

Chapter III Financial Reporting

A reliable financial reporting mechanism aids exercise of controls on utilisation of funds. This Chapter provides an overview and status of compliance to various financial rules, procedures and directives during the year.

3.1 Personal Deposit Accounts

3.1.1 Personal Deposit Account framework

Personal Deposits (PD) are maintained in the treasuries in the nature of banking accounts. These are commonly known as Personal Ledger (PL) Accounts or Personal Deposit Accounts. PD Accounts are established in the following manner:

- (a) Under statutory provisions of the Government or created under any law or rule having the force of law by transferring funds from the Consolidated Fund of the State for discharging liabilities of the Government arising out of special enactments.
- (b) PD Accounts may also be opened, in favour of specified Government Officers, by transferring fund from the Consolidated Fund of the State for discharging the liabilities of the State Government in respect of execution of various projects, schemes etc.

As per the WBTR, in case of (b) above the PD Accounts enable its Holders / Administrators to incur expenditure pertaining to a scheme, for which funds are placed at their disposal, by transfer from the Consolidated Fund of the State.

Ordinarily, Government accords permission for opening of such Accounts under intimation to the Principal Accountant General (A&E), West Bengal. Except where the PD Accounts are created by law or rules having the force of law for discharging liabilities arising out of special enactments, other PD Accounts shall be closed at the end of the financial year.

As per Rule 6.09(1) of the WBTR, PD Accounts shall be closed at the end of the financial year by minus debit of the balance to the relevant service head in the Consolidated Fund of the State⁸³. The account may be opened again in the following year, if necessary.

Analysis revealed the following:

- (a) In terms of WBTR, the Personal Deposit Accounts are to be opened Administrator-wise and scheme-wise, not be omnibus and only if the opening of such account is absolutely necessary. No details were produced to Audit by the State Government, though called for (February / April 2019).

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

⁸³ Except, where personal deposits are created by law or rules having the force of law for discharging the liabilities arising out of special enactments.

- (b) Article 202 of the Constitution of India provides for legislative financial control over public expenditure through the Annual Financial Statement / Budget. Not transferring the unspent balances lying in PD Accounts to the Consolidated Fund before the closure of the financial year violates legislative intent, which is to ensure that funds approved by it for the financial year are spent during the financial year itself. Failure to transfer unspent balances to the Consolidated Fund of the State also entails the risk of misuse of public funds, fraud and misappropriation.

3.1.2 Status of PD Accounts in West Bengal

Despite West Bengal Treasury Rule 6.09 which states ‘Personal Deposit Account created by debit to the Consolidated Fund of the State shall be closed at the end of the financial year by minus debit of the balance to the relevant service heads in the Consolidated Fund of the State’ it was noted that there is a balance of ₹ 4,281.98 crore in 157 PD Accounts as on 31 March 2018 as indicated in **Table 3.1**. Similar such year-end balances have been noticed in 2016-17 with ₹ 5,140.70 crore in 153 PD Accounts, in 2015-16 ₹ 4,769.43 crore in 150 PD Accounts, in 2014-15 ₹ 3,721.10 crore in 150 PD Accounts and in 2013-14 ₹ 3,435.32 crore in 148 PD Accounts.

Table 3.1: Details of PD Accounts

Sl. No.	Description	No. of Accounts	Amount (₹ in crore)
1	Number of PD Accounts existing at the beginning of the year	153	5,140.70
2	New PD Accounts opened during the year	4	5,010.68*
3	PD Accounts closed during the year	0	5,869.40*
4	PD Accounts existing at the end of the year	157	4,281.98

*Addition and clearance during the year 2017-18 under Personal Deposit Accounts, 8443-106

Source: Finance Accounts

The correctness of the Closing Balance of PD Account as of March 2018, could not be ascertained, as the monthly as well as annual verification of balances in the Treasuries was found to be deficient, as elaborated in **Para 3.1.4**.

3.1.3 Operation of PD Accounts

The following were observed in operation of PD Accounts.

- (i) Under Rule 6.08 of WBTR, non-lapsable PD Accounts, if not operated upon for a period of two years and there is reason to believe that the need for such PD Accounts has ceased, are required to be closed. Test check of 71 Treasuries out of 88, conducted in 2017-18 showed 98 inoperative schemes under PD Accounts of 16 Administrators amounting to ₹ 26.02 crore was yet to be closed at the end of 2017-18 (**Appendix 3.1**). Amounts lying in PD Accounts resulted in overstatement of expenditure to that extent. Moreover, in eight Treasuries out of 71 test-checked Treasuries, the Administrators had not reconciled and verified their balances with the Treasury figures as of 31 March 2018. Non-reconciliation of PD Accounts periodically and non-transferring of the unspent balances lying in PD Accounts to Consolidated Fund was in violation of principles of budgetary and financial control and entails the risk of misuse of public funds.

- (ii) An amount of ₹ 642 crore (10.94 per cent), out of the total expenditure of ₹ 5,869 crore was transferred from Consolidated Fund to the PD Accounts in the month of March 2018. Out of the amount transferred in March 2018, an amount of ₹ 168 crore (26.17 per cent) was transferred on 31 March 2018, from Consolidated Fund to the PD Accounts. This indicated that the funds were transferred to PD Accounts to avoid lapse of funds.
- (iii) Test-check of PD Accounts maintained by eight DDOs⁸⁴ disclosed an aggregate balance of ₹ 427.31 crore as of March 2018. Following deficiencies were observed (July 2018) (**Box 3.1**):

Box 3.1: Irregularities in PD Accounts

➤ **Discrepancies between treasury pass books and PD cash books**

WBTR stipulated that the holder of the PD Account shall, immediately after end of the financial year, make necessary verification and reconciliation of the balances with the treasury.

PD Accounts cash book balances were overstated by ₹ 75.86 crore in respect of two DDOs and understated by ₹ 18.58 crore in respect of four DDOs due to non-reconciliation.

➤ **Unauthorised retention of fund**

- In view of Finance Department's order (July 2015), unspent fund of the scheme 'Distribution of bicycles amongst the girl students of recognised and aided madrasahs' was required to be surrendered.

Four DDOs⁸⁵ held ₹ 1.04 crore in PD Accounts from July 2015 to July 2018 (around three years) to avoid surrender of funds.

- As per para 2.1 of the Bidhayak Elaka Unnayan Prakalpa guidelines, no MLA shall be entitled to recommend any scheme under this Prakalpa after the dissolution of the term of that Assembly. In this regard, Department of Planning, Statistics and Programme Monitoring directed (November 2017) surrender of the unutilised fund lying in PD/Deposit/Bank Account.

As of March 2018, however, three DDOs retained unutilised funds of ₹ 3.68 crore in PD Accounts after the dissolution of the Assembly.

- In view of order of Home and Hill Affairs Department (January 2018), Border Area Development Programme (BADP) scheme sanctioned up to the year 2015-16 but not yet started, was required to be cancelled. DM, Jalpaiguri, however, retained BADP fund (sanctioned up to 2015-16) of ₹ 0.13 crore in his PD Account, as in July 2018.

➤ **Deposit of fund in wrong heads**

WBTR stipulated that unspent fund in PD Accounts were to be deposited by minus debit of the balance to the relevant service heads.

Three DDOs⁸⁶ during 2017-18, flouting the rule deposited ₹ 4.38 crore in the receipt head '0070-Other Administrative Services' and thereby inflated the non-tax revenue to such extent.

Such irregular transfers and balances inflate the figures of expenditure in the Consolidated Fund as also the liability of the Government.

⁸⁴ DMs of North 24 Pgs.: ₹ 54.30 cr., Jalpaiguri: ₹ 55.58 cr., PurbaBardhaman: ₹ 33.64 cr., Murshidabad: ₹ 91.57 cr., Purulia: ₹ 91.52 cr., Malda: ₹ 65.98 cr., Nadia: ₹ 25.30 cr. and Paschim Medinipur: ₹ 9.42 cr.

⁸⁵ DMs of Purulia: ₹ 0.42 cr., Purba Bardhaman: ₹ 0.44 cr., Malda: ₹ 0.15 cr., Nadia: ₹ 0.03 cr.

⁸⁶ DMs of Paschim Medinipur: ₹ 1.13 crore, Jalpaiguri: ₹ 1.53 crore, North 24 Parganas: ₹ 1.72 crore

3.1.4 Non-obtaining of Certificates of Acceptance of Balance

As per Rule 6.08(5) of WBTR 2005, the Administrator of PD Account shall make necessary verification and reconciliation of the balances with the Treasury and shall furnish the certificate to the Treasury Officer on or before 15 May every year.

- Inspection of 71 treasuries during 2017-18 revealed that in eight treasuries, monthly as well as annual verification of balances was not carried out by the Administrators of PD Account. Consequently, correctness of the balances lying in these PD Accounts could not be verified in Audit.

Recommendation 12: The Finance Department is required to review all PD Accounts and ensure that all amounts unnecessarily lying in these accounts are immediately remitted to the Consolidated Fund. Transferring money to PD Accounts from the Consolidated Fund of the State at the fag end to avoid lapse of funds should be avoided.

3.2 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. Transactions under this Minor Head during the years 2016-17 and 2017-18 are detailed in Table 3.2.

Table 3.2: Receipts and Expenditure under Minor Head 800

Year	Receipts ⁸⁷ (₹ in crore)	No. of Major Heads under which Minor Head 800 is operated	Receipts under Minor Head 800 (₹ in crore (per cent))	Expenditure ⁸⁸ (₹ in crore)	No. of Major Heads under which Minor Head 800 is operated	Expenditure under Minor Head 800 (₹ in crore) (per cent)
2016-17	1,17,832	53	18,444 (15.65)	1,45,254	75	11,481 (7.90)
2017-18	1,31,270	57	1,208 (0.92)	1,60,445	77	9,500 (5.92)

Source: Finance Accounts

Further, it was observed that the entire receipts (₹ 57.97 crore) under nine Major Heads were booked under Minor Head-800 (Other Receipts). Similarly, more than 80 per cent of the total expenditure under 11 Major Heads was booked under Minor Head – 800 (Other Expenditure).

Instances where a substantial proportion (50 per cent or more of the receipts / expenditure under the major head concerned) of the receipts/ expenditure were classified under Minor Head 800 – Other Receipts/ Expenditure are in **Annexure D and C of Notes to Accounts (Finance Accounts – Volume I)**. **The fact that such substantial portion of the receipts/ expenditure under the concerned Major Heads are booked under Minor Head - 800 is a cause for concern, since it severely impacts transparency.**

⁸⁷ Revenue Receipts

⁸⁸ Includes both Revenue and Capital

3.3 Building and Other Construction Workers' Welfare Cess

The Building and Other Construction Workers' (BOCW) Welfare Cess Act, 1996 and the BOCW (Regulation of Employment and Conditions of Service) Act, 1996 cover any establishment employing ten or more building workers in any building or other construction work. The Acts, *inter alia*, provide for Constitution of Welfare Boards with the aim of improving the working condition of workers and to provide financial aid to them, and to augment the resources of the Welfare Boards through the levy and collection of cess on the cost of construction. Accordingly, GoWB created (2005) West Bengal BOCW Welfare Board (Board) and in terms of the Cess Act levies cess at one *per cent*.

The position of receipt and utilisation of BOCW cess and workers covered under the scheme during 2013-18 is given in **Table 3.3** below:

Table 3.3: Receipt and utilisation of BOCW Cess

Sl. No.	Year	Receipts	Expenditure	Workers covered
		(₹ in crore)		
1.	2013-14	205.40	109.48	3,83,586
2.	2014-15	237.85	193.18	5,71,479
3.	2015-16	362.33	224.42	5,76,418
4.	2016-17	328.45	176.23	2,56,619
5.	2017-18	349.04	175.09	2,06,072
	Total	1,483.07	878.40	

Source: Departmental figures

It was observed that:

- Information relating to cess realisable during the period 2013-18 was neither on record of the Board nor made available to Audit (March 2019). The Board stated that the exercise to assess the cess realisable was difficult, particularly when the construction works were going on. This indicated that the Board was yet to formulate any mechanism to ensure that the realisable cess was assessed. In the absence of assessment, the actual amount of cess realisable was yet to be determined.
- As the Board was yet to submit the Annual Accounts for the year 2017-18 for certification, the correctness of receipts of ₹ 349 crore and expenditure of ₹ 175 crore could not be validated in audit.
- Based on the Acts referred *ibid*, the State Government framed the West Bengal BOCW (Regulation of Employment and Conditions of Service) Rules, 2004. The Rules, however, did not specify the modalities to be followed for effecting transfer of cess to the Board. As a result the cess was being directly deposited to the bank account of the Board without being routed through the Consolidated Fund of the State in violation of Article 266(1) of Constitution of India.
- During the period 2013-18, against the total receipts of ₹ 1,483 crore, there was expenditure of ₹ 878 crore, leaving an unutilised amount of ₹ 605 crore (40.80 *per cent*).

- The coverage of workers under the scheme declined by 46.28 *per cent* from 3,83,586 in 2013-14 to 2,06,072 in 2017-18.

3.4 Compliance to Indian Government Accounting Standards

As per article 150 of the Constitution of India, the President of India may, on the advice of the Comptroller and Auditor General of India, prescribe the form of accounts of the Union and of the States. In accordance with this provision, the President of India has so far notified three Indian Government Accounting Standards (IGAS). Compliance to these Accounting Standards by Government of West Bengal in 2017-18 and deficiencies therein are detailed in **Table 3.4:**

Table 3.4: Compliance to Accounting Standards

Sl. No.	Accounting Standard	Compliance by State Government	Deficiencies noticed in compliance
1	<i>IGAS 1: Guarantees Given by the Government-Disclosure requirements</i>	Not complied by the State Government (Statements 9 and 20 of Finance Accounts)	Information regarding (i) amount of guarantees confirmed during 2017-18 and structured payment arrangement, if any, were not disclosed in the Finance Accounts. The Statements are incomplete to that extent.
2	<i>IGAS 2: Accounting and classification of Grants-in-Aid</i>	Not complied (Statement 10 of Finance Accounts)	(I) Certain expenditure in the nature of Pass-through Grants were classified under Capital Section (Refer to paragraph 1.5.3). (ii) No information was available in respect of Grants-in-Aid in kind given by the State Government.
3	<i>IGAS 3: Loans and Advances made by Governments</i>	Not complied (Statements 7 and 18 of Finance Accounts)	(i) Interest payment in arrears were available only in respect of the loans the detailed accounts of which are maintained by the Accounts Office. (ii) Repayments in arrears were available loanee-group-wise and not loanee-entity-wise (iii) Information in respect of repayments in arrears was not available in respect of two Loanee-Groups (Government servants and Miscellaneous) (iv) Disbursements for plan purpose were not indicated in brackets as required. (v) Information on loan in perpetuity was not available. The Statements were deficient to that extent.

3.5 Non-submission of Annual Accounts/ Separate Audit Reports by Autonomous Bodies

Certification of accounts of Autonomous Bodies (ABs) set up by the State Government is conducted under Sections 19 or 20 of Comptroller and Auditor General of India (Duties, Powers and Conditions of Service) Act, 1971 (CAG's DPC Act).

The ABs coming under the audit purview as per Section 19 or 20 of CAG's DPC Act are required to submit the annual accounts of a financial year to audit by 30 June next year. In respect of 64 ABs which were to render annual accounts to CAG, there were delays in submission of accounts as detailed in **Table 3.5.**

Table 3.5: Age-wise details of delay in submission of Annual Accounts of Autonomous Bodies, as of 31 March 2019

Sl.No	Delay in Number of Years	No. of Bodies/ Authorities
1	0-1	24
2	1-2	12
3	2-3	5
4	3-4	5
5	4-5	3
6	5 and above	15
Total		64

Source: Records of Autonomous bodies

The status of entrustment of audit, rendering of accounts to Audit, issue of Separate Audit Reports (SARs) and their placement in the Legislature are indicated in **Appendices 3.2 and 3.3**. Out of 64⁸⁹ bodies/ authorities, only nine bodies/ authorities, namely (i) WBCBC⁹⁰, (ii) District Legal Services Authority (DLSA), Dakshin Dinajpur, (iii) WBSCSTDFC⁹¹, (iv) HRBC⁹², (v) HDA⁹³, (vi) DSDA⁹⁴, (vii) CSTC⁹⁵, (viii) SBSTC⁹⁶ and (ix) WBIIDC⁹⁷ had submitted accounts up to 2017-18 while six DLSAs did not submit accounts since their inception in 1998-99.

In respect of 30 Autonomous Bodies, the State Government did not lay the Separate Audit Reports (SARs) before the State Legislature as detailed in **Appendix 3.2**, though the SARs had been issued. Non-placement of SARs weakens the legislative control over these Bodies / Institutions and dilutes their financial accountability.

3.6 Pro forma Accounts of Departmental Commercial Undertakings

The departmental undertakings of certain Government departments performing activities of quasi-commercial nature were required to prepare *pro forma* accounts in the prescribed format annually. The *pro forma* accounts of departmentally managed commercial and quasi-commercial activities reflected their overall financial health and efficiency in conducting their business.

The Heads of Departments were to ensure that these units prepare such accounts and submit them to Principal Accountant General/Accountant General for audit within a specified time frame.

An amount of ₹ 3,143.37 crore was invested by the State Government in 14 commercial and quasi-commercial undertakings, whose accounts are due from 1983-84 to 2016-17 as of 30 September 2018. Of these, 11 undertakings had incurred losses aggregating to ₹ 2,571.65 crore and the remaining three, *viz.* CEOH⁹⁸, KADA⁹⁹ and Public Distribution System of Food Grains¹⁰⁰ reflected accumulated profit of ₹ 841.02 crore up to 2017-18. The department-wise position of arrears in preparation of *pro forma* accounts, investment made by the Government therein and profit earned or loss incurred are given in **Appendix 3.4**.

⁸⁹ Including six DLSAs mentioned in sl. no. 21 of Appendix 3.2

⁹⁰ West Bengal Commission for Backward Classes

⁹¹ West Bengal Scheduled Castes and Scheduled Tribes Development and Finance Corporation

⁹² Hooghly River Bridge Commissioner

⁹³ Haldia Development Authority

⁹⁴ Digha Sankarpur Development Authority

⁹⁵ Calcutta State Transport Corporation

⁹⁶ South Bengal State Transport Corporation

⁹⁷ West Bengal Industrial Infrastructure Development Corporation

⁹⁸ Central Engineering Organisation, Howrah

⁹⁹ Kanchrapara Area Development Authority

¹⁰⁰ Subsidy received from Government was shown as profit in its account

3.7 Non-submission of Accounts by Bodies/ Authorities (Other than PRIs)

In order to identify institutions / organisations which attract audit under Sections 14 and 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 (CAG's DPC Act), the Government/ HODs are required to furnish to audit every year -

- Detailed information about the financial assistance given to various institutions,
- The purpose for which the assistance is granted,
- Total expenditure of the institutions.

Audit of these institutions is conducted by the Examiner¹⁰¹ of Local Accounts (ELA), West Bengal under the Principal Accountant General (General and Social Sector Audit), West Bengal.

As of September 2018, 596 annual accounts of 140 bodies/authorities due up to 2017-18, had not been received by the ELA, West Bengal (*Appendix 3.5*). Pendency in submission of accounts is detailed in **Table 3.6**:

Table 3.6: Pendency in submission of accounts

Sl.No.	Delay in Number of Years	No. of Bodies/ Authorities
1	1 to 3 years	79
2	4 to 6 years	25
3	7 to 9 years	22
4	10 to 12 years	14
Total		140

Source: Records of the Institutions

Therefore, utilisation of funds for the intended purposes could not be verified in regard to these bodies/authorities.

3.8 Non-submission of Utilisation Certificates

The Government gives grants to various bodies for specific purposes. Rule 330A of the West Bengal Treasury Rules (WBTR) stipulates that Utilisation Certificates (UCs) in respect of Grants-in-Aid received by the grantee should be obtained by the departmental officers from the grantees within one year from the dates of release of the grants provided for specific purposes. After verification, these should be forwarded to the Accountant General (A&E) to ensure that the funds have been utilised for intended purposes. Non-submission / delay in submission of the UCs weakens the control on utilisation and provides scope for misuse / misappropriation / diversion of funds.

During 2017-18, a total of 42,950 UCs for an amount of ₹ 38,209.69 crore was awaited from the departments of the State Government. There is, therefore, no assurance that the expenditure of ₹ 38,209.69 crore has actually been incurred for the purposes for which it was authorised. Utilisation of funds could not be ascertained for an amount of ₹ 1,21,532.05 crore because of non-receipt of 2,46,263 UCs for the period up to 2016-17. As of 31 March 2018, a total of 2,89,213 UCs were awaited for an amount of

¹⁰¹ Appointed by State Government as the Statutory Auditor of Local Bodies

₹ 1,59,741.74 crore. Further, department-wise details of non-submission of UCs for ₹ 34,156 crore (21.38 per cent) out of ₹ 1,59,741.74 crore, though repeatedly requested for, were yet to be furnished by the State Government. Huge pendency in submission of UCs is fraught with the risk of fraud and misappropriation of funds.

Major schemes for which UCs remained outstanding for more than ₹ 100 crore against the grants released during the year 2017-18 are given in **Table 3.7**.

Table 3.7: Schemes for which UCs pertaining to 2017-18 were not received
(₹ in crore)

Sl. No.	Scheme	Grants-in-Aid received	UCs submitted	Balance
1.	Mid-Day Meal	1,324.27	228.86	1,095.41
2.	Sarva Shiksha Abhiyan	1,183.30	429.38	753.92
3.	National Rural Health Mission	640.58	234.33	406.25
4.	Swachh Bharat Mission	338.70	20.71	317.99
5.	National Old Age Pension	748.99	514.45	234.54
6.	Indira AwasYojana	6,748.40	762.38	5,986.02
7.	Mahatma Gandhi National Rural Employment Guarantee Act	1,369.02	438.51	930.51
8.	Nirmal Bharat Abhiyan	544.89	154.41	394.48

Source: VLC data

Major cases of non-submission of UCs up to 2017-18 pertain to the Departments of Panchayat and Rural Development (58,388 UCs for ₹ 53,755 crore), School Education (28,060 UCs for ₹ 24,374 crore) and Urban Development and Municipal Affairs (28,018 UCs for ₹ 22,130 crore). Though such instances of non-submission of UCs are being reported in the Reports of the CAG of India regularly, there has been no marked improvement.

Recommendation 13: The Finance Department should develop a mechanism to ensure submission of UCs which have become due without delay and review all UCs pending for submission before release of fresh grants.

3.9 Non-submission of Detailed Contingent Bills

Financial Rules¹⁰² permit drawing of advances on Abstract Contingent bills (AC bills) for the purpose of meeting contingent expenditure for specified purposes. Rule 4.138 (5) of West Bengal Treasury Rules, 2005 requires that advances drawn through AC bills are to be adjusted through Detailed Contingent bills (DC bills) within one month from the date of completion of the purpose. In no case, this could exceed 60 days from the date of drawal of the AC bill.

The Departments had drawn 2,697 AC bills for an amount of ₹ 1,627.65 crore in the financial year 2017-18 and submitted only 1,103 DC bills for an amount of ₹ 98.80 crore. Thus 1,594 DC bills amounting to ₹ 1,528.85 crore were not submitted before close of the financial year. There is, therefore, no assurance that the expenditure of ₹ 1,528.85 crore had actually been incurred during the financial year for the purpose for which it was sanctioned/authorized by the Legislature. This is a possible overstatement of expenditure

¹⁰² Rule 4.138 (1) of West Bengal Treasury Rules

in the year 2017-18. A total of 8,409 DC bills amounting to ₹ 1,935.60 crore for the years up to 2015-16 and 1,079 DC bills amounting to ₹ 175.88 crore for the year 2016-17 were yet to be submitted by the Departments. Advances drawn and not accounted for increases the possibility of wastage/misappropriation/ malfeasance, etc.

Further, 7,323 DC Bills, each valuing one crore or more, amounting to ₹ 3,294 crore, were pending in respect of eight departments as of March 2018 (**Table 3.8**).

Table 3.8: Departments in which major amounts were pending adjustment

Sl. No.	Department/ Office/ Institute	Pending DC Bills	Amount (₹ in crore)
1	Disaster Management and Civil Defence	3,035	1,882
2	Power & Non-conventional Energy Sources	1	500
3	Home and Hill Affairs	1,833	372
4	Panchayat and Rural Development	961	339
5	Women and Child Development and Social Welfare	903	103
6	Agriculture	170	40
7	Health and Family Welfare	227	29
8	Land and Land Reforms and Refugee Relief and Rehabilitation	193	28
	Total:	7,323	3,293

Source: Finance Accounts of Government of West Bengal 2017-18

*Difference of ₹ 1 crore is due to rounding.

Audit reviewed two departments with pending DC bills, viz. Panchayat and Rural Development (P&RD) and Disaster Management and Civil Defence (DM&CD) for the period 2013-18. The following irregularities were observed (July 2018).

(I) P&RD Department

- AC bills (71) involving ₹ 250.78 crore drawn by 10 test-checked DDOs remained unadjusted since March 2005 (**Appendix 3.6**).
- Ignoring the Finance Department's order (May 2017), Accounts Officer, West Bengal State Election Commission retained the unspent advance of Panchayat Election Fund (₹ 146.94 crore) in bank account without transferring into deposit account.
- 'For the improvement of lifestyle in Sundarban region', ₹ 3.71 crore drawn (up to March 2017) through three AC bills, were required to be allotted by P&RD Department to the DMs of North 24 Parganas (₹ 1.21 crore) and South 24 Parganas (₹ 2.50 crore). Documents in this regard were, however, not produced to audit though called for.

(II) DM&CD Department

- AC bills (123) involving ₹ 1,850.77 crore drawn by nine test-checked DDOs remained unadjusted since September 2004 (**Appendix 3.6**).
- Joint Director of Agriculture (JDA) during June to August 2018 refunded unutilised fund of ₹ 30.19 crore. Prior to the refund, the fund was kept in the bank account of the Deputy Directors of Agriculture of different districts and of the JDA for a period exceeding one year ignoring the GoWB's direction (May 2017).

The operation of bank account outside treasury system of government account and retention of money in those accounts weakens the control over the public funds.

Pendency in submission of DC bills was regularly mentioned in the previous Reports on State Finances¹⁰³. The State Government is yet to draw up a time bound programme to settle these outstanding AC bills and communicate to Audit. In such a scenario there is no assurance that expenditure has actually been incurred before the close of the financial year.

AC bills remaining unadjusted for long periods in violation of prescribed rules and regulations is a breach of financial discipline and entails the risk of misappropriation/misuse of public money. Responsibility needs to be fixed in this regard and a time bound programme needs to be evolved by the State Government to settle these outstanding AC bills.

Recommendation 14: Finance Department may ensure that all Controlling Officers submit the required DC bills to adjust all pending AC bills in a time-bound manner.

3.10 Variation in Cash Balance

As per the Statement of the closing balance issued by Reserve Bank of India, the State had a debit balance of ₹ 0.30 crore while the closing cash balance of the State for the month of March 2018 as certified by the Principal Accountant General (A&E), West Bengal showed a credit balance of ₹ 20.96 crore. Thus, there is a difference of ₹ 21.26 crore (net credit) including the previous years' balances, between the cash balance of the State Government, as worked out by the Principal Accountant General (A&E) and reported by the Reserve Bank of India (as of March 2018), which requires reconciliation.

3.11 Un-reconciled Receipts/ Expenditure

Rule 385 of West Bengal Financial Rules (WBFR) stipulates that expenditure recorded in the departments books of account be reconciled every month with the books of the Accountant General (A&E). Reconciliation enables the Chief Controlling Officers (CCOs) to exercise effective control over budget and expenditure. It also ensures accuracy of the accounts. The Public Accounts Committee also recommended (December 2011) following of the stipulations of the WBFR.

During the year, receipts amounting ₹12,920 crore (7.29 per cent of total receipts of ₹ 1,77,227 crore) and expenditure amounting ₹37,331 crore (20.13 per cent of total expenditure of ₹ 1,85,425 crore) remained unreconciled by the State Government.

Non-reconciliation impacts the assurance that all the receipts/ expenditures have been correctly taken to the final head of account and carries a risk of non detection of misuse of public funds.

¹⁰³ Paragraph 3.6.2 of Reports of 2013-14, 2014-15 and Paragraph 3.5.2 of Report of 2015-16 and Paragraph 3.6 of 2016-17 on State Finances

3.12 Adverse Balances under Debt, Deposit and Remittance Heads

Transactions relating to Debt, Deposit and Advances comprise receipts and payments in respect of which Government becomes liable to repay the moneys received or has a claim to recover amounts paid.

Chart 3.1: Debt, Deposits and Remittances

Debt	Deposits	Remittances
<ul style="list-style-type: none"> Government is a Debtor. Transactions impact current year as well as future years when Government has to repay the debts. 	<ul style="list-style-type: none"> Government acts as temporary custodian of funds. Transactions impact current year as well as future years when deposits are due for repayment or are withdrawn by Depositor. 	<ul style="list-style-type: none"> Embraces all transactions, which are taken to merely adjusting Heads of Accounts. Debits or Credits are eventually cleared by corresponding contra entries.

Source: Comptroller and Auditor General of India's Manual of Standing Orders (Accounts and Entitlements)

There were adverse balances aggregating to ₹ 168.33 crore under the Deposit Head: Other Deposits – Major Head 8342. Further, there were adverse balances under Loans and Advances aggregating ₹ 29.32 crore at the end of March 2018.

3.13 Functioning of Treasuries/ Pay and Accounts Offices

The following deficiencies/ irregularities were noticed during 2017-18 with regards to functioning of treasuries (including PAO, Kolkata-I, PAO, Kolkata-II and PAO, Kolkata-III in respect of receipt of vouchers).

Table 3.9: Deficiencies noticed in functioning of treasuries

Sl. No.	Rule/Orders/Instructions of Government	Observation	No. of cases	Amount (₹ in crore)
1	As per Rule 8.05 of West Bengal Treasury Rules 2005, a Government officer entrusted with payment of moneys shall obtain for every payment he makes including repayment of sums previously lodged with the Government, a voucher setting forth full and clear particulars of the claim and all information necessary for its proper classification and identification in the accounts.	Vouchers not received from 29 treasuries	223	6.34
		Vouchers not received from three PAOs, Kolkata	18	11.72

3.14 Follow-up Action on Audit Reports

Rules of procedure of the Committee on Public Accounts of the West Bengal Assembly, promulgated in 1977, provide that after tabling the Report in State Legislature, the State Government departments are required to submit replies to the audit observation within one month.

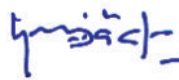
Table 3.10: Status of laying of Audit Report on State Finances

Year of Report	Submission of Audit Report on State Finances for placement in the Legislative Assembly	Date of laying of Audit Report
2011-12	22.01.2013	10.07.2014
2012-13	10.03.2014	
2013-14	03.03.2015	04.07.2016
2014-15	25.02.2016	
2015-16	30.01.2017	07.03.2018
2016-17	26.03.2018	11.07.2019

Source: Records of West Bengal Legislative Assembly

Replies to the audit observations in the above mentioned Audit Reports were yet to be furnished by the State Government. Such lack of responsiveness is a matter of serious concern and goes against the basic tenet of legislative control over expenditure from public exchequer and undermines the importance of the Legislature.

Kolkata
The 12 FEB 2020


(SARAT CHATURVEDI)
Principal Accountant General
(General and Social Sector Audit)
West Bengal

Countersigned

New Delhi
The 14th February, 2020


(RAJIV MEHRISHI)
Comptroller and Auditor General of India