

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

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 such that 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the amounts lying unspent after three consecutive financial years (including the financial year in which the money was withdrawn)<sup>1</sup> back to the Consolidated Fund by reduction of expenditure to the concerned service head.

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 AG (A&E). As per information furnished by 74 treasuries to AG (A&E), 18 treasuries<sup>2</sup> are not maintaining PD accounts. There was a balance of ₹ 4,373.65 crore in 177 PD Accounts as on 31 March 2017. One PD account was opened and one was closed during the year.

#### 3.1.1 Inoperative Personal Deposit Accounts

Out of 177 PD accounts, 60 PD accounts in 38 Treasuries remained inoperative for the last three financial years as detailed in *Appendix 3.1*. Out of these 60 inactive PD accounts, 59 had zero balance and in one PD account pertaining to DM, Patna, an amount of ₹ 0.66 crore was lying unspent at the end of March 2017.

Treasury Officers did not furnish information regarding amounts lying unspent for five consecutive financial years in PD Accounts which are liable to be refunded to the Consolidated Fund as reduction of expenditure under the concerned service head. Departmental officers had also not verified or reconciled the balances with the accounts maintained by the Accountant General.

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 review all PD accounts and ensure that (i) all PD accounts with zero/minimum balances are immediately closed; (ii) all amounts lying in PD accounts at the end of the year are immediately remitted to the Consolidated Fund; (iii) appropriate action is taken against departmental and treasury officers who fail to follow the financial rules relating to PD accounts.*

<sup>1</sup> Increased to five years vide GoB notification No. 6679 dated 23.08.2016.

<sup>2</sup> Bihar Bhawan, New Delhi, Dalsinghsarai, Dumraon, Hilsa, Lalganj, Masaurhi, Mokama, Naugachhia, Pupri, Rajgir, Rajouli, Rossera, Secretariat Treasury (Vikash Bhawan, Patna), Shahpur Patori, Sikharna, Tekari, Triveniganj and Udakishanganj.

## 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 without routing through the Consolidated Fund of Bihar, as required under Article 266 (1) of the Constitution of India. 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 the various departments could not be ascertained. It has also not been possible to segregate the amount paid to the Labour Welfare Board.

### 3.2.1 Accounting of Cess

As per the information furnished by the Bihar Building and Other Construction Workers (BOCW) Welfare Board, accounts have been finalized only up to 2012-13.

As informed by the Board, a total amount of ₹ 973.87 crore was received by them on account of Labour Cess during 2008-09 to 2016-17. Out of this, ₹ 78.72 crore has been spent on Welfare Schemes (₹ 77.11 crore) and Administration (₹ 1.61 crore), leaving a balance of ₹ 895.15 crore at the end of the year.

**Recommendations:** *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 adhere to Constitutional provisions and route the Cess through the Consolidated Fund and 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.

Scrutiny revealed that during 2016-17, ₹ 174.65 crore under 19 Revenue and Capital Major Heads of accounts on the expenditure side, constituting 0.18 per cent of the total Revenue expenditure (₹ 94,765.18 crore), was classified under minor head '800- Other Expenditure' below the respective Major Heads.

Similarly, ₹ 1,212.95 crore under 47 Revenue Major Heads of accounts on the receipts side (excluding Grants-in-aid), constituting 1.15 per cent of the total revenue receipts (₹ 1,05,584.99 crore) 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 Expenditure/Receipts’ 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 such receipts and expenditure are in future booked under the appropriate head of account.*

### 3.4 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 Section 99 of the Act, which provides that every officer of the Company who is in default shall be punishable with fine which may extend to one lakh rupees, and in case of continuing default, with a further fine which may extend to five thousand rupees for every day during which such default continues. 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.

There were 74 State Public Sector Undertakings (PSUs) in Bihar comprising 27 working companies, three Statutory Corporations (all working) and 44 non-working companies and as of December 2017. Working companies, including Statutory Corporations, have accounts in arrears ranging from one to 23 years while non-working companies have accounts in arrears ranging from one to 40 years.

In violation of the above provisions, more than 88 *per cent* of the PSUs in Bihar are in arrears of accounts, as detailed in **table 3.1** and detailed in **Appendix 3.4**.

**Table 3.1: Age-wise arrears of Annual Accounts of PSUs as of 31 December 2017**

| Sl. No. | Particulars   | Working | Non-working     | Total   |
|---------|---|---------|-----------------|---------|
| 1       | Number of PSUs  | 30      | 44              | 74      |
| 2(a)    | Number of PSUs having accounts in arrears                                   | 21      | 44 <sup>3</sup> | 65      |
| 2(b)    | Number of accounts arrears (years)  | 142     | 1,029           | 1,171   |
| 3(a)    | Number of PSUs with arrears of less than 5 years                            | 14      | 02              | 16      |
| 3(b)    | Number of accounts arrears in above PSUs                                    | 39      | 03              | 42      |
| 4(a)    | Number of PSUs/Corporations with accounts in arrears for 5 to 10 years      | 03      | 01              | 04      |
| 4(b)    | Number of accounts arrears in above PSUs/Corporations                       | 28      | 08              | 36      |
| 5(a)    | Number of PSUs/Corporations with accounts in arrears for 10 years and above | 04      | 36              | 40      |
| 5(b)    | Number of accounts arrears in above PSUs/Corporations                       | 75      | 1,018           | 1,093   |
| 6       | Extent of arrears of accounts (in years)                                    | 1 to 23 | 1 to 40         | 1 to 40 |

(Source: Latest finalised accounts of the PSUs)

<sup>3</sup> Includes 5 non-working companies under liquidation.

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 40 years.

Further, the State Government had extended budgetary support, by way of infusion of equity, loans, grant-in-aid/subsidy, of ₹ 1,052 crore to seven PSUs during 2014-16 and ₹ 1,414.79 crore to five PSUs during 2016-17 whose accounts were in arrears for more than three years as discussed in *Paragraph 1.4.3*.

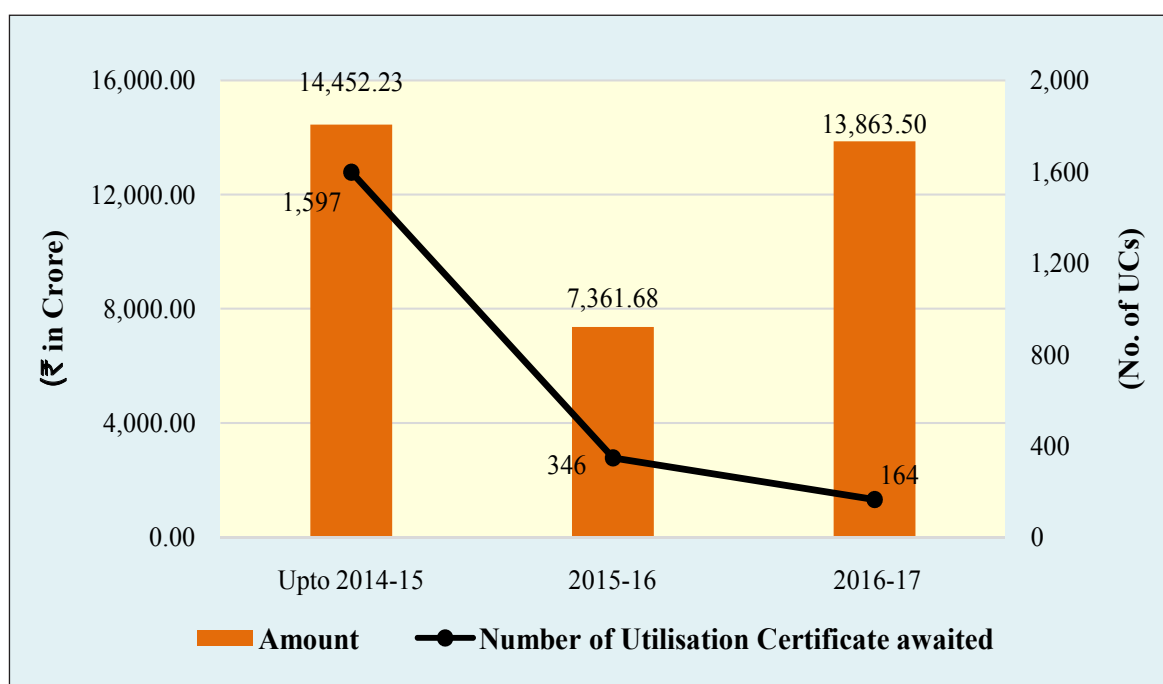
**Recommendations:** The Finance Department should review the cases of all PSUs that are in arrears of accounts, ensure that the accounts are made current within a reasonable period, and stop financial support in all cases where accounts continue to be in arrears.

### 3.5 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.

It was observed, however, that 2,107 UCs amounting to ₹ 35,677.41 crore were outstanding as of March 2017 in 32 Departments as detailed in *Appendix 3.5*. Year-wise position of outstanding UCs is shown in **Chart 3.1**.

*Chart 3.1: Details of outstanding UCs*



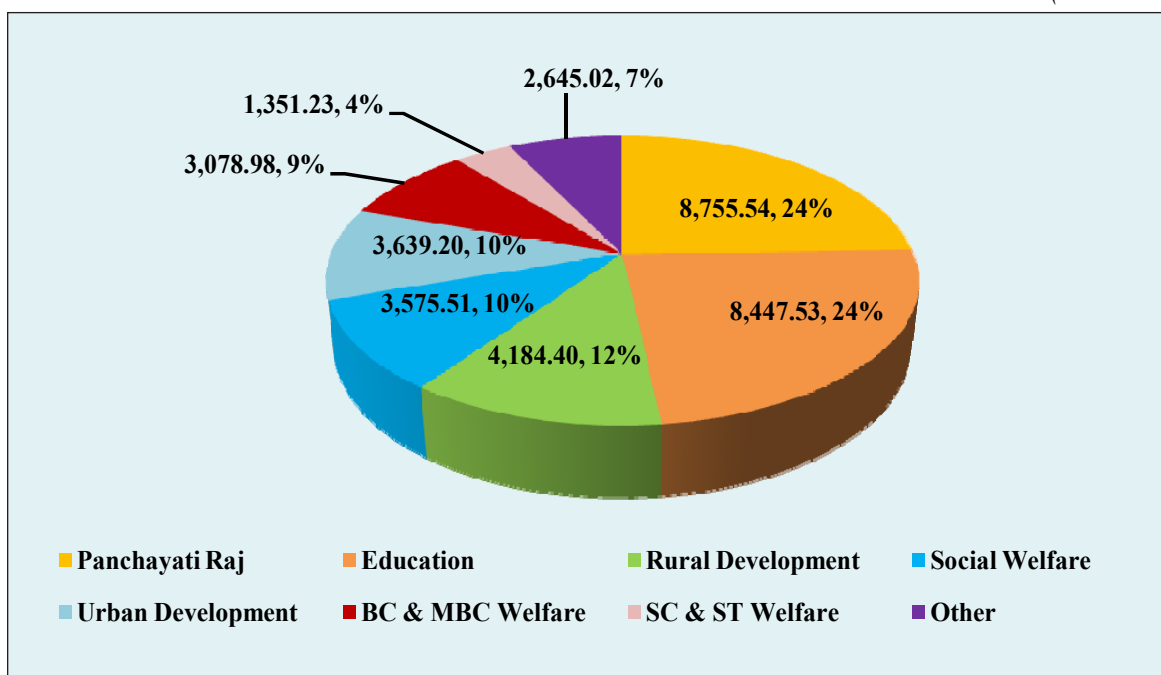
(\* The year mentioned above relates to “due year” i.e., after 18 months of actual drawal)

Source: Finance Accounts for the year 2016-17.

Out of the outstanding UCs, 93 per cent pertain to seven 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 being featured 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.

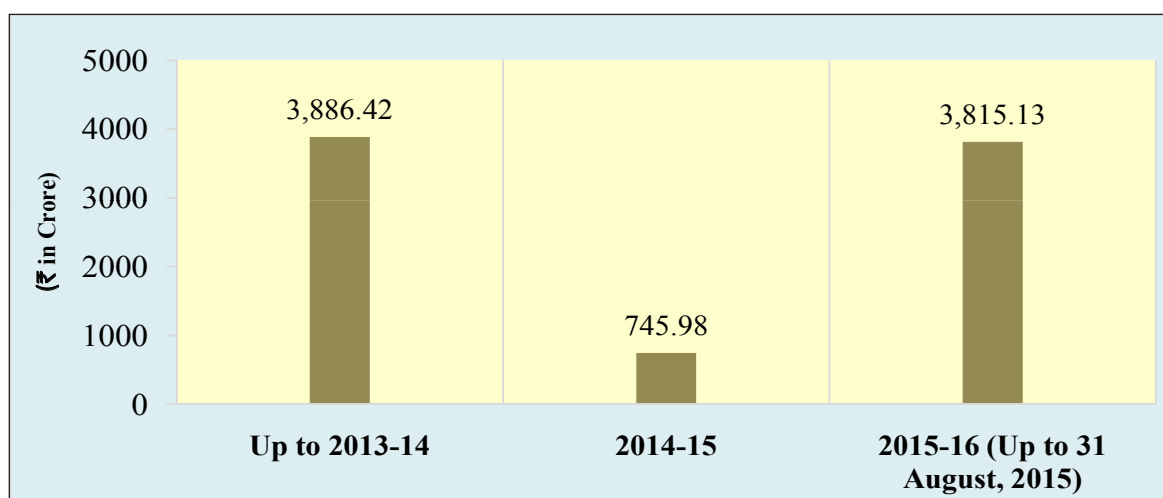
High pendency of UCs was fraught with risk of misappropriation of fund and fraud.

**Recommendations:** 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.

### 3.5.1 Outstanding Utilisation Certificates of Education Department

Test check of records of outstanding UCs of Grant No. 21 “Education Department” of sampled units/ districts viz., Bihar Education Project Council (BEPC), Bihar School Examination Board (BSEB), Bihar Secondary Education Council (BSEC) and DPO, Saran (Establishment, Planning & Accounts and SSA) was carried out during June 2017 to August 2017. The findings are discussed in the succeeding paragraphs.

There were 415 outstanding UCs amounting to ₹ 8,447.53 crore as on 31 March 2017, out of which, UCs amounting to ₹ 3,886.42 crore pertained to the period prior to 2014-15 as shown in Chart 3.3.

**Chart 3.3: Year-wise breakup of outstanding utilisation certificates**

(Source: Data compiled by the Accountant General (A&E)).

### 3.5.1.1 Pending UCs for ₹ 158.21 crore

Under Government of India's (GoI) scheme to establish model schools on the lines of Central Schools and Navodaya Vidyalayas in academically backward blocks, the GoB had approved setting up of 368 model schools in different districts of Bihar during 2009-10 and 2010-11, at an estimated cost of ₹ 3.02 crore per school. The expenditure was to be borne by GoI and GoB in the ratio of 75:25 and the scheme was to be implemented by the Bihar Secondary Education Council (BSEC), Patna. Details are given in **table 3.2**.

**Table 3.2: Central share and State share for setting up model schools**

| (₹ in crore)                            |                                |                             |                           |   |   |                       |
|---|--------------------------------|-----------------------------|---------------------------|---|---|-----------------------|
| Total number of model school sanctioned | Estimated cost of construction | Central share (75 per cent) | State share (25 per cent) | Central share released (percentage of estimated cost of construction) | State share released (percentage of estimated cost of construction) | Total released amount |
| 368                                     | 1,111.36                       | 833.52                      | 277.84                    | 424.21<br>(38 per cent)   | 273.83<br>(24.64 per cent)  | 698.04                |

Till date, only 220 out of the 368 units (59.78 per cent) have been completed (March 2018). Details of pending utilisation certificates are detailed in **table 3.3**.

**Table 3.3: Details of pending Utilisation Certificates in respect of model schools**

| (₹ in crore)                              |                   |   |               |
|---|-------------------|---|---------------|
| Month of release                          | Sanctioned amount | UCs submitted                           | Pending UCs   |
| March 2010                                | 39.64             | 39.64 (October 2015)                    | Nil           |
| March 2012                                | 100.00            | 42.24 (March 2015) and 33.74 (May 2015) | 24.02         |
| October 2012 (as amended in January 2013) | 134.19            | Nil                                     | 134.19        |
| <b>Total</b>                              | <b>273.83</b>     | <b>115.62</b>                           | <b>158.21</b> |

**Recommendation:** Since unadjusted fund releases are susceptible to misappropriation and fraud, the Finance Department and Education Department should ensure that the BSEC immediately furnishes UCs for the unadjusted release of ₹ 158.21 crore.

### 3.5.1.2 UCs pending for more than 11 years— honorarium for Panchayat Siksha Mitras

Test check of records of BEPC, Patna revealed that GIA of ₹ 113.74 crore<sup>4</sup> was sanctioned for payment of honorarium to Panchayat Shiksha Mitras (PSMs). The amount was released to District Program Officers (DPOs) of 37 districts for payment of honorarium to 34,469 PSMs. However, UCs were pending even after lapse of more than 11 years.

BEPC stated that all districts have been directed to submit UCs.

### 3.5.2 Submission of Utilisation Certificates before actual expenditure

In the following cases, Audit observed that the recipients of Grants-in-Aid (GIA) submitted UCs in advance of expenditure.

- (i) The Directorate of Secondary Education, GoB, disbursed performance based grants<sup>5</sup> to the Bihar School Examination Board (BSEB) to be distributed by the District Education Officers. Test check of records revealed that the BSEB had released ₹ 0.50 crore to Chandrasekhar Janata Inter College, Gaya and ₹ 0.32 crore to Women's College, Barhiya, Lakhisarai. However, NEFT/ RTGS transfers failed, due to incorrect bank account numbers. Audit observed that despite this, the BSEB furnished UCs for these amounts to the Directorate of Secondary Education, putting into doubt the veracity of all the UCs furnished by the BSEB.
- (ii) Out of ₹ 2.45 crore received from NTPC<sup>6</sup> & PGCIL<sup>7</sup> for construction of toilets, DPO (SSA)<sup>8</sup>, Saran released advance of ₹ 0.95 crore for construction of 128 toilets in 89 schools, out of which, ₹ 0.71 crore had been adjusted upto March 2017. Audit scrutiny revealed however, that the DPO had submitted UCs for ₹ 1.11 crore, putting into doubt the veracity of all the UCs furnished by the DPO.

**Recommendation:** The Finance Department and the concerned administrative departments should review the process of submission of UCs by implementing agencies and take appropriate departmental and criminal action for furnishing fictitious UCs.

## 3.6 Outstanding Detailed Contingent bills

The financial rules require that advances drawn through Abstract Contingent (AC) bills are adjusted promptly through Detailed Contingent (DC) bills. It was observed however, that 15,575 AC bills of ₹ 4,750.52 crore were lying unadjusted as on 31 March 2017, as 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 |                  | AC bills adjusted during the year |                  | AC bills pending for adjustment |                 |
|--------------|--------------------------------|------------------|-----------------------------------|------------------|---------------------------------|-----------------|
|              | No. of bills                   | Amount           | No. of bills                      | Amount           | No. of bills                    | Amount          |
| Upto 2014-15 | 97,408                         | 34,714.78        | 84,736                            | 32,415.60        | 12,672                          | 2,299.18        |
| 2015-16      | 3,926                          | 8,273.14         | 2,061                             | 7,191.77         | 1,865                           | 1,081.37        |
| 2016-17      | 1,383                          | 1,808.68         | 145                               | 438.72           | 1,238 <sup>9</sup>              | 1,369.96        |
| <b>Total</b> | <b>1,02,717</b>                | <b>44,796.60</b> | <b>86,942</b>                     | <b>40,046.09</b> | <b>15,775</b>                   | <b>4,750.51</b> |

(Source: Finance Accounts 2016-17)

<sup>4</sup> ₹ 56.87 crore each during 2005-06 and 2006-07 @ ₹ 1,500 to 34,469 PSMs for 22 months.

<sup>5</sup> To be used to pay the salaries of teachers and non-teaching staff of BSEB approved Secondary and Higher Secondary Schools and University affiliated inter-colleges.

<sup>6</sup> National Thermal Power Corporation

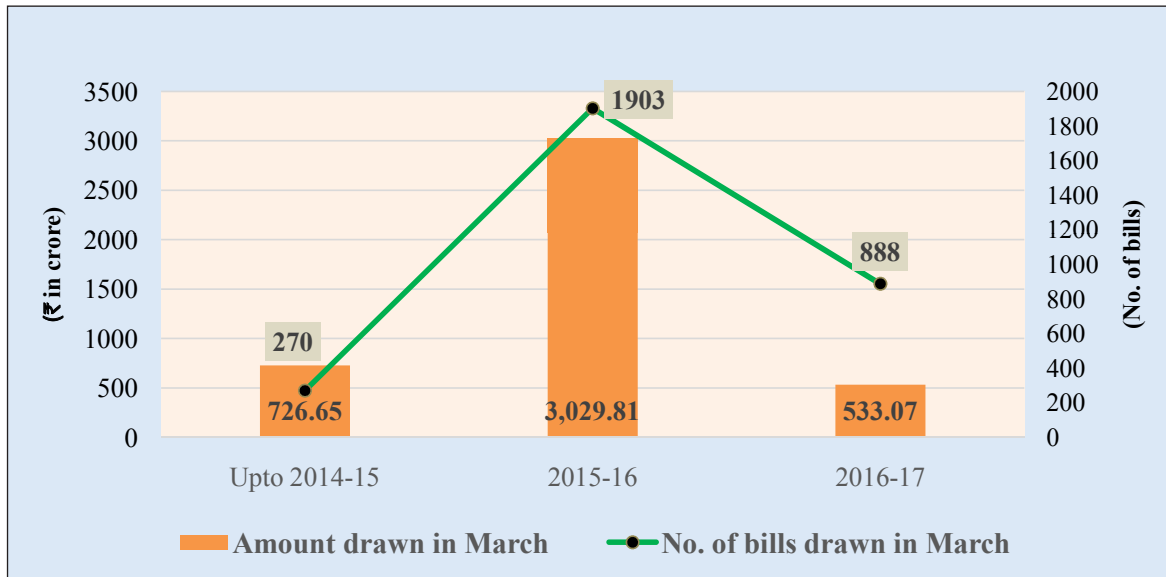
<sup>7</sup> Power Grid Corporation of India Limited.

<sup>8</sup> District Programme Officer (Sarva Siksha Abhiyan).

<sup>9</sup> 997 AC Bills amounting to ₹ 690.13 crore out of 1,238 AC Bills will be due after 31 March 2017.

Details of AC bills drawn in March is shown in **Chart 3.4**.

**Chart 3.4: AC bills drawn in March**



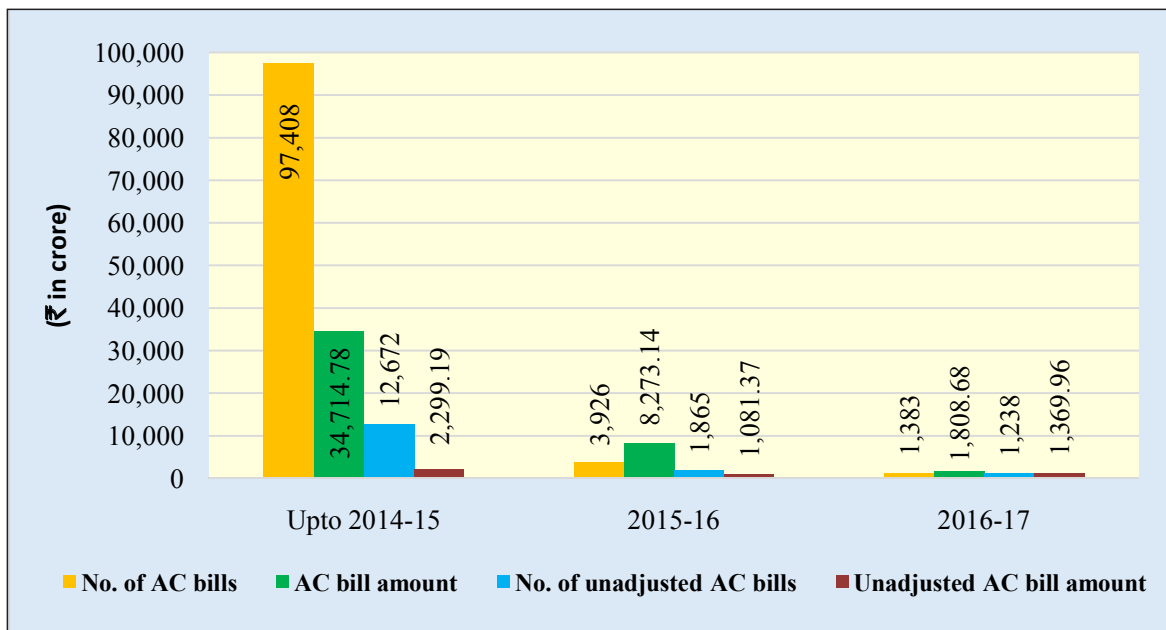
(Source: Data compiled by AG (A&E))

Out of 1,383 AC bills amounting to ₹ 1,808.68 crore drawn in 2016-17, 888 AC bills amounting to ₹ 533.07 crore (29.47 per cent) were drawn in March 2017. Out of this, 151 AC bills amounting to ₹ 43.52 crore was drawn on the last day of the financial year. Drawal of funds through AC bills at the fag end of the financial year indicates that this was primarily done to exhaust the budgetary provision.

Analysis of drawal of funds though AC bills revealed the following:

- Trend of drawal of funds through AC bills is shown in **Chart 3.5**.

**Chart 3.5: Outstanding AC bills awaiting adjustment**

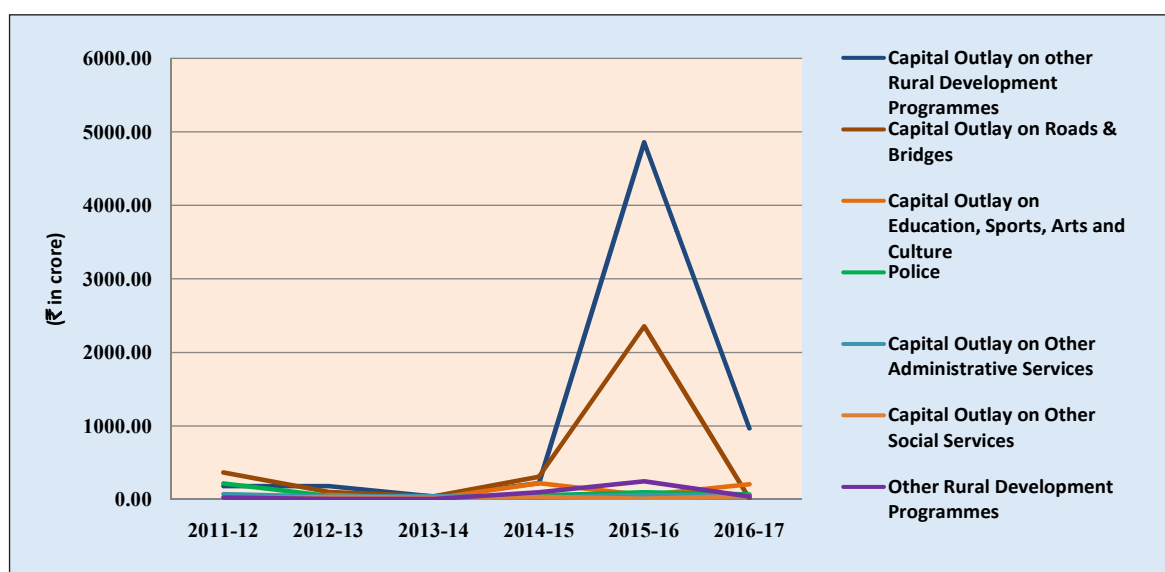


(Source: Data compiled by AG (A&E))



- Trend of Major Head-wise drawal of AC bills during 2011-12 to 2016-17 is depicted in the **Chart 3.6**.

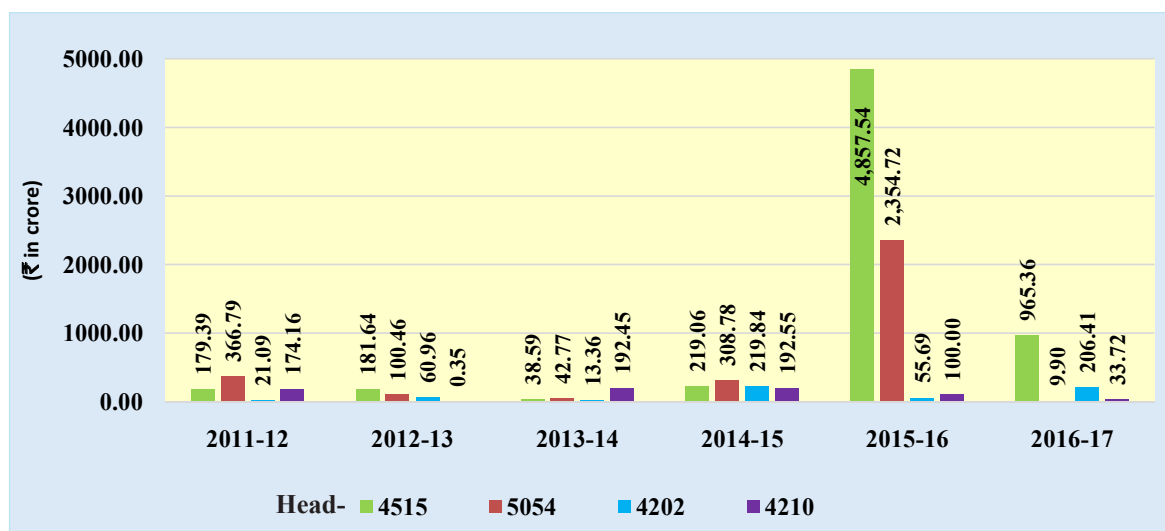
**Chart 3.6: Trend of AC Bills (Major Head wise)**



(Source: Data compiled by AG (A&E))

- Major instances of drawal of funds under Capital heads through AC bills during the last five years is shown in **Chart 3.7**.

**Chart 3.7: Drawal of funds under Capital heads through AC bills**



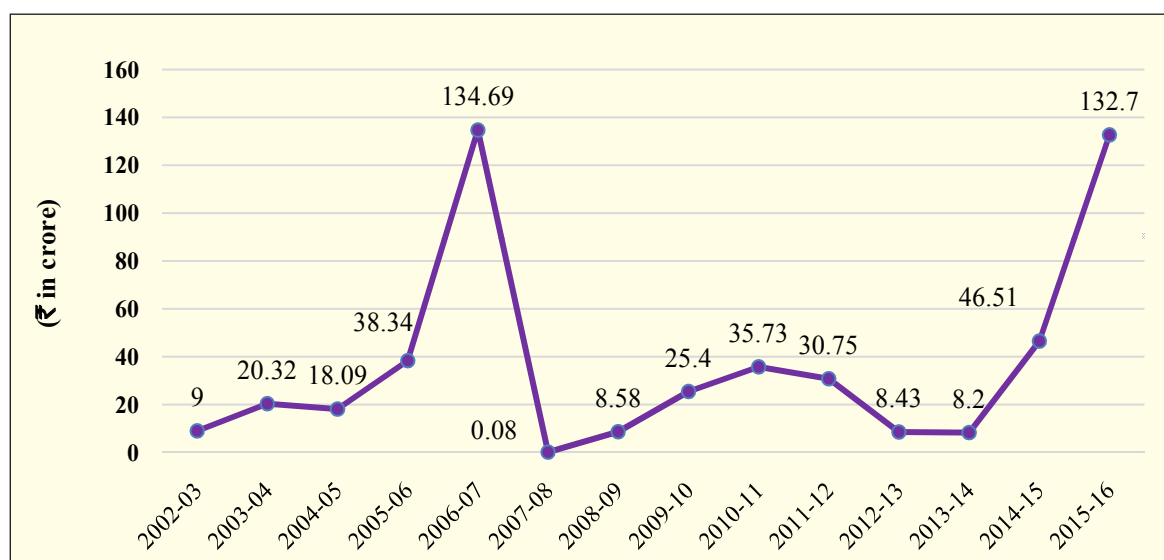
(Source: Data compiled by AG (A&E))

Non submission of DC bills within the prescribed time breaches financial discipline and entails risk of misappropriation of public money and unhealthy practices.

### 3.6.1 Outstanding AC Bills of Education Department

Analysis of data of outstanding AC bills pertaining to Education Department revealed the following:

- An amount of ₹ 516.82 crore drawn on AC bills was pending adjustment as on 31 March 2017 as shown in **Chart 3.8**:

**Chart 3.8: AC Bills of Education Department pending adjustment**

- Test check of records of BEPC<sup>10</sup>, Patna revealed that ₹ 13.28 crore<sup>11</sup> drawn on AC bills is pending adjustment for the last 11 years due to non-submission of DC bills.
- Test check of records in the office of District Programme Officer (Establishment), Saran revealed that ₹ 0.51 crore drawn on AC bill (March 2004) was lying unadjusted due to non-submission of DC bills.

**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.

### 3.7 Non-reconciliation of investments / loans and advances / guarantees

As of March 2017, there is a difference of ₹ 6,429.90 crore between the figures of investment in various State Government PSUs reported in the Finance Accounts<sup>12</sup> (₹ 15,254.21 crore) and the figures reported by the companies (₹ 21,684.11 crore).

Similarly, difference of ₹ 14,058.65 crore was noticed between the figures of loans and advances shown in the Finance Accounts (₹ 19,040.21 crore) and those intimated by various State Government entities (₹ 4,981.56 crore).

Further, difference of ₹ 576.76 crore was also noticed between the figures of Guarantees (₹ 4,134.95 crore) shown in Finance Accounts and figures intimated by various State Government entities (₹ 3,558.19 crore).

All the differences noticed in figures of investments, loans and advances and guarantees as detailed in **Appendix 3.6** are under reconciliation.

<sup>10</sup> Bihar Education Project Council.

<sup>11</sup> ₹ 5.11 crore in September 2005 and ₹ 8.17 crore in March 2006.

<sup>12</sup> Based on information provided by the Finance Department, the treasuries and concerned administrative departments.

**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 advances and guarantees extended to different State Government entities.*

### 3.8 Non-payment of interest on deposits

The State Government is required to pay interest on deposits appearing under Major Head 8342-Other deposits. As on 31 March 2017, the Public Account relating to this Major Head had a balance of ₹ 64.12 crore<sup>13</sup>. However, no interest has been paid on this deposit as is evident from the fact that no expenditure has been booked under the head 2049-60-101-Interest on Deposits during 2016-17. The interest payable (8 per cent<sup>14</sup>) on this deposits amounted to ₹ 5.13 crore for this period. Consequently, the Revenue surplus for 2016-17 was overstated by ₹ 5.13 crore as shown in Paragraph 3.12.

**Recommendation:** *The Finance Department should review the balances under Major Heads 8115, 8121 and 8342 and book interest in respect of all interest bearing deposits.*

### 3.9 Apportionment of balances on reorganisation of the State

₹ 11,148.69 crore representing balances 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) 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.

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

### 3.10 Differences in Cash Balances

The Cash Balance as on 31 March 2017 as worked out by the Accountant General was ₹ 114.90 crore (Debit) while the Cash Balances with the Reserve Bank of India (RBI) was ₹ 174.17 crore (Credit). The difference of ₹ 59.27 crore (Credit) was mainly due to incorrect reporting of transactions and non-reconciliation by the Agency Banks and is under reconciliation.

### 3.11 Unadjusted Temporary Advances and Imprest

As per Rule 176 of Bihar Treasury Code 2011, no money should be withdrawn from the treasury unless it is required for immediate payment. Further, as per Rule 177, it is not permissible to draw advances in anticipation of expenditure from the Treasury either for the execution of works, completion of which is likely to take a considerable time or to prevent the lapse of appropriation. If under special circumstances, money is drawn in advance, the unspent balance of the amount so drawn should be refunded to the treasury by short drawal

<sup>13</sup> Defined Contribution Pension Scheme for Government Employees.

<sup>14</sup> Interest rate payable on balances in General Provident Fund.

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.

It was noticed that temporary advances and imprest drawn by the DDOs of eight departments/organisations amounting to ₹ 161.00 crore was pending adjustment as of 31 March 2017. Department/Organisation-wise advances and imprest pending upto 31 March 2017 is given in **table 3.5**.

**Table 3.5: Unadjusted temporary advance and imprest**

(₹ in crore)

| SI No. | Name of the Departments             | Temporary advance | Imprest      | Total      |
|--------|-------------------------------------|-------------------|--------------|------------|
| 1.     | Building Construction               | 5.67              | 2.47         | 8.14       |
| 2.     | Irrigation                          | 27.76             | 2.18         | 29.94      |
| 3.     | National Highways                   | 0.78              | 0.09         | 0.87       |
| 4.     | Public Health Engineering           | 8.27              | 2.03         | 10.30      |
| 5.     | Road Construction                   | 67.50             | 0.27         | 67.77      |
| 6.     | Rural Works                         | 7.58              | 6.56         | 14.14      |
| 7.     | Local Area Engineering Organisation | 22.85             | 3.63         | 26.48      |
| 8.     | Minor Water Resources               | 2.38              | 0.98         | 3.36       |
|        | <b>Total</b>                        | <b>142.79</b>     | <b>18.21</b> | <b>161</b> |

(Source: Finance Accounts for the year 2016-17)

Analysis revealed that the temporary advances were given to officers and staffs of the above mentioned eight departments. In Building Construction Department, temporary advances were drawn during the year 1998-2015, Irrigation Department during 1983-2015, Road Construction Department during 1999-2005, Rural works Department during 2002-2016, Local Area Engineering Organisation during 2011-2016 and Minor Water Resources Department during 1985-2014. The DDOs of the concerned Departments stated that adjustment/recovery of the advances drawn is under process.

The reply is not tenable as temporary advances have been pending adjustment for periods ranging from one to 34 years. Such amounts lying unadjusted beyond the stipulated period is fraught with risk of misappropriation and fraud.

**Recommendations:** 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.

### 3.12 Impact on Revenue Surplus and Fiscal Deficit

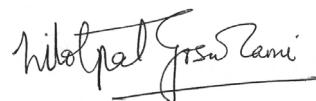
As per the Finance Accounts, the impact of incorrect accounting of expenditure and revenue resulting in overstatement of revenue surplus and understatement of fiscal deficit to the tune of ₹ 157.54 crore each is given in **table 3.6 below**:

**Table 3.6: Impact on Revenue Surplus and Fiscal Deficit**

(₹ in crore)

| Sl. No.          | Item   | Impact on Revenue Surplus       |                | Impact on Fiscal Deficit         |                |
|------------------|--|---------------------------------|----------------|----------------------------------|----------------|
|                  |  | Overstatement                   | Understatement | Overstatement                    | Understatement |
| 1.               | Interest on balances of State Disaster Response Fund | 119.72                          | --             | --                               | 119.72         |
| 2.               | Non payment of interest on deposits                  | 5.13                            | --             | --                               | 5.13           |
| 3.               | Non contribution to Guarantee Redemption Fund        | 32.69                           | --             | --                               | 32.69          |
| <b>Total Net</b> |  | <b>Overstatement<br/>157.54</b> |                | <b>Understatement<br/>157.54</b> |                |

In view of the above, the Revenue Surplus and Fiscal Deficit of the State which was ₹ 13,313 crore and ₹ 13,986 crore (excluding UDAY) would actually be ₹ 13,155 crore and ₹ 14,143 crore respectively. The overall impact on the performance of the State is discussed in *Paragraph 1.1.2*.


**(NILOTPAL GOSWAMI)****Principal Accountant General (Audit), Bihar****Patna****The 06 August 2018****Countersigned**

**(RAJIV MEHRISHI)****Comptroller and Auditor General of India****New Delhi****The 10 August 2018**

