

CHAPTER III

FINANCIAL REPORTING

This Chapter provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the year 2017-18.

3.1 Outstanding Utilisation Certificates (UCs)

The financial rules stipulate that where grants in aid are given for specific purposes, departmental officers concerned should obtain Utilisation Certificates (UCs) from grantees, which, after verification, should be forwarded to Accountant General (A&E) on or before 30 September of the following year to ensure that the funds have been fully utilised for the intended purposes.

Audit test check revealed that a total of 317 UCs amounting to ₹ 2,413.40 crore were outstanding as of 31 March 2018, out of which 100 UCs amounting to ₹ 628.48 crore were outstanding as of 31 January 2019 in different Departments against the GIA bills drawn up to 2017-18.

The position of outstanding UCs against GIAs released to different Departments as of 31 January 2019 is given in the **Table 3.1**.

Table 3.1: Year wise position of UCs* pending

(₹ in crore)

Grant-In-Aid released	UC due	Utilisation Certificates outstanding as on January 2019		
		Delay	Number	Amount
Up to 2014-15	Up to September 2015	More than three years	62	89.77
2015-16	September 2016	More than two years	07	1.82
2016-17	September 2017	More than one year	05	18.03
During 2017-18	September 2018	04 months	26	518.86
Total			100	628.48

(Source: information compiled by the office of the AG (A&E))

*The Grants where the Sanction order specifies that the UC should be sent to Accountant General (A&E).

The major head wise position of UCs pending is given in **Appendix 3.1**.

Pendency in submission of UCs mainly pertains to Urban Administration (₹ 547.89 crore, 42 UCs), Compensation & Assignment to Local Bodies (₹ 80.59 crore, 56 UCs).

Non-receipt of UCs against GIA indicates failure of the departmental officers to comply with the rules and procedures to ensure timely submission of utilisation of the grants for the intended purposes. Pendency of UCs is fraught with the risk of misappropriation of funds and fraud.

Recommendations: The Finance Department should prescribe a time frame within which administrative departments releasing grants collect UCs pending for more than the time stipulated in the grant orders and also ensure that till such time, administrative departments release no further grants to defaulting grantees. The Government may initiate appropriate action against departmental officers who default in submission of UCs on time.

3.2 Abstract Contingent Bills and Detailed Contingent Bills

As per Rule 313 of the Chhattisgarh Treasury Code (CGTC), every Drawing and Disbursing Officer (DDO) has to certify in each Abstract Contingencies (AC) bill that Detailed Contingent (DC) bills for all contingent charges drawn by him prior to the first of the current month have been forwarded to the concerned Controlling Officers (CO) for countersignature and transmission to the Accountant General (A&E). As per CGTC Subsidiary Rule 327, DDOs should submit monthly DC bills along with necessary certificate to the Controlling Officers within fifth of the following month. The Controlling Officer is required to submit the passed DC bills to Accountant General (AG), so that these may be received in AG's office before 25th of the same month. DC bills not submitted with relevant documents of expenditure incurred renders the expenditure under AC bills opaque.

The details of submission of DC bills against the AC bills drawn are shown in the following **Table 3.2**.

Table 3.2: Status of submission of Detailed Contingent Bills against Abstract Contingent Bills

Year	Opening balance of unadjusted AC bills		AC bills drawn during the year		DC bills submitted during the year		Outstanding DC bills	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
2015-16	20	79.37	1,418	5,491.72	1,135	4,925.23	303	645.86
2016-17	303	645.86	1,317	3,556.39	1,505	4,177.06	115	25.19
2017-18	115	25.19	1,387	3,846.56	1,342	3,738.80	160	132.95

(Source: Finance Account 2017-18 and information compiled by the office of the AG (A&E))

As of 31 March 2018, 160 DC bills worth ₹ 132.95 crore were pending. Department-wise pendency of AC bills upto 2017-18 are mainly pertains to Co-operative Department (₹ 114.00 crore), Industries Department (₹ 15.39 crore) and Village Industry Department (₹ 2.73 crore).

Scrutiny of report generated through Voucher Level Computerisation (VLC) of Office of the Accountant General (A&E) showed that during 2017-18, ₹ 3,846.56 crore drawn against 1,387 AC bills in 2017-18, out of which AC bills amounting to ₹ 575.73 crore (14.97 per cent) were drawn in the month of March 2018 alone. Significant expenditure against AC bills in March indicates that the drawal was primarily to exhaust the budget and actual expenditure of such drawals within the concerned financial year was remote.

However, as on 31 January 2019, total pending Detailed Contingent bills are 47 amounting to ₹ 115.15 crore as detailed given in **Appendix – 3.2**.

Non-submission of DC bills within the prescribed time not only breaches financial discipline but also entails risk of misappropriation of public money and unhealthy practices.

Recommendation: *The Finance Department should ensure that all Controlling Officers adjust all AC bills are adjusted within the prescribed period, and ensure that departmental action against such officers who violate such instructions.*

3.3 Status of Placement of Separate Audit Reports of Autonomous Bodies

The State Government has set up several Autonomous Bodies (ABs), Out of which only three Autonomous Bodies have been entrusted to the Comptroller & Auditor General of India. The status of entrustment of audit and rendering of accounts to audit, issuance of Separate Audit Reports as on December 2018 is given in the following table.

Table: 3.3 Position of submission of accounts

Sl. No.	Name of the Body	Section	Period of entrustment	Year to which accounts rendered	Status of SAR	Delay in rendering of accounts. (in months)
01	CAMPA Fund, Chhattisgarh State	20(1) of DPC Act 1971	2014-15 onwards	2014-15 to 2016-17	Information regarding placing of SAR in State Legislature is still awaited.	06 months (2017-18)
02	Chhattisgarh State & District Legal Services Authority	19(2) of DPC Act 1971	2009 and onwards	2012-13 to 2014-15	SAR issued to the State Government.	30 (2015-16) 18 (2016-17) 06 (2017-18)
03	Chhattisgarh State Housing Board	19(3) of DPC Act 1971	2007-08 to 2011-12	2007-08 to 2011-12	SAR issued to the State Government. Information regarding placing of SAR in State Legislature is still awaited.	Not entrusted 2011-12 onwards

Recommendation: *Government should ensure timely submission of accounts of the Autonomous bodies to audit.*

3.4 Delay in submission of accounts of Public Sector Undertakings

The Companies Act, 2013 stipulates that the annual financial statements of companies are to be finalised within six months from the end of the relevant

financial year, i.e., by September end. Failure to do so may attract penal provisions under which every officer of the concerned defaulting Company shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than ₹ 50,000 but which may extend to ₹ 5,00,000 or with both. **Table 3.4** below provides the details of progress made by Public Sector Undertakings (PSUs) in finalisation of accounts as of 31 December 2018.

Table 3.4: Position relating to finalisation of accounts of PSUs

Sl. No.	Particulars	Working	Non-working	Total
1	Number of PSUs	23	3	26
2	Number of PSUs having accounts in arrears	13	1	14
3	Number of accounts in arrears	19	1	20
4(a)	Number of PSUs with arrears more than six years	Nil	Nil	Nil
4(b)	Number of accounts in arrears in the above PSUs	Nil	Nil	Nil
5(a)	Number of PSUs with arrears between two to five years	3	Nil	3
5(b)	Number of accounts in arrears in the above PSUs	9	Nil	9
6(a)	Number of PSUs with arrears up to one year	10	1	11
6(b)	Number of accounts in arrears in the above PSUs	10	1	11
7	Extent of arrears (numbers in years)	1 to 4	1	1 to 4

(Source: Data compiled from information furnished by the company)

Due to non-finalisation of accounts, the C&AG has been unable to perform the supplementary audit of companies as stipulated in Company Act for periods of up to four years.

The above denotes failure of the concerned administrative departments and specifically of the Finance Department to ensure that the defaulting companies comply with the relevant Acts.

It is of specific interest to observe that even in the absence of accounts to judge the genuineness of demands for financial support from these PSUs, the Finance Department has regularly provided budgetary support to these PSUs by way of infusion of equity, loans and Grants-in-aid/subsidies, guarantees. The State Government had extended Budgetary support of ₹ 9,463.02 crore to 10 working PSUs {guarantees: ₹ 2,920.30 crore (*three* PSUs), grants: ₹ 1,697.08 crore (*six* PSUs), and others (subsidy and revenue grant): ₹ 4,845.64 crore (*eight* PSUs)} up to 2017-18 as given in **Appendix 3.3**. No budgetary support had been extended to the non-working PSUs.

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

3.4.1 Dividend not declared by PSUs

The State Government had not formulated any dividend policy under which PSUs are required to pay a minimum return on the paid up share capital contributed by the State Government. As per their latest finalised accounts, 10 PSUs with Government equity of ₹ 6,636.17 crore earned an aggregate profit of ₹ 104.04

crore. Only two PSU, i.e, *Chhattisgarh Rajya Van Vikas Nigam Limited* and *State Warehousing Corporation* proposed dividend of ₹ 1.60 crore and 0.81 crore respectively.

Recommendation: *State Government should formulate a dividend policy for return on its investments as share capital and ensure that profit earning PSUs declare dividend in terms of the policy.*

3.5 Reporting of cases of losses and defalcations, etc.

Rules 22 and 23 of the CGFC Vol-I, provides that each and every case of loss, misappropriation and defalcation of public fund will have to be reported to the Accountant General. Further, Rule 24 of the Code provides that any serious loss of immovable property such as building, roads and bridges caused by fire, flood, storm, earthquake or any other natural calamities should be reported to the Accountant General. This is followed by detailed investigation by the departments and report thereof citing reasons for such losses and measures/action taken to stop recurrence.

Out of total 1,972 cases pending in various departments of the State Government, found amounting to ₹ 125.29 crore was awaiting conclusive investigation and settlement at the end of the March 2018. The department-wise and category-wise break up of pending cases is given in **Appendix-3.4**. Year-wise analysis of cases is shown in **Appendix-3.5**. The age-profile of the pending cases and the number of cases pending in each category viz. theft and loss are summarized in **Table: 3.5**.

Table 3.5: Profile of losses and defalcations, etc.

(₹ in lakh)

Age-profile of the pending cases			Nature of the pending cases		
Range in years	Number of cases	Amount involved	Nature of the case	Number of cases	Amount involved
0 – 5	309	4,953.20	Theft	136	54.67
5 – 10	403	5,110.31	Loss of property/material	1,765	11,932.93
10 – 15	295	765.82	Defalcation	71	541.86
15 – 20	213	1,038.66	Total pending cases	1,972	12,529.46
20 – 25	241	301.13			
25 & above	511	360.34			
Total	1,972	12,529.46			

(Source: Cases reported by the departments of the State Government)

Out of 1,972 cases, Forest Department and Education Department had 393 and 36 cases respectively were pending for more than 25 years. First information Reports were lodged in 390 cases out of 1,972 cases.

Further, it was also observed that in 47 cases, various departments had recovered ₹ 12.89 lakh during 2017-18 as detailed in **Appendix-3.6**.

Recommendation: *The State Government should expedite completion of departmental action as warranted, and strengthen internal control systems to prevent/reduce recurrence of such cases.*

3.6 Personal Deposit Accounts

As per subsidiary Rule 543 of the State Treasury Code, the State Government is authorised to open Personal Deposit (PD) Accounts, wherein, funds are drawn from the Consolidated Fund (by debiting expenditure head) to be utilised for specific purposes. The PD Accounts are kept in Treasuries in the name of the Administrators of the Accounts under Major Head 8443-Civil Deposits 106 Personal Deposit. The PD Accounts, inoperative for continuous three years should be closed by the Treasury Officer by giving notice to the Administrator of the PD Account and action for transfer of balance amount as Revenue deposit credit to Government Account should be initiated. Periodical reconciliation of PD Accounts with Treasury Accounts is the responsibility of the Administrator concerned.

The details of PD accounts operated in the State during the period 2015-18 are shown in the following **Table: 3.6**.

Table 3.6 : Year Wise Details of PD Accounts

(₹ in crore)

Year	Opening balance as on 1 st April		Addition during the year/receipts		Closing during the year/Disbursements		Closing Balance as on 31 st March	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
2015-16	312	1,630.82	05	669.18	25	603.54	292	1,696.46
2016-17	292	1,696.46	08	918.64	19	722.63	281	1,892.47
2017-18	281	1,892.47	02	643.80	20	779.27	263	1,757.00

(Source: Finance Accounts of the respective years)

From **Table: 3.6**, it can be seen that during 2015-16 to 2017-18, a total of 15 PD Accounts were opened and 64 Accounts were closed. Further, as of 31 March 2018, 263 PD Accounts were in operation and the closing balance of PD Accounts was ₹ 1,757.00 crore.

3.6.1 Funds relating to Land Acquisition kept in PD Accounts

Out of total closing balance ₹1,757.00 crore, ₹1,459.13 crore pertaining to Land Acquisition has been kept in Personal Deposit Account due to non-disbursement of amount to the concerned beneficiaries relating to land acquisition. The treasury wise details of undisbursed funds pertaining to Land Acquisition are given in **Appendix-3.7**.

The matter was brought to the notice of Director, Pension & Treasury Accounts, Chhattisgarh, Raipur. However, reply is awaited.

3.6.2 Non-reconciliation

As per State Government instructions below Subsidiary Rule 584 to 590 of CGTC, Part I, the Administrator of the respective PD Account, should submit a yearly certificate to the effect that the balances shown in the books of the Administrator agrees with the balances shown in the Plus and Minus Memorandum of the month of March. The status of non-reconciliation of closing balances of PD accounts is given in **Table: 3.7**.

Table 3.7: Status of Non-reconciliation of Closing balances of PD Accounts*(₹ in lakh)*

S. N.	Name of the office	Balance as Plus Minus Memorandum	Balance as per Administrator	Difference
01	DFO, Raigarh	1,491.76	1,612.00	1,20.24
02	DFO, Dharamjaygarh	486.62	484.49	2.13
03	Collector, Raipur	25,997.34	27,312.32	1,314.98
04	DFO, Marwahi	246.18	246.74	0.56
05	DPWO, AnandNiketan, Bilaspur	0	0.33	0.33
06	Labour Officer, Bilaspur	11.64	12.04	0.40
Total				14,38.64

(Source: Information received from concerned Department)

Test check of three treasuries¹ amounting to ₹ 14.39 crore has not been reconciled with Plus Minus Memorandum sent to AG (A&E) office and also yearly certificates has not received from the various departments.

On this being pointed out, the above three treasury offices accepted the fact and stated that it will be verified soon and a reconciled *Plus Minus* Memorandum will be sent to AG (A&E) office.

3.6.3 In-Operative PD accounts

The PD Accounts can be opened with the approval of the Finance Department. Accountant General's consent is not required as per the existing rules. The PD Accounts, in-operative for continuous three years should be closed by the Treasury Officer by giving notice to the Administrator of the PD Account and action for transfer of balance amount as Revenue deposit credit to Government Account should be initiated.

During test check of records it is revealed that, 10 PD accounts having a total balance of ₹ 1.37 crore remained in-operative for more than three years and no action has been taken for closing of the said in-operative accounts by the concerned Treasury Officers.

On this being pointed out, the above treasury officer accepted the fact and stated that action will be taken for closing the in-operative PD account after communicate to the concerned departments.

Further, the State Government drew an amount of ₹ 1.98 crore from several Major Heads during March 2018 and deposited in PD Accounts. The details of which are shown in *Appendix-3.8*. Such transfers at the end of financial year indicate that transfer was done to prevent lapse of budgetary provision.

¹ Raigarh, Raipur and Bilaspur Treasuries

3.6.4 Misclassification of funds amounting ₹ 135.67 crore

As per Major and Minor Heads, the deposits for education should be booked under the Major Head-8443-Civil Deposit-123-Education and the forest deposit should be booked under the Major Head-8443-Civil Deposit-109-Forest Deposit.

Scrutiny of challans received from Office of the Accountant General (A&E), it was revealed that Education and Forest deposits amounting to ₹ 1.47 crore and ₹ 134.20 crore were irregularly deposited under Major Head-8443-Civil Deposit-106-Personal Deposit Account instead of 123-Education and 109-Forest Deposit respectively.

During test check of three treasuries, it was revealed that Raipur (₹ 0.24 crore), Bilaspur (₹ 5.02 crore) and Raigarh (₹ 19.78 crore) booked under Major Head-8443-Civil Deposit-106-Personal Deposit Account instead of 123-Education and 109-Forest Deposit respectively. Further, it was also noticed that DFO, *Bilaspur* had deposited amounting to ₹ 2.50 crore under the head 8443-109 where as the senior treasury officer, *Bilaspur*, booked the said amount under 8443-106.

On this being pointed out, treasury Officers of *Raipur* and *Raigarh* accepted the facts and stated that necessary actions will be taken in this regard.

Whereas the Senior Treasury Officer, *Bilaspur* Treasury stated that due to non-availability of such provision in the software for booking the amount under the Major Head 8443-109, the amount was deposited under PD account (Major Head 8443-109). The reply is not acceptable, as per e-Kosh software is used in all the treasury offices and the other treasuries booking the Forest Deposit under 8443-109.

Recommendations: *The Finance Department is required to review all PD accounts, and ensure that all amounts unnecessarily lying in these PD accounts are immediately remitted to the Consolidated Fund and issue instructions to avoid misclassification of funds.*

3.7 Classification between Revenue & Capital

Revenue expenditure is recurring in nature and is intended to be met from revenue receipts. Capital expenditure is defined as expenditure incurred with the object of increasing concrete assets of a material and permanent character or of reducing permanent liabilities.

The Indian Government Accounting Standard (IGAS)-2 regarding Accounting and Classification of Grants-in-Aid prescribes that the Grants-in-Aid disbursed by a grantor shall be classified and accounted for as revenue expenditure in the Financial Statements of the grantor irrespective of the purpose for which the funds were disbursed. Only in cases specifically authorised by the President of India on the advice of the Comptroller and Auditor General of India, can these be debited to capital head of account in the Financial Statements of the Government.

Further Rule 30 of Government Accounting Rule 1990 and para 324 of Chhattisgarh Financial Code - Volume-I, states the criteria for determining

whether expenditure should be classified under heads of Capital Section or Revenue Section of the consolidated fund.

Expenditure of a capital nature to be classified in the Capital Section shall broadly be defined as expenditure incurred with the object of increasing concrete assets of a material and permanent character. Expenditure on a temporary asset or expenditure on Grants-in-Aid to local bodies or institutions for the purposes of creating assets which will belong to these local bodies or institutions cannot ordinarily be classifiable as capital expenditure, and shall not, except in cases specifically authorized by the President on the advice of Comptroller and Auditor General be debited to capital head of account.

During 2017-18, Government of Chhattisgarh incorrectly budgeted and booked Grants-in-Aid of ₹ 2,359.39 crore under Capital Section instead of Revenue Section. Further, Payment of Professional Services of ₹ 2.50 crore, Maintenance Work of ₹ 0.47 crore and Office Expenses of ₹ 0.18 crore have been booked under Capital Major Heads instead of Revenue Major Heads. Details are given in *Appendix 3.9*.

3.8 Booking under minor head – 800

Minor head – 800 relating to Other Receipt and Other Expenditure is intended to be operated only the appropriate minor head has not been provided in the accounts. Routine of minor head – 800 is to be discouraged, since renders the accounts opaque and it does not disclose the schemes programmes, etc. to which it relates.

Scrutiny of Finance Accounts 2017-18 showed that ₹ 2,522.98 crore, constituting 4.23 *per cent* of the total revenue receipts (₹ 59,647.07 crore) recorded under the respective 46 major head, were classified under the minor head '800-Other Receipts'. Under 18 major head of accounts (revenue receipts) ₹ 1,353.07 crore (20.96 *per cent*) out of total receipts under these major heads amounting to ₹ 6,456.38 crores were classified under '800-Other Receipts'. Receipts under the minor head ranged between 11 and 103 *per cent* of total revenue receipts under the respective major heads. Details are given in *Appendix-3.10*.

Similarly, expenditure of ₹ 1,579.97 crore, constituting 2.29 *per cent* of total expenditure ₹ 69,712.30 crore recorded under the 46 major heads, was classified under the minor head '800-Other Expenditure'.

We also observed that under 15 major heads of accounts (revenue and capital), an amount of ₹ 1,498.48 crore, which constituted 39 *per cent* of total expenditure of ₹ 3,636.39 crore under these major heads, were classified under the minor head of accounts '800-Other Expenditure'. Such expenditure ranged between 11 *per cent* and 100 *per cent* of total expenditure under the respective major heads, as shown in *Appendix-3.11*.

Recommendation: *The Finance Department should, in consultation with the Accountant General (A&E), conduct a comprehensive review of all items*

presently appearing under minor head-800 and ensure that all such receipts and expenditure are in future booked under the appropriate head of account.

3.9 Findings from Local Audit

Irregularities in financial reporting that were noticed during local audit are depicted below:

3.9.1. Parking of Fund outside the Government Account

The Chhattisgarh Treasury Code stipulates that amounts drawn from the Consolidated Fund of State shall not be deposited in any bank without special sanction of the Government and the funds not required for immediate disbursement should be surrendered to the Government Accounts.

During scrutiny of records of three DDO's, it was noticed that ₹ 67.23 lakh of different schemes pertaining to the period 1994-18 was withdrawn from the treasury and parked in bank accounts as detailed in the **Table 3.8**.

Table 3.8: Parking of funds outside the Government Account

(₹ in lakh)

S. N.	Name of the Department	Amount relates to	Year	Amount
01	District Education Officer, Bemetara	Examination Fees	1994 to 2017	19.83
02	Assistant Commissioner, Tribal Department, Raigarh	Construction work, Hostel Superintendent award and MOUDA Pocket Scheme	2017-18	14.08
03	Project Officer, Integrated Child Development Scheme, Koyalibeda, Kanker	Social Welfare and Child Development	2014-18	33.32
Total				67.23

(Source: Information received from concerned Department)

The above table shows that the amount was neither utilized nor deposited back in Government Account. The parking of funds out of the Government Accounts was against the canons of financial propriety.

Recommendation: Government should take necessary action to avoid parking of funds and take disciplinary action against the departmental officers who irregular park Government money outside the Government accounts.

3.9.2 Non-adjustment of Temporary Advances

The Chhattisgarh Treasury Code stipulates that advances should be adjusted by presenting detailed bills and vouchers within three months.

During scrutiny of records and information furnished by the various departments, it was revealed that as on 31 March 2018, 1,922 cases of advances aggregating to ₹ 22.66 crore was pending for adjustment by various Departments, due to non-submission of adjustment Vouchers during the same or subsequent financial year.

Age-wise analysis of the advances pending is given in **Table 3.9**. The department-wise and year-wise details of advances are given in the **Appendix- 3.12**.

Table 3.9: Age wise analysis of Temporary Advance

(₹ in crore)

S. N.	Pendency	Period	Number of Advances	Amount
1	More than 10 years	up to 2006-07	1,116	6.16
2	More than 5 years and up to 10 years	2007-08 to 2011-12	114	2.38
3	More than 1 years and up to 5 years	2012-13 to 2016-17	667	11.68
4	up to 1 year	2017-18	25	2.44
Total			1,922	22.66

(Source: Information received from concerned Department)

The pendency involving substantial amount of ₹ 22.66 crore indicated laxity on the part of departmental officers in enforcing the codal provisions regarding adjustment of the advances.

Recommendation: Government should take necessary steps for timely adjustment of Temporary Advance.

3.9.3 Non Compliance with financial rules relating to maintenance of Cash Book

Proper maintenance of Cash Book of the significant instrument of financial management and absence of it indicates a serious loophole in the internal control mechanism. Such an environment mainfolds the rise of embezzlement, fraud, misappropriation, etc.

Scrutiny of records of various units during local audit conducted during 2017-18 found the following irregularities:

- Transactions were not recorded in Cash Book (Six Cases, ₹ 485.82 lakh).
- Discrepancies in closing and opening balance of Cash book (One Case, One lakh).
- Non attestation and non-certification of entries of the cash book (22 Cases).
- Non reconciliation of Bank Pass Book with Cash Book (Five Cases, ₹ 374.38 lakh).
- Paid in cash more than ₹10,000/- in cash (21 Cases).
- Grant received but not taken into Cash Book (One Case, ₹ 1.46 lakh).
- The tax recoveries was not entered in Cash Book (Three Cases, ₹ 1.31 lakh).
- Difference in Computation (One Cases, ₹ 35.00 lakh).

On this being pointed out in audit, the head of the concerned departments accepted the facts and stated that the necessary corrections will be made in cash

book and existing provisions for maintenance of cash book will be followed in future.

The details of these amounting to ₹ 8.99 crore are shown in the **Appendix-3.13**. The aforesaid irregularities violated the provisions of Rule 53 of Chhattisgarh Treasury Code. The department did not enforce provisions of Treasury rules in handling cash. There was absence of supervision and internal control besides perfunctory maintenance of Cash Book.

Thus, the audit could not rule out misappropriation of Government money of ₹ 8.99 crore, due to non-observance of codal provisions in maintenance of cash book.

Recommendations: *Irregularities in Cash book or fraught with the risk of misappropriation of funds and fraud. The Government may initiate appropriate action against the defaulting departmental officers/Officials.*

3.10 Building and Other Construction Workers' Welfare Cess

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 Chhattisgarh, as required under Article 266 (1) of the Constitution of India. Further, since minor head-Public Works Deposits do not have any further sub-heads below it, it has not been possible to segregate the amount paid to the Labour Welfare Board.

3.10.1 Year wise receipt and utilisation of Labour Cess

Scrutiny of records of the Chhattisgarh Building and Other Construction Workers Welfare Board revealed that the Cess collected by various agencies were sent through cheques/drafts to the Board or deposited in the savings bank account of the Board opened for the purpose through District Labour Offices. The year-wise position of the receipt and expenditure of Cess for the period 2015-16 to 2017-18 is detailed in **Table 3.10**.

Table 3.10: Year wise receipt and utilisation of Labour Cess

(₹ in crore)

S. N.	Year	Opening Balance	Receipts			Total fund available	Expenditure (Including Establishment Charges)	Closing balance
			Registration charges & annual membership fee	Labour cess received in Board account	Interest on deposit			
1	2015-16	247.48	0.07	127.34	20.85	395.74	121.95	273.79
2	2016-17	273.79	0.15	172.71	19.76	466.41	183.92	282.49
3	2017-18	282.49	0.22	185.93	13.91	482.55	209.10	273.45

(Source: information received from the CG Construction & Labour Welfare Board)

The State Government has operated various schemes/activities like pensions, Maternity benefits, advance for construction of houses, funeral assistance, medical assistance, assistance for encourage in sports for students, financial assistance for education/marriage/skill development, Distribution of LPG gas connection and stove etc. for beneficiaries from the Building and Other Construction Workers' Welfare Fund (BOCWFF). Details of expenditure on these schemes during 2017-18 are depicted in **Table 3.11**.

Table 3.11 Expenditure on schemes on available fund

Year	Avail-able fund (₹ in crore)	Scheme operated		Actual expendi- ture on scheme in crore	Registered workers at the end of the year	Workers covered	Percentage		
		No.	Allot-ment in crore				Workers covered	Fund utilised against allotment	Fund utilised against availability
2015-16	395.74	45	146.28	120.11	5,95,991	2,49,566	41.87	82.10	30.35
2016-17	466.41	36	273.13	180.83	10,13,018	9,57,190	94.49	66.21	38.77
2017-18	482.55	36	308.38	202.66	14,13,021	4,82,901	34.17	65.72	42

(Source: information received from the CG Construction & Labour Welfare Board)

From the above table, it is evident that the Board could utilise only 42 per cent of available funds and only 34 per cent of registered workers were benefited under various schemes during 2017-18. Thus, due to non-utilisation of funds amounting to ₹ 279.69 crore of available funds, the registered workers were deprived of getting benefit of various schemes. The utilization of BOCWWF in Chhattisgarh was 42 *per cent* during 2017-18 which was more than Madhya Pradesh (14 *per cent*), Uttar Pradesh (7 *per cent*) and Bihar (5 *per cent*). It also benefitted 34 *per cent* workers which was higher than Madhya Pradesh (19 *per cent*), Uttar Pradesh (8 *per cent*) and Bihar (11 *per cent*).

Recommendation: *The State Government should ensure maximum utilization of funds by Chhattisgarh BOCW Welfare Board on welfare schemes implementing for register workers.*

3.11 Apportionment of balances as on reorganisation of the State

Balance amounting to ₹ 118.28 crore under public account along with balance under Capital Section ₹ 5,750.38 crore and Loan & Advances ₹ 1,297.35 crore remained to be apportion between the successor states Madhya Pradesh and Chhattisgarh, almost two decades after reorganization of the erstwhile state of Madhya Pradesh with effect from November 2000.

Recommendation: *The State Government is required to liaison with the Government of Madhya Pradesh to expedite the apportionment of balances under*

Public Account, Capital Section and Loan & Advances between the two successor States.

3.12 Follow up on Audit report on State Finances

State Finances report is being presented to the State Legislature from 2008-09 onwards. No discussion on the audit reports of State Finances has been done in Public Accounts Committee (PAC) of Chhattisgarh State Assembly till date.

3.13 Impact on Revenue Surplus and Fiscal Deficit

The impact of incorrect booking/accounting of expenditure and revenue resulted in overstatement of Revenue Surplus by ₹ 2,429.00 crore and understatement of Fiscal Deficit to the tune of ₹ 66.46 crore as depicted in the Finance Accounts is given in the Table 3.12.

Table 3.12: Details of Revenue Surplus and Fiscal Deficit

(₹ in crore)

Particulars	Impact on Revenue Surplus		Impact on Fiscal Deficit	
	Over Statement	Under Statement	Over statement	Under statement
Grants-in-Aid booked under Capital Section instead of Revenue	2,359.39	0.00	0.00	0.00
Office Expenses booked under Capital Section	0.18	0.00	0.00	0.00
Professional service Expenditure booked under Capital Section instead of Revenue	2.50	0.00	0.00	0.00
Maintenance Expenditure booked under Capital Section instead of Revenue	0.47	0.00	0.00	0.00
Short Contribution to Sinking Fund	17.15	0.00	0.00	17.15
Non transfer of GIA of National Disaster Response Fund	49.31	0.00	0.00	49.31
Total (Net) Impact	2,429.00	0.00	0.00	66.46

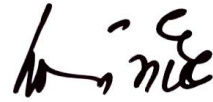
In view of the above, the Revenue Surplus and Fiscal Deficit of the State which are ₹ 3,417.32 crore and ₹ 6,810.32 crore would actually be ₹ 988.32 crore and ₹ 6876.78 crore respectively due to overstatement of Revenue Surplus ₹ 2,429.00 crore and understatement of fiscal deficit to the tune of ₹ 66.46 crore.



(DINESH R. PATIL)
Accountant General (Audit)
Chhattisgarh

Raipur
The 23 October 2019

Countersigned



(RAJIV MEHRISHI)
Comptroller and Auditor General of India

New Delhi
The 03 October 2019