

A sound financial reporting system with relevant, reliable and timely information contributes to efficient and effective governance by the State Government and is important for the Government in meeting its basic stewardship responsibilities, strategic planning and appropriate decision making. It also forms the basis of sound internal controls. This Chapter provides an overview of the State Government’s compliance with various financial rules, procedures and directives applicable to financial reporting during the year 2017-18.

3.1 Delay in furnishing utilisation certificates

The Gujarat Financial Rules, 1971¹ read with General Financial Rules² provide that for the grants provided for specific purposes, utilisation certificates (UCs) should be submitted within 12 months of the closure of the financial year by the institution or organisation concerned to the related Head of Department and after verification, these should be forwarded to the office of the PAG (A&E)³, Gujarat. However, 2,465 UCs aggregating ₹ 1,996.80 crore due in respect of grants paid during the period 2001-02 to 2016-17, were outstanding as on 31 March 2018. The age-wise position of pendency of UCs is summarised in **Table 3.1**.

Table 3.1: Age-wise arrears of UCs

Sr. No.	Range of Delay (in years)	Utilisation certificates pending	
		Number	Amount (₹ in crore)
1.	0-2	543	1,448.03
2.	2-4	113	155.29
3.	4-6	17	4.00
4.	6-8	54	261.70
5.	8 and above	1738	127.78
	Total	2,465	1,996.80

Source: Information compiled by O/o the PAG (A&E)

Of the total outstanding UCs, 46 *per cent* amounting ₹ 922.51 crore pertained to the Agriculture and Co-operation Department while 14 *per cent* (₹ 271.73 crore) pertained to Urban Development and Urban Housing Department. Further, 1,758 UCs aggregating ₹ 12,071.20 crore in respect of grants disbursed during 2017-18 (pending as on August 2018), would be due for submission by 31 March 2019. The Department-wise pendency of UCs of

¹ Rule 154 and 155

² Rule 212 of General Financial Rules, 2005 and Rule 238 (1) of General Financial Rules, 2017

³ Principal Accountant General (Accounts and Entitlement)

grants paid up to 2016-17 is shown in **Appendix 3.1**. It was also observed that number of outstanding utilisation certificates and their money value had shown a decreasing trend from 6,115 in 2015-16 (₹ 3,686.07 crore) to 2,465 in 2017-18 (₹ 1,996.80 crore).

The Finance Department stated (March 2019) that all the concerned administrative departments have been instructed to take requisite action for submission of pending UCs.

The Finance Department needs to ensure strict compliance to the terms and conditions of the grant release orders and monitor the pending UCs, especially on funds parked/unutilised. Moreover, high pendency of UCs was fraught with the risk of misappropriation and fraud.

3.1.1 Review of utilisation certificates

Administrative Departments may sanction grants-in-aid (GIA) to an institution or body, subject to the condition that the sanction is in accordance with the Rules or principles prescribed in the Gujarat Financial Rules, 1971, or prescribed with the previous consent of the Finance Department (FD). As per Note (ii) below Rule 155 of the Gujarat Financial Rules, 1971, "Utilisation certificate of grants-in-aid should be furnished in every case of grant paid for specific purpose even if no conditions are specifically attached to the grant. The competent officer should furnish the UC within 12 months of the closure of the financial year to the Head of the Department concerned". After verification, these should be forwarded to the office of the PAG (A&E), Gujarat.

3.1.1.1 Test-check of utilisation certificates received in PAG (A&E)

A sample⁴ of 75 UCs involving grants aggregating ₹ 165.43 crore received by PAG (A&E) was taken up for review. This sample of 75 UCs pertained to the Departments of Agriculture and Co-operation, Industries and Mines, Social Justice and Empowerment, Urban Housing and Urban Development and Women and Child Welfare.

Delay in submission of utilisation certificates to PAG (A&E)

It was noticed that 50 of 75 UCs (67 per cent) of the sampled cases amounting ₹ 31.44 crore were belatedly submitted to PAG (A&E) in respect of grants paid during the period 2001-02 to 2016-17. The age-wise delay in submission of UCs is summarised in **Table 3.2** below.

⁴ Drawn randomly from 1,530 UCs received in 2017-18 (which included grants drawn in previous years) from five Departments showing high pendency

Table 3.2 Age-wise delay in submission of UCs

Sr. No.	Delay in submission (in years)	Delay in submission of UCs	
		Number	Amount (₹ in crore)
1.	01 to 02 years	13	2.07
2.	02 years to 04 years	01	0.24
3.	04 years to 06 years	08	24.96
4.	06 years to 08 years	03	0.18
5.	08 years and above	25	3.99
	Total	50	31.44

Source: Information compiled by O/o the PAG (A&E)

Of these 50 UCs, 37 UCs (74 per cent) amounting ₹ 3.47 crore pertained to the Social Justice and Empowerment Department.

Non-utilisation of grants

Rule 154 (5) read with note 2 of the Gujarat Financial Rules, 1971 provide that if the sanctioning authority has not prescribed any time frame, the grant will be spent upon the specific object within a reasonable time, which would normally be a period of one year from the date of issue of the sanction of the grant. Any unspent balance lying with the grantee on the expiry of one year from the date of sanction should be surrendered forthwith to Government.

Audit observed in respect of five pending UCs involving grants aggregating ₹ 17.60 crore drawn by three Departments (Agriculture and Co-operation, Social Justice and Empowerment and Women and Child Welfare) between 2001-02 and 2016-17 had remained unutilised for a period of eight months to 15 years. However, the unspent grants were not surrendered to the Government and continued to be held by the Controlling Officers of the concerned Departments or the implementing agencies under them.

UCs submitted in improper format

As per Rule 212(1) of General Financial Rules, 2005 read with Rule 155 of Gujarat Financial Rules, 1971, UCs should be furnished by the grantee institutions/offices through their Departments in Form GFR-19 A. However, 65 of 75 UCs (87 per cent) involving grants aggregating ₹ 156.42 crore were not submitted in the prescribed Form. The UCs either did not detail the checks exercised before their submission or sanction order numbers and dates were not mentioned in the UCs by the grantees. Acceptance of improper UCs indicated that the grantor Departments had not carried out the required checks and they also did not insist on providing necessary documents in support of UCs.

Further, 44 of 75 UCs (59 per cent) aggregating ₹ 4.21 crore submitted by the grantee institutions to PAG (A&E) were either not countersigned by the respective Head of Departments or routed through the concerned Departments. The reliability of UCs submitted could, therefore, not be verified by audit.

Verification of UCs by Audit at Controlling Office level

Test-check of nine of 75 UCs was conducted at field level involving five controlling offices and one Drawing and Disbursing Office. It was observed that one controlling officer *viz.* Commissioner, Rural Development⁵ (grant released ₹ 19.20 crore) and one Drawing and Disbursing Office *viz.* Gujarat Urban Development Mission (grant released ₹ 3.83 crore) did not have details of expenditure incurred for which UCs had already been submitted to PAG (A&E). In the absence of expenditure details, audit could not verify the authenticity of the expenditure incurred.

3.2 Failure to submit account for amounts drawn on abstract contingent bills

As per Rule 211 of the Gujarat Treasury Rules, 2000, the drawing officers are required to furnish the detailed contingent (DC) bills along with supporting vouchers in respect of all abstract contingent (AC) bills within three months from the date of drawal of AC bills to the PAG (A&E).

Audit observed that as of 31 March 2018, the State Government did not furnish details for 4,476 DC bills for an amount of ₹ 514.54 crore. Year-wise break-up of outstanding DC bills are given in **Table 3.3**.

Table 3.3: Pendency in submission of DC bills

Year	Outstanding DC bills	Amount (₹ in crore)
Up to March 2016	2,508	161.08
2016-17	304	64.78
2017-18	1,664	288.68
Total	4,476	514.54

Source: Finance Accounts of Government of Gujarat for the year 2017-18

As evident from the **Table 3.3**, DC bills amounting ₹ 161.08 crore (31 *per cent*) were pending for more than two years. A substantial amount of DC bills were pending from Women and Child Development Department (48 AC bills amounting ₹ 273.91 crore); Home Department (330 AC bills amounting ₹ 83.40 crore) and Education Department (1,688 AC bills amounting ₹ 53.83 crore).

During 2017-18, of the 11,853 AC bills (₹ 902.78 crore) drawn, 1,795 AC bills (₹ 221.46 crore) were drawn during March 2018 while 75 of 1,795 AC bills (₹ 7.42 crore) were drawn on the last day of the financial year. Of the 75 AC bills amounting ₹ 7.42 crore, 25 AC bills amounting ₹ 5.04 crore were drawn by Home Department on the last day of the financial year.

Significant expenditure against AC bills in March indicated that drawal was primarily to exhaust the budgetary provisions and revealed inadequate budgetary control. Non-submission of DC bills within prescribed time breaches financial discipline and entails risk of misappropriation and fraud.

⁵ Social Justice and Empowerment Department released the grants

The Finance Department stated (March 2019) that instruction have been issued (July 2018) to all the administrative departments to clear the pending abstract bills.

3.3 Bodies/Authorities substantially financed by the Government

3.3.1 Non-receipt of information pertaining to Bodies/Authorities substantially financed by the Government

Under Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, where any Body or Authority is substantially financed by grants or loans from the Consolidated Fund of India or of any State, the Comptroller and Auditor General of India (CAG) shall, subject to the provisions of any law for the time being in force applicable to the Body or Authority, as the case may be, audit all receipts and expenditure of that Body or Authority and report on the receipts and expenditure audited by him. Under Section 15 of the CAG's (DPC) Act, 1971, where any grant or loan is given for any specific purpose from the Consolidated Fund of India or of any State to any Body or Authority, the CAG shall scrutinise the procedures by which the sanctioning authority satisfies itself as to the fulfilment of the conditions subject to which grants or loans were given.

In order to identify institutions which attract Audit under Sections 14 and 15 of the CAG's (DPC) Act, the Government/Heads of Department are required to furnish to Audit every year, detailed information about the financial assistance given to various institutions, the purposes for which assistance was given, and the total expenditure of the institutions. The Regulations on Audit and Accounts, 2007 provide that the Governments and Heads of Department which sanction grants and/or loans to Bodies or Authorities shall furnish to the Audit Office by the end of July every year a statement of such Bodies and Authorities to which grants and/or loans aggregating ₹ 10 lakh or more were paid during the preceding year indicating (a) the purpose for which the assistance was sanctioned, and (b) the total expenditure of the Body or Authority.

On taking up the issue with the State Government, only five⁶ of 27 Departments furnished the details of grants-in-aid given to various Bodies and Authorities during 2017-18. Based on this, seven⁷ new Bodies/Authorities under these five Departments were identified for audit. In the absence of information from 22 Departments, Audit could not give assurance to that extent to the Legislature/Government about the manner in which the grants sanctioned/released by them had been utilised.

The Finance Department stated (March 2019) that necessary instructions have been issued to all the concerned administrative departments to furnish the requisite information.

⁶ Education Department; Social Justice and Empowerment Department; Labour and Employment Department; Home Department; Health and Family Welfare Department

⁷ P.D. Malaviya College of Commerce, Rajkot; Diable Welfare Trust of India, Surat; Employment Extension Bureau, Gandhinagar; Gujarat Forensic Science University, Gandhinagar; Gujarat Medical Education and Research Society, Gandhinagar; Shree Pragna Chakshu, Surendernagar; Shri Kathiawar Nirashrit Balashram, Rajkot

3.3.2 Non-submission/delay in submission of accounts by Autonomous Bodies/Authorities

On the basis of accounts furnished by different Autonomous Bodies (ABs), audit under Section 14 of the CAG's (DPC) Act, 1971 are conducted. There are 209 Autonomous Bodies/ Authorities covered under this Section. These are audited with regard to their transactions, operational activities and accounts, review of systems/procedures, internal controls, *etc.*

A total of 170 accounts (including accounts of earlier years) relating to 69 Bodies/Authorities were audited during the year 2017-18. However, 734 annual accounts of 209 Autonomous Bodies/ Authorities due up to 2017-18 were not received as on 31 July 2018 by the Offices of PAG (E&RSA)⁸ and the PAG (G&SSA)⁹, Gujarat.

The details of such accounts are given in **Appendix 3.2** and their age-wise pendency is shown in **Table 3.4**.

Table 3.4: Age-wise arrears of annual accounts due from Government Bodies

Sr. No.	Pendency in number of years	No. of the Bodies/Authorities
1.	Less than one year	33
2.	1-3	110
3.	3-5	32
4.	5-10	26
5.	Above 10	8
Total		209

Source: Information compiled by O/o the PAG (E&RSA) and O/o the PAG (G&SSA)

Table 3.4 above shows that the accounts of 34 Autonomous Bodies/Authorities were in arrears for more than five years. In the absence of annual accounts, the accounting/utilisation of the grants and loans disbursed to these Bodies/Authorities could not be verified by Audit.

The Finance Department stated (March 2019) that instructions have already been issued (November 2015 and July 2017) to all the concerned administrative departments for timely submission of pending accounts by Autonomous Bodies/Authorities.

3.4 Delay in submission of accounts/placement of separate audit reports of Autonomous Bodies

Several Autonomous Bodies have been set up by the State Government in the fields of development, housing, *etc.* These Bodies attract audit under Section 19(2), 19(3) and 20(1) of the CAG's (DPC) Act, 1971. The accounts of 62 such Autonomous Bodies in the State are audited by the CAG. These are audited with regard to their transactions, operational activities and accounts, review of systems and procedures, internal management and financial controls, *etc.* The

⁸ Principal Accountant General (Economic and Revenue Sector Audit)

⁹ Principal Accountant General (General and Social Sector Audit)

separate audit reports (SARs) in respect of each of the 62 Autonomous Bodies are required to be submitted to the Government while 35 of 62 SARs are required to be placed in the Legislature. Only seven of 62 Bodies have rendered the accounts for the year 2017-18. The period of delay in respect of accounts not submitted by the remaining 55 Bodies up to August 2018 ranged from two months to 122 months. The details of pendency of accounts and the periods of delay¹⁰ in respect of such Autonomous Bodies are shown in **Appendix 3.3**.

The details of delay in submission of accounts of Autonomous Bodies to Audit and the delay in placement of SARs in the Legislature in respect of these Autonomous Bodies after audit are shown in **Table 3.5**.

Table 3.5: Delay in submission of accounts and tabling of SARs in Legislature

Period of delay in respect of accounts not submitted to Audit up to August 2018 (in years)	Number of Autonomous Bodies	Delay in placement of last SAR in Legislature (in years)	Number of Autonomous Bodies
Up to 1 year	26	Up to 1 year	5
2 years	17	1 – 2 years	19
More than 2 years	12	More than 2 years	9
Total	55	Total	33

Source: Information compiled by O/o the PAG (E&RSA) and O/o the PAG (G&SSA)

One Autonomous Body (Ambaji Area Development Authority) did not submit the accounts since its inception in 2007-08.

The Finance Department stated (March 2019) that instructions have been issued to all the concerned administrative departments for timely submission of pending annual accounts of Bodies/Authorities.

3.5 Personal deposit/Personal ledger accounts

A Personal Deposit Account (PD Account) is a device intended to facilitate the administrators thereof to credit receipts into and effect withdrawals directly from the Treasury account for a specific purpose. The administrators thereof shall only be Government officers acting in their official or any other capacity. Every PD Account so authorised to be opened will form part of the Government account under the Public Account.

There were 482 PD Accounts¹¹ in operation in district treasuries with a closing balance of ₹ 447.41 crore as on 31 March 2018. Four new PD Accounts were opened during the year. The Education Department held the highest number of personal deposit accounts (171), followed by Agriculture and Co-operation Department (69) and General Administration Department (54). During 2017-18, ₹ 1,383.49 crore was credited to PD Accounts from the Consolidated Fund of the State and expenditure of ₹ 1,331.35 crore was incurred there from.

¹⁰ Accounts are to be submitted by Autonomous Bodies within three months of the closure of the financial year (30 June every year)

¹¹ Under the Major Head – 8443-106 – Civil Deposits-Personal Deposits

Further, 29 out of 482 PD Accounts with a total balance of ₹ 2.63 crore were inoperative for a period ranging from one to seven years as of 31 March 2018.

Further, there were 280 Personal Ledger Accounts¹² (PLA) relating to 33 District Development Offices (DDO) at the district level and 247 Taluka Development offices (TDO) at the taluka level under Panchayats, Rural Housing and Rural Development Department. As on 01 April 2017, the PLAs had an opening balance of ₹ 12,930.73 crore. The receipts under these accounts during 2017-18 were ₹ 39,664.31 crore and disbursements were ₹ 39,809.23 crore, leaving a closing balance of ₹ 12,785.81 crore as on 31 March 2018.

With a view to ascertaining how far the administrators of PLAs were adhering to the relevant provisions, audit test-checked PLAs of DDO, Gandhinagar and TDO, Gandhinagar. The audit observations are indicated below.

3.5.1 Non-closure of PLA Pass Book/ Cash Book at the end of financial year

During scrutiny of the PLA Pass Book/Cash Book for the year 2015-18, it was observed that the credit balances were not transferred back to the respective service heads at the end of each financial year as shown in **Table 3.6** below.

Table 3.6 Details of grants received and closing balance at the end of each financial year

(₹ in crore)

Year	Opening balance of PLA	Grants received	Own fund receipt	Total income	Expenditure from grants	Expenditure from own fund	Total expenditure	Closing balance
DDO, Gandhinagar								
2015-16	801.48	465.79	64.37	1,331.64	1,127.44	8.49	1,135.93	195.71
2016-17	195.71	699.84	4.17	899.72	404.75	6.96	411.71	488.01
2017-18	488.01	550.11	8.55	1,046.67	771.42	20.72	792.14	254.53
TDO, Gandhinagar								
2015-16	23.86	158.82	0	182.68	127.67	0	127.67	55.01
2016-17	55.01	102.57	0	157.58	110.09	0	110.09	47.49
2017-18	47.63 ¹³	123.25	0	170.89	121.63	0	121.63	49.26

Source: DDO/TDO, Gandhinagar

It was also observed that expenses booked under some Schemes namely, *Apno Taluko Vibrant Taluko, Swachh Gam, etc.* were in excess of the grants released during 2015-18.

The huge closing balances out of grants received from various Departments reveal that though the expenditure had been shown as booked in the Government Accounts, the legislative aspirations do not appear to have been fulfilled.

¹² Under the Major Head – 8448-109 - Deposits of Local Funds-Panchayat Bodies Funds

¹³ TDO, Gandhinagar replied that difference between closing balance of 2016-17 and opening balance of 2017-18 will be reconciled

3.5.2 Reconciliation of PD/PLA balances between PAG (A&E) and Treasury

During annual review of Treasuries for the period 2017-18, it was observed that there was difference in the balances of 185 PD/PLA after reconciliation between the Office of the PAG (A&E) and concerned Treasuries.

3.6 Misappropriation, losses and defalcation

The State Government reported 157 cases of misappropriation, losses, defalcation, *etc.* involving Government money of ₹ 14.40 crore (up to March 2018) on which final action was pending. The Department-wise break up of pending cases and age analysis of such cases is given in **Appendix 3.4**. The nature of these cases is shown in **Appendix 3.5**. The age profile of pending cases and the number of cases pending under categories of theft and misappropriation/loss as emerged from these appendices is summarised in **Table 3.7**.

Table 3.7: Age profile of misappropriations, losses and defalcations

Range in years	Number of cases	Amount involved (₹ in crore)
Up to 5	44	6.36
5 – 10	13	0.29
10 – 15	15	5.14
15 – 20	10	1.67
20 – 25	15	0.48
25 and above	60	0.46
Total	157	14.40

Source: Information compiled by O/o the PAG (E&RSA) and O/o the PAG (G&SSA) from data furnished by concerned Departments

Of the 157 cases, the Narmada, Water Resources, Water Supply and *Kalpsar* Department had 24 cases and the Revenue Department had 21 cases which were pending for more than 25 years. First Information Reports were lodged in 68 of 157 cases.

Reasons for pendency of misappropriations, losses and defalcations cases are listed in **Table 3.8**

Table 3.8: Reasons for pendency of misappropriations, losses and defalcations

Reasons for the delay/outstanding pending cases		Number of cases	Amount (₹ in crore)
1.	Awaiting Departmental and criminal investigation	28	0.93
2.	Departmental action initiated but not finalised	20	0.27
3.	Criminal proceedings finalised but execution of certificate for the recovery of the amount pending	3	0.66
4.	Awaiting orders for recovery or write off	33	0.26
5.	Pending in the courts of law	72	12.26
6.	Others	1	0.02
Total		157	14.40

Source: Information compiled by O/o the PAG (E&RSA) and O/o the PAG (G&SSA), from data furnished by concerned Departments

72 of 157 cases (46 *per cent*) were under legal adjudication and 23 cases (15 *per cent*) were awaiting Departmental action.

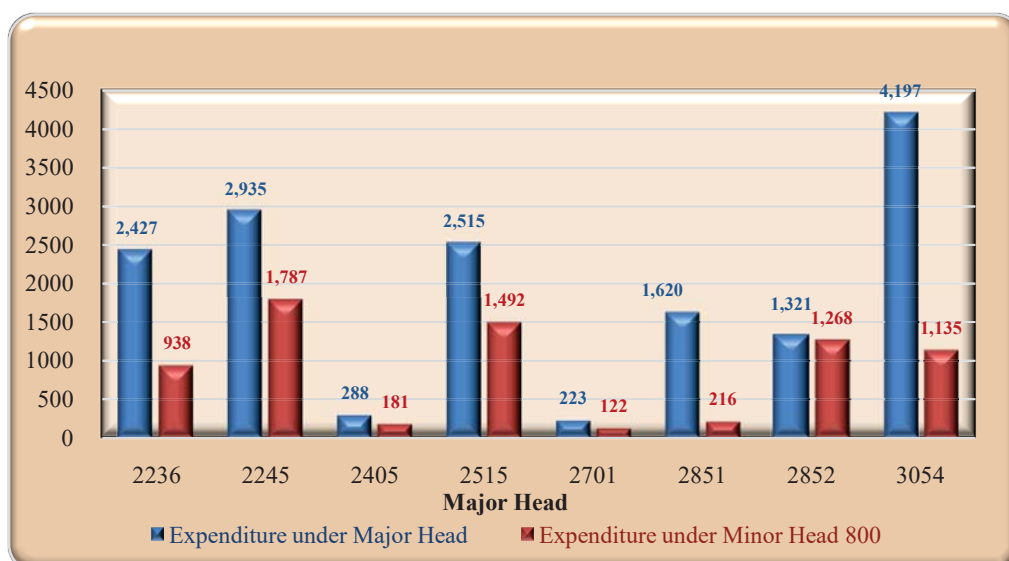
3.7 Operation of omnibus Minor Head 800

The omnibus Minor Head 800 accommodates the receipts and expenditure which could not be classified under the available programme Minor Heads.

Budgeting of large amounts under the omnibus Minor Head 800-Other Expenditure/Receipts affects transparency in financial reporting, as it fails to indicate disaggregated information on different activities of the Government separately in the accounts.

During 2017-18, expenditure aggregating ₹ 11,017.30 crore constituting 6.94 *per cent* of the total expenditure of the State (₹ 1,58,704.16 crore) was classified under Minor Head '800-Other Expenditure' in 67 Major Heads under revenue and capital sections. The major defaulting Departments were Revenue; Panchayats Rural Housing and Rural Development; Industries and Mines; Roads and Building; Education; and Women and Child Development. In Major Head 2075: Miscellaneous General Services, ₹ 34.75 crore of ₹ 35.81 crore (97 *per cent*) and in Major Head 2852: Industries, ₹ 1,268.23 crore of ₹ 1,320.54 crore (96 *per cent*) were booked under omnibus Minor Head 800. The cases where expenditure of more than ₹ 100 crore was booked under Minor Head-800 under a particular Major Head during 2017-18 have been illustrated in **Chart 3.1**.

Chart 3.1: Major Heads where expenditure of more than ₹ 100 crore was booked under Minor Head 800 during 2017-18 (₹ in crore)



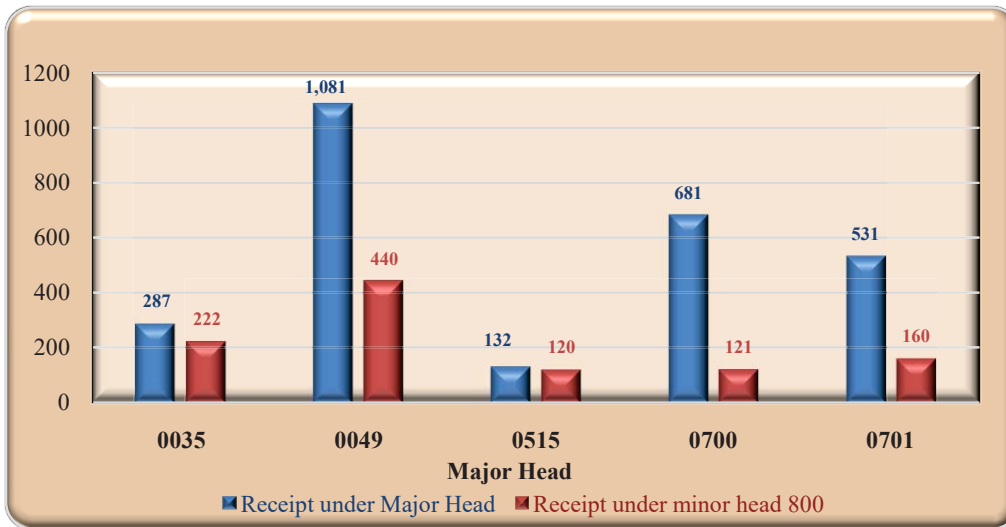
Source: Finance Accounts of Government of Gujarat for the year 2017-18

Further, except Major Heads 2245 and 2405, the concerned Departments had been consistently booking expenditure of more than ₹ 100 crore under Minor Head 800 for the last three years. The Departments were Roads and Building; Industries and Mines; Narmada, Water Resources, Water Supply and Kalpsar; Panchayats Rural Housing and Rural Development; Education; and Women and Child Development.

Similarly, during 2017-18, revenue receipts aggregating ₹ 2,336.52 crore, constituting 1.90 per cent of total revenue receipts of the State (₹ 1,23,291.27 crore) were classified under omnibus Minor Head '800-Other Receipts' in 56 Major Heads under revenue section. The major defaulting Departments were Agriculture and Co-operation; Industries and Mines; Narmada, Water Resources, Water Supply and Kalpsar; and Finance. Cases where 100 per cent booking of receipts was done under Minor Head 800 were Family Welfare (Major Head 0211), Food Storage and Warehousing (Major Head-0408), Non-Conventional Sources of Energy (Major Head-0810), Tourism (Major Head-1452), Other Special Areas Programmes (Major Head-0575), Power (Major Head-0801) Other Scientific Research (Major Head-1425), Civil Supplies (Major Head-1456), Foreign Trade and Export Promotion (Major Head-1453) and Other Fiscal Services (Major Head-0047).

The cases where receipts of more than ₹ 100 crore were booked under Minor Head-800 under a particular Major Head during 2017-18 have been illustrated in **Chart 3.2**.

Chart 3.2: Major Heads where revenue of more than ₹ 100 crore was booked under Minor Head 800 during 2017-18 (₹ in crore)



Source: Finance Accounts of Government of Gujarat for the year 2017-18

Further, in Major Heads 0035 and 0700, the Departments had been consistently booking receipts of more than ₹ 100 crore under Minor Head 800 for the last three years.

It was also observed that expenditure under Minor Head 800 had increased from ₹ 8,608.12 crore in 2016-17 to ₹ 11,017.30 crore in 2017-18 while the revenue receipts under the same Minor Head had decreased during the same period from ₹ 16,471.60 crore to ₹ 2,336.52 crore. This indicates that more efforts are required to be made by the State Government to minimise the expenditure classified under respective Minor Head-800.

The Finance Department while accepting the facts stated (March 2019) that the matter has been brought to the notice of all the administrative departments.

3.8 Comments on Accounts

3.8.1 Important factors affecting accuracy of accounts

The accounts of the Government are kept on cash basis. Certain transactions that arise in Government Account, the receipts and payments of which cannot at once be taken to a final head of receipt or expenditure owing to lack of information as to the nature or for any other reasons, are to be booked temporarily under the 'Suspense Head'. On receipt of relevant details/information, these heads of accounts are finally cleared by minus debit or minus credit when the amounts under them are booked to their respective final heads of accounts. If these amounts remain uncleared, the balances under the suspense heads would accumulate and would not reflect Government's receipts and expenditure accurately. Debt, Deposit and Remittances heads account for such transactions where the Government, as a custodian of public money, receives and holds such money in trust.

A general review of the transactions under major suspense accounts showed the following.

3.8.1.1 Outstanding balances under major suspense accounts

The balances under certain major suspense heads of accounts, as recorded in the ledger maintained by PAG (A&E), are indicated in **Table 3.9**.

Table 3.9: Suspense Head (8658 – Suspense Accounts)

Name of Minor Head	(₹ in crore)					
	2015-16		2016-17		2017-18	
	Dr	Cr	Dr	Cr	Dr	Cr
101- Pay and Accounts office Suspense	147.20	0.00	166.13	30.00	189.21	03.69
	Net Dr. 147.20		Net Dr. 136.13		Net Dr.185.52	
102- Suspense Accounts (Civil)	67.26	0.05	90.93	0.11	74.34	0.15
	Net Dr. 67.21		Net Dr. 90.82		Net Dr.74.19	
110- Reserve Bank Suspense-Central Accounts Office	243.56	0.00	352.96	110.73	242.23	0.00
	Net Dr. 243.56		Net Dr. 242.23		Net Dr.242.23	

Source: Finance Accounts of Government of Gujarat for the year 2017-18

The Finance Accounts reflect the net balances under these heads. The outstanding balances are worked out by aggregating the outstanding debit and credit separately. The implications of the balances under these heads are discussed in the succeeding paragraphs.

(i) *Pay and Accounts Office Suspense*

This Minor Head is operated for the settlement of inter-Departmental and inter-governmental transactions arising in the books of Pay and Accounts Offices (PAOs) and the PAG (A&E). Transactions under this Minor Head represent either recoveries have been effected or payments have been made by an Accounts Officer on behalf of another Accounts Officer against whom the Minor Head 'PAO Suspense' has been operationalised. Credit under the head is cleared by 'minus credit' when cheque is issued by the Accounts Officer in whose books initial recovery was accounted for. Debit under 'PAO Suspense' is cleared by 'minus debit' on receipt and realisation of cheque from the Accounts Officer on whose behalf payment was made.

Outstanding debit balance under the Minor Head would mean that payments have been made by the PAG (A&E) on behalf of a PAO, which are yet to be recovered. Outstanding credit balance would mean that payments have been received by the PAG (A&E) on behalf of a PAO, which are yet to be repaid/adjusted. The net debit balance under this head decreased from 2015-16 to 2016-17 while it increased in 2017-18.

(ii) *Suspense Accounts (Civil)*

This transitory Minor Head is operated for accounting of the transactions, which for want of certain information/documents *viz.* vouchers, challans, *etc.* cannot be taken to the final head of expenditure or receipt. This Minor Head is credited for recording receipts and debited for expenditure incurred. On receipt of the requisite information/documents *etc.*, the Minor Head is cleared

by minus debit or minus credit by per contra debit or credit to the concerned Major/Sub-major/Minor Heads of accounts.

Outstanding debit balance under this Head would mean payments were made which could not be debited to the final expenditure Head for want of details like vouchers *etc.* Outstanding credit balance would mean amounts were received which could not be credited to the final receipt head for want of details. The net debit balance under this Head is ₹ 74.19 crore, indicating that necessary details for classification of final expenditure Head were not available.

(iii) Reserve Bank Suspense-Central Accounts Office

This Head is operated for recording inter-governmental transactions where monetary settlement between the cash balances of two Governments is done by sending advice to the Central Accounts Section of the Reserve Bank of India (RBI).

This Head is cleared by transferring the amount to the final Head of account on receipt of intimation of the monetary settlement having been carried out by the RBI. The main transaction which gets settled through this Suspense Head are grants/loans received from the Government of India and their repayments, discharge of securities and interest paid thereon by the Public Debt Offices of RBI, and payments made by the Director General of Supplies and Disposals for materials supplied to Government Departments.

During 2017-18, the debit balance under this Head was ₹ 242.23 crore, which was the same as the previous year, indicating that corresponding clearances were not made.

3.9 Conclusion and Recommendations

Non-submission of utilisation certificates amounting to ₹ 1,996.80 crore indicated lack of adequate monitoring by the Departments in utilisation of grants given for specific purposes. Audit noticed instances of non-submission/incomplete submission of utilisation certificates and non-utilisation of grants.

The sanctioning authority/concerned Department may evolve a mechanism to gather UCs promptly, verify their genuineness, including by way of sample inspection, and look into the delays in submission to identify the bottlenecks and address them for sound internal control and financial reporting. Unspent balances lying with the grantee institutions for long periods need review.

There has been non-submission/delay in submission of accounts of Autonomous Bodies/Authorities. In respect of 34 Autonomous Bodies/Authorities auditable under Section 14 of CAG's (DPC) Act, 1971, accounts were in arrears for more than five years. Only seven of 62

Autonomous Bodies auditable under Section 19(2), 19(3) and 20(1) submitted its accounts in time.

The Controlling Departments may identify the reasons for delay in finalisation of accounts of Autonomous Bodies/Authorities for suitable remedial measures so that the backlog of arrears in accounts is cleared in a time bound manner.

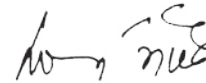


(YASHWANT KUMAR)

**Principal Accountant General
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**Rajkot
The 02 July 2019**

Countersigned



(RAJIV MEHRISHI)

Comptroller and Auditor General of India

**New Delhi
The 03 July 2019**

