 autonomous bodies/authorities due upto 2009-10 had not been received by the Principal Accountant General (Civil Audit) as of 31 March 2011. As such the institutions which attract audit by CAG could not be identified.

Out of 991 outstanding cases of misappropriation, theft and losses of Government money amounting to ₹ 42.25 crore during last more than 25 years, departmental proceedings and criminal investigation were not initiated in 186 cases involving ₹ 8.62 crore, indicating lack of initiative on the part of the Government to fix accountability.

The Controlling Officers did not submit (August 2011) the Detailed Contingent Bills in respect of ₹ 104.55 crore drawn on Abstract Contingent Bills upto 31 March 2011. An unspent balance of ₹ 2,083.53 crore was lying in 1,697 PD Accounts at the end of 2010-11. Significant amounts of expenditure and receipts under Central and State schemes, booked under the Minor head '800-Other expenditure' and '800-Other receipts' were not distinctly depicted in the State Finance Accounts of 2010-11, affecting the transparency in financial reporting. *The Controlling Officers reconciled the Government expenditure and receipts with the Principal Accountant General (A&E) to the extent of 100 per cent and 96 per cent respectively.*

Recommendations

- The Departments should ensure timely submission of utilisation certificates in respect of the grants released for specific purposes and the annual accounts in respect of the autonomous bodies.
- Departmental enquiries in all fraud and misappropriation cases should be expedited to bring the defaulters to book. The internal controls in all the organisations should be strengthened to prevent recurrence of such cases.
- A rigorous monitoring mechanism should be put in place in the Departments to adjust the advances drawn in Abstract Contingent bills within the stipulated period, as required under the extant rules.
- In order to ensure greater transparency in financial reporting, large amounts received or expended under various schemes should be depicted in Accounts distinctly, instead of clubbing the same under the Minor head '800-Other expenditure' and '800-Other receipts'.



JAIPUR

(SUMAN SAXENA)

Principal Accountant General (Civil Audit), Rajasthan

Countersigned



NEW DELHI

(VINOD RAI)

Comptroller and Auditor General of India