

# **CHAPTER 3**

## **Financial Reporting**

## 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

Subsidiary Rule 330A under the West Bengal Treasury Rules (WBTR) stipulates that for the grants provided for specific purposes, Utilisation Certificates (UCs) should be obtained by the departmental officers from the grantees within one year from the date of release of grant, unless specified otherwise, and after verification, these should be forwarded to the Principal Accountant General (A&E). The year-wise position of outstanding UCs is shown in **Table 3.1**.

**Table 3.1: Age-wise arrears of Utilisation Certificates (₹ in crore)**

	Grants pertaining to the year	Number of UCs awaited	Amount involved
1	Up to 2012-13	182529	48235
2	2013-14	6762	5003
3	2014-15 <sup>1</sup>	5033	8672
	<b>Total</b>	<b>194324</b>	<b>61910</b>

Source: Finance Accounts 2014-15

Out of 194324 UCs involving ₹ 61910 crore mentioned above, 182529 UCs against grants of ₹ 48235 crore remained outstanding for more than two years as of March 2015.

Such huge pendency in submission of UCs indicates lack of monitoring on utilisation of grants released to the grantees by the departments, which may result in misutilisation of the grants.

#### ***Utilisation Certificates under West Bengal Panchayat Act***

Rules framed under the West Bengal Panchayat Act, 1973 stipulated that UCs should be furnished by the grantee to the authority sanctioning the funds within six months from the date of receipt of grant or before applying for further grant for the same purpose, whichever is earlier. Test check by Audit revealed that 30 Panchayati Raj Institutions<sup>2</sup> (PRIs) sub-allotted grants amounting to ₹ 213 crore during 2010-14 to their lower tiers, schools, Self Help Groups and other Government departments. Against the same, the grantees failed to submit UCs amounting to ₹ 138 crore (65 per cent) as of March 2015 as detailed in

<sup>1</sup> Only the cases where due dates for submission of UCs have been over

<sup>2</sup> Nine Zilla Parishads (ZPs) and 21 Panchayat Samitis (PSs)

**Appendix 3.1.** In the absence of the UCs, proper utilization of the grants was not ensured.

### **Utilisation Certificates for 13<sup>th</sup> FC Grants**

Against a cumulative release for Non-state specific grants of ₹ 8360 crore by GoI upto 2014-15 under the recommendation of the 13<sup>th</sup> FC, Finance (Budget) Department collected UCs for ₹ 6884 crore (82 *per cent*) from various departments of GoWB as of September 2015 and sent to GoI. Similarly, in case of State-Specific grants of ₹ 1160 crore released upto 2014-15, UCs for ₹ 1044 crore (90 *per cent*) were received and forwarded to GoI as of September 2015.

### **3.2 Non-submission/delay in submission of accounts by ULBs/PRIs**

In order to identify the institutions which attract audit under Sections 14 and 15 of the Comptroller and Auditor General's (Duties, Powers 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. The audit of these institutions is conducted by the Examiner of Local Accounts (ELA) West Bengal, under the Principal Accountant General (General and Social Sector Audit) West Bengal, who has been appointed as the statutory Auditor of Local Bodies.

As of September 2015, 753 annual accounts of 147 autonomous bodies/ authorities due up to 2014-15, had not been received by the ELA, West Bengal. The details of these accounts are given in **Appendix 3.2** and their age-wise pendency is presented in **Table 3.2**.

**Table 3.2: Age-wise arrears of Annual Accounts due from Government Bodies**

Delay in Number of Years	No. of the Bodies/ Authorities
0 to 1	14
Above 1 to 3	31
Above 3 to 5	24
Above 5 to 7	59
Above 7 to 9	19
<b>Total</b>	<b>147</b>

*Source: Records of the Institutions*

Due to delay in preparation of accounts, utilization of funds for intended purposes could not be verified. As these institutions were mostly run on Government grants, it was the responsibility of the Government to see that these bodies prepare accounts on time. The deficiency was regularly pointed out in the Audit Reports of the preceding years but to no avail.

Audit scrutiny of the accounts of 72 local bodies (excluding PRIs) conducted during 2014-15 revealed that grants aggregating ₹ 433 crore, meant for development and miscellaneous purposes were lying unspent as of March 2013/2014 (*i.e.*

month upto which accounts have been prepared) with 58 ULBs, seven universities, one District Primary School Council (DPSC), two local library authorities, three Fish Farmers' Development Agency and Kolkata Metropolitan Water & Sanitation Authority (KMW & SA) as detailed in *Appendix 3.3*. The concerned bodies did not furnish any reason for non-utilisation and non-refund of unspent Government grants.

It was revealed that out of total available grants of ₹ 3654 crore for the year 2013-14, ₹ 1368 crore (37 per cent) remained unutilized with 12 ZPs and 60 Panchayat Samities as of March 2014 (*vide Appendix 3.4*). Similarly, in 1521 GPs, ₹ 289 crore (10 per cent) remained unspent out of total available grants of ₹ 2928 crore as of March 2014.

### 3.3 Delays in Submission of Accounts/Audit Reports of Autonomous Bodies

Several autonomous bodies have been set up by the State Government in various fields namely, area development, animal resources, human rights, legal services, housing, etc. A large number of these bodies are audited by the C&AG under Sections 19 and 20 (1) of the C&AG's DPC Act 1971, with regard to the verification of their transactions, operational activities and accounts, conducting regulatory compliance audit of all transactions, review of internal management and financial control, review of systems and procedures, etc. The status of entrustment of audit, rendering of accounts to Audit, issuance of Separate Audit Report (SAR) and its placement in the Legislature in respect of 32 bodies, on which SARs are to be placed before the Legislature are indicated in *Appendix 3.5*. Delays in submission of accounts to Audit and placement of Separate Audit Reports in the Legislature after the entrustment of Audit to C&AG by the Autonomous Bodies are summarised in **Table 3.3**.

**Table 3.3: Delays in Submission of Accounts and tabling of Separate Audit Reports**

Delays in submission of Accounts (In months)	Number of Autonomous Bodies	Delays in submission of SARs in Legislature (in years)	Number of Autonomous Bodies
0 – 1	19	0 - 1	2
1 – 6	-	1 - 2	4
6 – 12	8	2 - 3	4
12 – 18	-	3 - 4	5
18 – 24	3	4 - 5	2
24 & above	14	5 & above	4
<b>Total</b>	<b>44</b>		<b>21</b>

Source: Records of the autonomous bodies

Out of 50 autonomous bodies, only one (District Legal Services Authority, Hooghly), (*vide Appendix 3.5 and 3.6*) had submitted accounts for the year 2014-15, while only 19 have submitted accounts up to 2013-14. Moreover, eight District Legal Services Authorities did not submit accounts since inception in

1998-99. The State Government also failed to lay the Reports in respect of 21 Bodies/ Authorities before the State Legislature as detailed in *Appendix 3.5*.

### **3.4 Departmental Commercial Undertakings**

The departmental undertakings of certain Government departments performing activities of quasi-commercial nature are required to prepare *pro forma* accounts in the prescribed format annually showing the working results of financial operations, so that the Government can assess the efficiency and economy of 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 the absence of timely accounts, the investment of the Government remains outside the scrutiny of Audit/State Legislature. Consequently, corrective measures, if any required, for ensuring accountability and improving efficiency cannot be taken in time. Besides, the delay may also render the system susceptible to risk of fraud and leakage of public money.

The Heads of departments 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 June 2015, out of 19 such undertakings; five<sup>3</sup> had not prepared their accounts since their inception between 1951 and 1983, one<sup>4</sup> had finalized their accounts upto 2013-14 while the accounts of remaining 13 units were in arrears ranging from one to 23 years. Failure of the Heads of Departments and the management of undertakings in timely preparation of *pro forma* accounts had been repeatedly commented upon in the previous Audit Reports of the State. Principal Accountant General had also been periodically reminding the Principal Secretary (Finance) and the Secretaries of the concerned departments in this matter.

The department-wise position of arrears in preparation of *pro forma* accounts and investment made by the Government therein are given in *Appendix 3.7*. As per the latest accounts received from 14 undertakings, ₹ 2830 crore was invested by the State Government in these units. Eleven undertakings had incurred continuous losses aggregating to ₹ 2267 crore while the remaining three, viz., Central Engineering Organisation, Howrah, Kanchrapara Area Development Authority and Public Distribution System of Food Grains<sup>5</sup> reflected accumulated profit of ₹ 841 crore.

### **3.5 Misappropriations, losses, defalcations, etc.**

As per Rule 39 of the WBFR, any loss of public money, departmental revenue of receipts, stores or other property, caused by defalcation or otherwise, should

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<sup>3</sup> 1. Silk Reeling Scheme; 2. Government Sales Emporia in Kolkata & Howrah; 3. Central Lock Factory, Howrah; 4. Training cum Production Centre, Mechanical Toys, Hooghly and 5. Industrial Estate, Maniktala, Kolkata

<sup>4</sup> Public Distribution System of Food grains

<sup>5</sup> Subsidy received from Govt. was shown as profit in its account

be immediately reported to the Accountant General. On the other hand, if the irregularity is detected by Audit in the first instance, the Accountant General will report it immediately to the administrative authority concerned.

As of March 2015, there were 676 cases<sup>6</sup> of misappropriation, defalcation, etc. involving Government money amounting to ₹ 12 crore on which final action was pending. The department-wise break up of pending cases and age wise analysis is given in *Appendix 3.8* and nature of these cases is given in *Appendix 3.9*. The age-profile of the pending cases and the number of cases pending in each category – theft and misappropriation/loss as emerged from these appendices are summarised in **Table 3.4**.

**Table 3.4: Profile of misappropriations, losses, defalcations, etc.**

Age-Profile of the pending cases			Nature of the pending cases		
Range in years	Number of cases	Amount involved (₹ in crore)	Nature/characteristics of the cases	Number of cases	Amount involved (₹ in crore)
0 - 5	60	7.87	Theft	49	0.75
5 - 10	31	0.28			
10 - 15	61	1.54	Misappropriation/Loss of material	627	10.98
15 - 20	31	0.64			
20 - 25	40	0.65	Total	676	11.73
25 & above	453	0.75	Cases of losses written off during the year	-	-
<b>Total</b>	<b>676</b>	<b>11.73</b>	<b>Total pending cases</b>	<b>676</b>	<b>11.73</b>

Source: Departmental figures

## 3.6 Non-reconciliation of departmental figures

### 3.6.1 Un-reconciled receipts / expenditure

To enable Controlling Officers (COs) of departments to exercise effective control over expenditure to keep it within budget grants and to ensure accuracy of their accounts, Financial Rules (Rule 385 of WBFR) stipulate that expenditure recorded in their books be reconciled every month during the financial year with that recorded in the books of the Principal Accountant General (A&E). The Public Accounts Committee also took a strong note of the lacuna of the Department and recommended (December 2011) that both the Administrative Departments and Finance Department should follow the stipulations of the WBFR.

However, the issue continues to be a matter of concern as out of 185<sup>7</sup> COs, 36 COs (19.46 per cent) did not reconcile their departmental figures for the year 2014-15, whereas 48 COs (26 per cent) partly reconciled their figures. As a

<sup>6</sup> Excluding cases included in the Civil Audit Reports as separate audit paragraphs, progress of which are monitored separately.

<sup>7</sup> No information was provided by the State Government in this regard. (As culled out from the vouchers by O/o Pr. AG (A&E))



result, ₹ 68881 crore (48.61 per cent of total receipts) and ₹ 76938 crore (52.80 per cent of total expenditure) only were reconciled by the State Government.

Such laxity on the part of the department can potentially affect the quality of accounts.

### **3.6.2 Pendency in submission of Detailed Contingent Bills against Abstract Contingent Bills**

Administrative departments issue sanction orders with the concurrence of Finance department, authorising different DDOs to draw advances on Abstract Contingent (AC) bills. In terms of WBTR 2005, these AC bills are required to be adjusted within one month from the date of completion of the purpose for which the same were drawn and in no case beyond 60 days from the date of drawal of the respective AC bill unless otherwise permitted by the Administrative department with the concurrence of the Finance department. Further, every drawing officer has to certify in each abstract contingent bill that 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).

However, in contravention of the said provisions of WBTR, ₹ 1587 crore<sup>8</sup> drawn through 11127 AC bills up to 2014-15 remained unadjusted as of March 2015. The issue was regularly mentioned in the previous Audit Reports as well as in the Inspection Reports issued to the heads of the offices. In spite of this, outstanding amount increased to ₹ 1587 crore as of March 2015 from ₹ 910 crore at the end of 2013-14.

The position of drawal of AC bills and submission of adjustment there against is as under:

**Table 3.5: Position of drawal and adjustment of AC bills (₹ in crore)**

Year	Opening balance		AC Bills drawn		DC Bills received		Outstanding AC Bills	
	No. of Bills	Amount	No. of Bills	Amount	No. of Bills	Amount	No. of Bills	Amount
2010-11	8562	475	3885	406	1133	66	11314	815
2011-12	11314	815	3928	403	3373	169	11869	1049
2012-13	11869	1049	3481	306	4488	555	10862	800
2013-14	10862	800	4163	484	5125	374	9900	910
2014-15	9900	910	4408	1102	3181	425	11127	1587

Source: Compiled from the information received from various departments of the State Government.

As against 9900 bills outstanding as on 31 March 2014, only 1702 DC (Detailed Contingent) bills (17 per cent) were submitted during 2014-15. Out of 11127 outstanding bills, 8198 bills involving ₹ 648 crore were outstanding for more than one year. Non-adjustment of AC bills for years together indicates dilution of the basic tenets of financial and accounting controls. Moreover, such long

<sup>8</sup> Pendency upto(2012-13: ₹ 443 crore; 2013-14: ₹ 204 crore; 2014-15: ₹ 940 crore)

pendency of DC bills is fraught with the risk of misuse / misappropriation of Government funds.

Audit reviewed the procedure of adjustment of AC bills of two departments viz. Civil Defence (CD) Department and Information & Cultural Affairs (I&CA) Department covering a period 2010-15 and noticed the following irregularities in drawal of AC bills as well as in submission of DC bills.

Delay in adjustment of AC bills was a persisting as well as pervasive phenomenon as given in **Appendix 3.10**. Out of 36 DDOs in the CD Department, Audit reviewed the records of four DDOs. It was observed (May 2015) that out of 13 AC bills involving ₹ 4 crore drawn by two DDOs, ₹ 3 crore pertaining to four AC bills had remained unadjusted. Similarly, out of 22 AC bills involving ₹ 3 crore drawn by four DDOs of I&CA Department, ₹ 2 crore pertaining to nine AC bills had remained unadjusted.

Further scrutiny of the records revealed the following:

- For construction of Headquarter of WWCD<sup>9</sup> and Quick Response Team of Presidency Division at Kalyani at an estimated cost of ₹ 5 crore, an amount of ₹ 3 crore was drawn by Dy. Commandant, WWCD in two AC bills (₹ 1 crore in March 2013 and ₹ 2 crore in October 2013) against two Government Orders and advanced to an agency<sup>10</sup>, in violation of the provisions of West Bengal Financial Rules which prohibited payment of advances to an executing agency.

Scrutiny of records of both the Departments revealed that DDOs did not submit quarterly statements of unadjusted advances to the Controlling Officer, Finance Department and the Treasury Officer as stipulated in WBTR<sup>11</sup>. Lapses on the part of DDOs in respect of proper checking of DC bills, maintenance of registers/ records etc. indicated departmental failure in exercising regulatory control over DDOs.

### 3.6.3 Personal Deposit Accounts

Funds transferred to Personal Deposit (PD) Accounts are booked as expenditure under the service heads from which the money was transferred.

In terms of Rule 6.09 of WBTR, PD Account or Personal Ledger Account (PLA) is created by debit to the Consolidated Fund of the State other than those created under any law or rule framed under any law by transferring fund from the Consolidated Fund of the State for discharging liabilities of the Government arising out of special enactments. Such accounts shall be closed at the end of financial year by minus debit of the balance to the relevant service heads in the Consolidated Fund of the State. As per WBTR, if there is any PD Account not operated for two consecutive years and if there is a reason to believe that the need for such accounts has ceased, the same shall be closed. Four types of PD

<sup>9</sup> Water Wing Civil Defence

<sup>10</sup> M/s Mackintosh Burn Ltd, the executing agency.

<sup>11</sup> Rule 4.138(5)



Accounts viz., those maintained by Land Acquisition Collectors, Rent Controllers, Jailors and DMs are, however, of permanent nature.

In contravention of the second condition of the rule mentioned above, 54 PD accounts in PAO Kolkata-II and 12 PD accounts in other treasuries<sup>12</sup> having aggregate balance of ₹ 5 crore, though remained inoperative for more than two years, were yet to be closed at the end of 2014-15.

In West Bengal, the closing balance under 8443-106-PD Accounts at the end of 2014-15 stood at ₹ 3721 crore with an increase of ₹ 286 crore (8 per cent) over that of previous year. The balances as well as receipt and disbursement for the last three years are shown below:

**Table 3.6: Amounts received and disbursed in PD accounts during the last three years**

	Opening balance	Receipt	Disbursement	Closing balances
	₹ in crore			
2012-13	2383	2270	1583	3070
2013-14	3070	2661	2296	3435
2014-15	3435	2876	2590	3721

Source: Finance Accounts

There were 150 PD accounts in operation in the State as of March 2015. During the year, five PD accounts were opened and three PD accounts were closed. During 2011-12, 2012-13, 2013-14 and 2014-15, amounts transferred to 8443-106-PD Accounts (PDA) by debit to Consolidated Fund stood at ₹ 553 crore, ₹ 1052 crore, ₹ 1219 crore and ₹ 1406 crore respectively. Out of the amounts transferred in 2014-15 (₹ 1406 crore), ₹ 445 crore (32 per cent) was transferred during March 2015 indicating rush of transfer of funds to that account at the fag end of the year. This may be viewed in the light that these amounts have been booked as final expenditure under different service heads and hence expenditures subsequently incurred from the PD accounts would not be subject to the usual Treasury checks leaving scope for misuse.

Test-check of PD Accounts maintained by 20 DDOs revealed the following irregularities:

- There were discrepancies in PDA Cash Books and corresponding Treasury Pass Books of ten DDOs due to non-reconciliation as required under WBTR. It was noticed that closing cash book balance was understated in respect of nine DDOs amounting to ₹ 34.21 crore and ₹ 0.05 crore was overstated in cash book balance of one DDO as detailed in **Appendix 3.11**.
- PDAs of two DDOs<sup>13</sup> having a balance of ₹ 28 lakh remained inoperative

<sup>12</sup> Two each in Coochbehar-I and Purulia Treasuries, one each in Krishnanagar-I, Malda-II, Tamluk, Raiganj-I, Haldia, Hooghly-I, Ghatal and Alipore-I were lying inoperative.

<sup>13</sup> Superintendent, Alipore Central Correctional Home (since 2003-04): ₹ 10 lakh and DG & IG of Police, WB (since 2002-03): ₹ 18 lakh

for eleven or more years without crediting the amount back to the consolidated fund as required under WBTR 2005.

- Further scrutiny of the PD Accounts kept by DDOs revealed the following:
  - Two DDOs failed to utilize ₹ 7 crore received for development purposes starting from 2001-02 (*Appendix 3.12*) and the entire amount remained parked in PDAs as of March 2015.
  - Bidhayak Elaka Unnayan Prkalpa (BEUP) guidelines required surrender of funds to Government after dissolution of the Assembly. In violation of the guidelines, five DDOs retained (as of March 2015) BEUP funds of ₹ 38 crore in their respective PDAs, which pertained to previous legislative assemblies as detailed in *Appendix 3.13*.
  - Contravening the operational guidelines of MGNREGA<sup>14</sup>, DM, Nadia diverted ₹ 35 lakh during 2014-15 to PD accounts. Out of it, ₹ 6 lakh had been spent on contingency purposes not related to the scheme as of March 2015.
  - Mention was made in the last year's Audit Report that un-classified balance (₹ 3 lakh) had been kept by DM, Birbhum in his PDA since 2006. It was observed that DDO went on to retain the amount in this financial year also without any justification. Moreover, DM, Birbhum in violation of rules, retained Government receipt amounting to ₹ 15 lakh in his PDA since 1990-91 instead of crediting the amount to Government account.
  - As per notification (August 2013) of Women & Child Development and Social Welfare Department, GoWB, every District Magistrate has to open a zero balance account exclusively for the scheme "Kanyasree Prkalpa". However, violating the Government notification, three DDOs<sup>15</sup> kept Kanyashree Prkalpa funds of ₹ 89 lakh in their respective PDAs.

Retention of funds in PDAs not only led to expenditure booked under the service heads being inflated without actual outgo, but also resulted in dilution of treasury control over actual expenditure.

#### 3.6.4 Bookings under Minor Head 800: Other Receipts and 800: Other Expenditure

With increasing range and diversification of Government activities and programmes, the existing Minor heads often fall short in accommodating all transactions under some projects. In case of non-availability of accurate classification, the residuary Minor head 800: Other Expenditure or 800: Other Receipts, is used to book transactions in the Accounts.

<sup>14</sup> Mahatma Gandhi National Rural Employment Guarantee Act

<sup>15</sup> DM, Murshidabad: ₹ 47 lakh; DM, Purba Medinipur: ₹ 41 lakh and DM, Nadia: ₹ 1 lakh

During 2014-15, ₹ 6951 crore under 79 Major Heads of Account (representing functions of the Government) was classified under the Minor Head “800-Other Expenditure” in the accounts and this amount constituted 6.12 *per cent* of the total expenditure of ₹ 113530 crore recorded under the respective Major Heads. Expenditure on major Schemes such as Implementation of the ‘Sech Bandhu’ scheme, Multi-sectoral development scheme for minorities (Central Share) and New incentive scheme for encouraging the setting up of new industrial units etc. were booked under “800-Other Expenditure”.

Similarly, ₹ 17293 crore under 53 Major Heads of Account, constituting 19.99 *per cent* of total recorded receipts of ₹ 86514 crore under the respective Major Heads, was classified under “800-Other Receipts” in the accounts. Receipts under major schemes such as Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), Indira Awas Yojana (IAY), Integrated Child Development Services (ICDS), Pradhan Mantri Gram Sadak Yojana (PMGSY), Mid-Day Meal (MDM) etc. booked under “800-Other Receipts” were not depicted distinctly.

High incidence of transactions under minor head ‘800’ is fraught with the risk of affecting the transparency of the accounts.

### **3.6.5 Analysis of balances of Suspense and Remittance**

Accounts of the Government are kept on cash basis. Certain transactions of receipts and payments, which cannot immediately be taken to a final head of receipt or expenditure owing to lack of information as to their nature or any other reasons, may be held temporarily under Suspense heads. Suspense heads are intermediary/ adjusting in nature and accumulation of balances under the heads distort financial reporting and do not represent the receipts/expenditure in Consolidated Fund accurately. Clearance of Suspense and Remittance balance depends on the details furnished by the Government Departments/ Works and Forest Divisions/ Central Ministries/PAOs/RBI, etc.

In West Bengal, net Debit balances under 8658-Suspense Accounts decreased to ₹ 404 crore in 2014-15 from ₹ 587 crore in 2013-14. However, under 8782-Cash Remittances and Adjustments, etc., there was an increase in credit balance from ₹ 1105 crore during the previous year to ₹ 1294 crore in the current year.

Further, significant balances under Suspense and Remittance heads as of March 2015, which may impact the cash balances are shown in the **Table 3.7** below:

**Table 3.7: Suspense and Remittance Balances that impact the cash balance**

<b>A Suspense Balance</b>				(₹ in crore)
Sl. No.	Head of Account Ministry/Department with which pending	Balance as on 31 March 2015		Impact of outstanding on cash balance
		Dr.	Cr.	
	8658-Suspense Account-			
1	101-PAO Suspense Ministry of Transport and Highways	102.05	8.07	Cash balance will increase on settlement
	101-PAO Suspense Ministry of External Affairs	2.86	0.70	
	101- PAO Suspense Central Pension Accounting Office (IAS officers pension)	19.81	1.28	
	101- PAO Suspense Ministry of Finance (Central Freedom Fighter Pension)	1.19	-	
	101- PAO Suspense Other Central Ministry	0.46	(-) 8.52	
2	102-Suspense Account (Civil) Account with Defence	205.24	198.20	
	102-Suspense Account (Civil)Other Railway Accounts	2.10	1.75	
	102-Suspense Account (Civil) Eastern Railway	4.01	4.06	
3	123-A.I.S. Officer Group Insurance Scheme	3.23	2.63	
4	102-Suspense Account (Civil) Account with Railway SER	15.71	16.94	Cash balance will decrease on settlement
5	109-Reserve Bank Suspense-Headquarters	(-) 2.65	(-) 0.57	
		129-Material purchase settlement Suspense Account	0.02	67.46

<b>B Remittance Balances</b>				(₹ in crore)
Sl. No.	Head of Account Ministry/Department with which pending	Balance as on 31 March 2015		Impact of outstanding on cash balance
		Dr.	Cr.	
	8782- Cash Remittances and adjustments between officers rendering account to the same Accounts Officer			
1	102-PW Remittances I-Remittances into Treasuries	14156.28	14145.20	Cash balance will increase on clearance
2	103-Forest Remittances I-Remittances into Treasuries	2158.31	1810.44	
3	102-PW Remittances II- PW Cheques	50470.80	52335.49	Cash balance will decrease on clearance
4	103-Forest Remittances II- Forest Cheques	3955.53	4291.85	
1	8793-Inter-State Suspense Account	16.54	(-)12.10	Cash balance will increase on clearance

Source: Finance Accounts

The Suspense minor head “Reserve Bank Suspense, Central Accounts Office (8658-00-110-CAORB Suspense)” is operated in the books of the State Government regarding transactions in respect of Grants, Loans and Advances from Central Government as well as other transactions accounted through RBI, Central Accounts Section, Nagpur (RBI). Under this Suspense Head, the debit balance stood at ₹ 520 crore and the credit balance at ₹ 154 crore with the net balance being ₹ 366 crore (Debit) as on 31 March 2015.

### **3.6.6 Financial Reporting**

#### ***Funds operated outside legislative scrutiny***

Out of ₹ 77 crore<sup>16</sup> collected from commercial motor vehicles under Unorganised Workers’ Social Security Act 2008, an amount of ₹ 54 crore was lying in the bank account of the WBSSSB<sup>17</sup> under Labour Department for functional operations of the scheme. The norms of reporting to the legislature including audit of the entire operation of the scheme under the board was yet to be prescribed (August 2015).

#### ***Outstanding liabilities to contractors***

Owing to non-provisioning of funds in a realistic manner, outstanding liability related to the establishment of Kolkata Police under Home Department on account of dues to contractors/suppliers at the end of March 2015 stood at ₹ 5 crore.

### **3.7 Conclusion and Recommendations**

*Pendency in submission of annual accounts of autonomous bodies/ authorities coupled with delay in placement of Separate Audit Reports in the State Legislative Assembly diluted the financial control exercised by the State Government. There were considerable delays in finalising proforma accounts of departmentally managed commercial undertakings indicating laxity in the accountability mechanism in respect of public funds invested in those undertakings.*

*Accumulation of unadjusted AC bills and the trend of parking of developmental funds in PD Accounts were also major areas of concern, as substantial amounts were drawn from treasury or transferred out of the Consolidated Fund of the State without proper treasury checks. Some departments were slow in reconciling the expenditure / receipt figures with those recorded in the books of the Principal Accountant General (A&E).*

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<sup>16</sup> Cess: ₹ 68crore; Registration charges: ₹ 1crore; Interest: ₹ 8crore

<sup>17</sup> West Bengal State Social Security Board




**Recommendations:**

The Government may consider instituting:

- *a mechanism to monitor timely submission of Utilisation Certificates by the grantee and accounts by Urban Local Bodies/Panchayati Raj Institutions and Autonomous Bodies;*
- *a mechanism for time bound clearance of all unadjusted Abstract Contingent bills and to monitor all Personal Deposit Accounts to detect unnecessary parking of funds.*

Kolkata  
The 19 फरवरी  
FEB 2016

  
(MADHUMITA BASU)  
Principal Accountant General  
(General and Social Sector Audit)  
West Bengal

Countersigned

New Delhi  
The 23 FEB 2016

  
(SHASHI KANT SHARMA)  
Comptroller and Auditor General of India