

CHAPTER 4
QUALITY OF ACCOUNTS
AND FINANCIAL
REPORTING PRACTICES

Chapter 4: Quality of Accounts and Financial Reporting Practices

A sound internal financial reporting system with relevant and reliable information significantly contributes to efficient and effective governance by the State Government. Reports on compliance and controls, if effective and operational, assist the Government in meeting its basic stewardship responsibilities, including strategic planning and decision-making.

This chapter provides an overview and status of the State Government's compliance with various financial rules, procedures and directives as well as the timeliness and quality of reporting on the status of such compliance during the year 2019-20.

4.1 Loans of State Government Not being Credited to the Consolidated Fund

4.1.1 Off-Budget Borrowings

The State Governments can borrow money within the territory of India, upon security of the Consolidated fund of the State and the limits on such borrowings are regulated under Article 293(3) of the Constitution of India. In addition to such borrowings, the State Government also guarantees loans availed by Companies/Corporations from the market/financial institutions for implementation of various State Plan programmes, which are reflected outside the State budget.

Funds for these programmes were to be met out of resources mobilised by these Companies/Corporations outside the State budget but in reality, the borrowings of these concerns ultimately turn out to the liabilities of the State Government termed as 'off-budget borrowings' and the Government had been repaying the loans availed of by these Companies/Corporations including interest through regular budget provision under capital account.

The entity-wise position of off-budget borrowings were as shown in **Table 4.1**.

Table 4.1: Entity-wise status of off-budget borrowings

(₹ in crore)

Name of the Company/Corporation	Outstanding off-budget borrowings	Repayment during the year	
		Principal	Interest
Goa State Industrial Development Corporation Limited (GSIDCL)	728.38 ¹	110.90	73.78
Sewerage and Infrastructural Development Corporation of Goa Limited (SIDCGL)	190.83 ²	37.09	21.84
Total	919.21	147.99	95.62

(Source: Information furnished by the concerned Corporations)

¹ NABARD: ₹ 378.57 crore; Economic Development Corporation: ₹ 336.90 crore; and Indian Bank: ₹ 12.92 crore

² EDC: ₹ 141.40 crore and NABARD: ₹ 49.43 crore

The State Government repaid loan instalments of ₹ 243.61 crore including interest amounting to ₹ 95.62 crore from capital account. Thus, the capital expenditure of the State during 2019-20 included interest expenditure of ₹ 95.62 crore on off-budget borrowings.

Further, taking into account the off-budget borrowings of the State, the total outstanding debt at the end of March 2020 worked out to ₹ 23,473 crore against ₹ 22,554 crore mentioned in the finance accounts. The ratio of total outstanding debt to GSDP was, thus, 29.18 *per cent* at the end of the year, which was higher than the target fixed (25 *per cent*) in the Goa FRBM (First Amendment Act), 2014.

4.2 Funds Transferred Directly to State Implementing Agencies

The Central Government transfers a sizeable quantum of funds directly to the State Implementing Agencies (IAs)³ for implementation of various schemes/programmes in the social and economic sectors. As the funds are not routed through the State budget/State treasury system, the finance accounts of the State do not capture these funds and to that extent, the State's receipts and expenditure as well as other fiscal variables/parameters derived from them do not represent the complete picture.

With effect from 01 April 2014, GoI decided to release all assistance for Centrally Sponsored Schemes/Additional Central Assistance directly to the State Governments and not to the State IAs. In Goa, however, Central funds of ₹ 2,007.05 crore were transferred directly to the State IAs during 2019-20. The major Schemes receiving direct transfers of Central funds were: Integrated Development of Tourist Circuits around Specific Themes (Swadeshi Darshan) (₹ 29.81 crore), National Aids and STD Control Programme (₹ 6.90 crore), Member of Parliament Local Area Development Scheme (₹ 7.50 crore), Pradhan Mantri Kisan Samman Nidhi Yojana (₹ 4.34 crore) and National Programme for Dairy Development (₹ 0.43 crore).

4.3 Delay in Submission of Utilisation Certificates

Rule 238 of General Financial Rules, 2017 prescribes that Utilisation Certificates (UCs) of grants provided for a specific purpose should be obtained by the Departmental officers from the grantees and after verification should be forwarded to the Directorate of Accounts within one year from the date of their sanction unless specified otherwise.

At the end of 2019-20, 14,539 UCs aggregating ₹ 2,882.09 crore were outstanding against grants disbursed up to 2018-19. Department-wise break-up of outstanding UCs is given in **Appendix 4.1** while the age-wise pendency has been summarised in the **Table 4.2**.

³ State IAs are organisations/institutions including non-Governmental organisations and Central autonomous bodies authorised by the State Government to receive funds from the GoI for implementation of specific programmes in the State.

Table 4.2: Age-wise status of outstanding UCs as of 31 March 2020

Sr. No.	Range of delay (in years)	Utilisation certificates outstanding	
		No.	Amount (₹ in crore)
1.	1-3	5044	1516.94
2.	3-5	2412	342.35
3.	5-7	1456	568.68
4.	7 and above	5627	454.12
	Total	14539	2882.09

(Source: Compiled from information furnished by Directorate of Accounts)

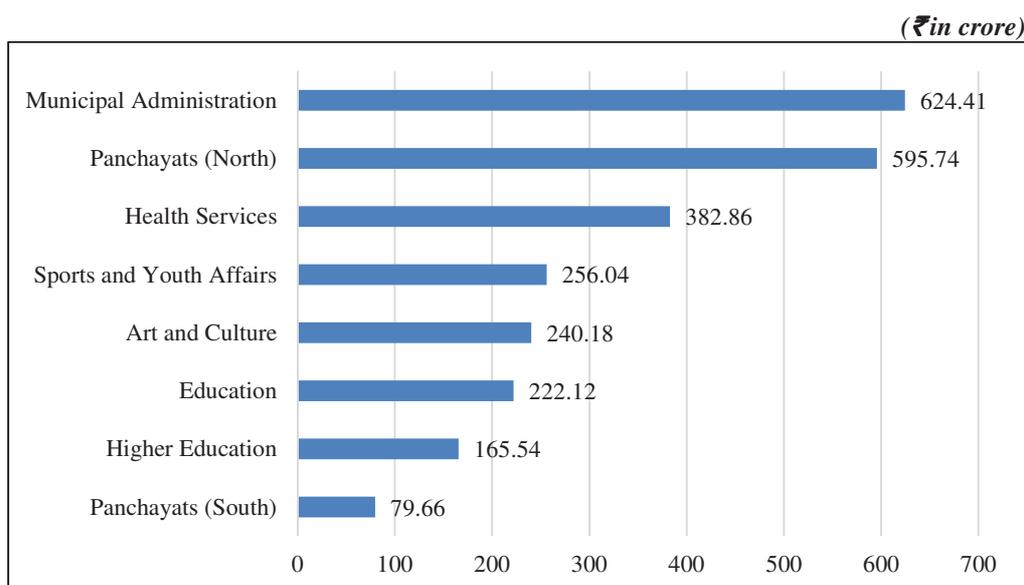
Of the total outstanding UCs, 5,044 UCs (35 per cent) amounting to ₹ 1,516.94 crore (53 per cent) were outstanding from one to three years, while 9,495 UCs (65 per cent) involving ₹ 1,365.15 crore (47 per cent) were pending for more than three years.

Table 4.3: Year-wise break up of outstanding UCs

Year	Number of UCs	(₹ in crore)
		Amount
Up to 2011-12	5627	454.12
2012-13	689	124.20
2013-14	767	444.48
2014-15	1167	143.69
2015-16	1245	198.66
2016-17	1075	348.16
2017-18	1673	671.28
2018-19	2296	497.50
Total	14539	2882.09

(Source: Compiled from information furnished by Directorate of Accounts)

Major cases of non-submission of UCs pertained to Directorate of Art and Culture (27 per cent), Directorate of Panchayats (North) (22 per cent) and Directorate of Panchayats (South) (18 per cent).

Chart 4.1: Departments showing major cases of outstanding UCs

(Source: Compiled from information furnished by Directorate of Accounts)

UCs outstanding beyond the specified period not only weakens the financial accountability mechanism but also indicate failure of the Departmental Officers to comply with the rules and procedures to ensure timely utilisation of grants for the intended purpose.

Further, in the absence of UCs, there is no assurance that money disbursed had been used for the purpose for which it was given. High pendency of UCs was fraught with the risk of fraud/diversion/embezzlement of funds.

4.4 Abstract Contingent Bills

The Controlling and Disbursing officers of the Departments are authorised to draw sums of money by preparing Abstract Contingent (AC) Bills, by debiting service heads. They are required to present Detailed Contingent (DC) Bills (*i.e.*, vouchers in support of final expenditure) to the Director of Accounts, Goa within three months from the date of drawal of funds on AC Bills. If previous AC Bills are outstanding over three months for want of DC Bills, the proposal for drawal of further AC bills would require the sanction of Finance Department.

The details of submission of DC Bills against AC Bills drawn up to March 2020 are given in **Table 4.4**.

Table 4.4: Pendency in submission of DC Bills against AC Bills

(₹ in crore)

Year	AC Bills drawn		DC Bills received		Outstanding AC Bills	
	No. of Bills	Amount	No. of Bills	Amount	No. of Bills	Amount
Up to 2017-18	9450	3371.63	9268	3330.92	182	40.71
2018-19	719	738.23	667	720.10	52	18.13
2019-20	877	827.45	629	777.93	248	49.52

(Source: Finance accounts of the State)

As may be seen from the table above, the Departments had drawn 877 AC Bills for an amount of ₹ 827.45 crore in 2019-20 and submitted 629 DC Bills for an amount of ₹ 777.93 crore. Thus, 248 DC Bills amounting to ₹ 49.52 crore was not submitted before close of the financial year 2019-20. There was, therefore, no assurance that the expenditure of ₹ 49.52 crore had actually been incurred during the financial year for the purpose for which it was sanctioned/authorised by the Legislature. This is a possible overstatement of expenditure in the year 2019-20.

In addition, 182 DC Bills amounting to ₹ 40.71 crore for the years up to 2017-18 and 52 DC Bills amounting to ₹ 18.13 crore for the year 2018-19 were yet to be submitted by the Departments. Thus, at the end of March 2020, 482 DC bills amounting to ₹ 108.36 crore was pending settlement. Further, of the 248 DC bills outstanding as of 2019-20, 57 bills (23 per cent) amounting to ₹ 8.10 crore were drawn in March 2020.

Age analysis of outstanding DC Bills is shown in **Table 4.5**.

Table 4.5: Age-wise status of outstanding DC Bills as of 31 March 2020

Sr. No.	Range of delay (in years)	Outstanding DC Bills	
		No.	Amount (₹ in crore)
1.	1-3	322	73.49
2.	3-5	73	27.42
3.	5-7	43	5.90
4.	7 and above	44	1.55
	Total	482	108.36

Year-wise details of outstanding DC Bills are given in the following **Table 4.6**:

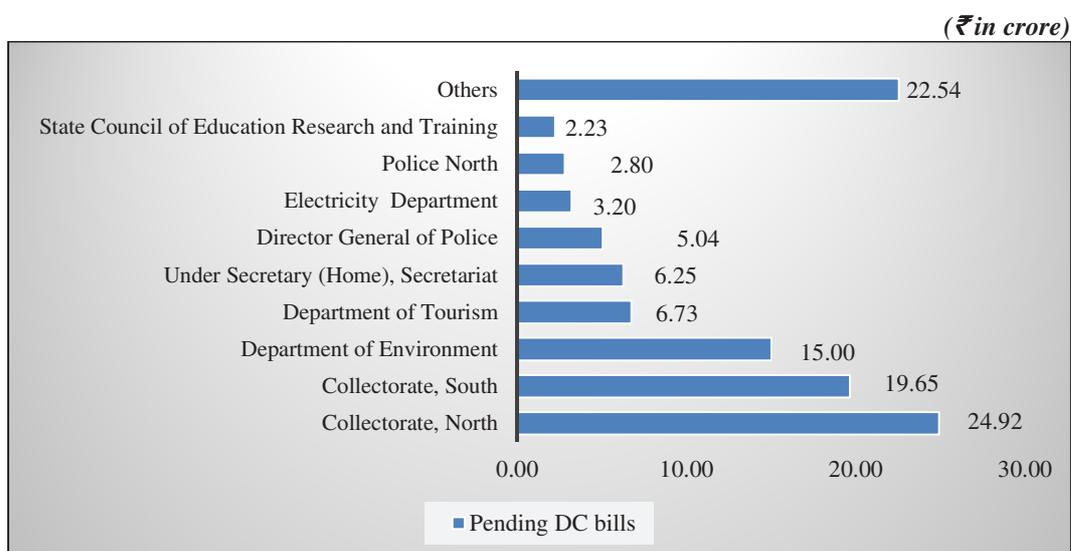
Table 4.6: Year-wise details of outstanding DC Bills

Year	Outstanding DC Bills	
	No.	Amount (₹ in crore)
Up to March 2011	44	1.55
2011-12	13	4.64
2012-13	10	0.66
2013-14	20	0.60
2014-15	24	11.48
2015-16	19	0.39
2016-17	30	15.55
2017-18	23	5.84
2018-19	51	18.13
2019-20	248	49.52
Total	482	108.36

(Source: Information furnished by Directorate of Accounts)

The oldest outstanding DC Bill for ₹ 40,000 pertained to Collectorate, North Goa for the year 1989.

Chart 4.2: Department-wise break-up of outstanding DC Bills



(Source: Information furnished by Directorate of Accounts)

Advances drawn and not accounted for increases the possibility of wastage/misappropriation/malfeasance *etc.* The State Government may fix responsibility for non-submission of DC Bills for prolonged period of time.

4.5 Personal Deposit Accounts

The Personal Deposit (PD) Accounts/Personal Ledger Accounts (PLA) are deposit accounts kept in treasuries in the name of the administrators⁴ of the accounts. The money is placed under 8443-Civil Deposits, 106-Personal Deposit. These Accounts can be opened with the approval of the Finance Department. As per Rule 179 to 182 of Receipts and Payments Rules, 1997, Government of Goa, the administrators are entitled 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/PL Account so authorised to be opened will form part of the Government account under the Public account.

Rule 180 of Receipts and Payments Rules, 1997 further stipulates that if a PD Account is not operated upon for a considerable period and there is reason to believe that the need for the deposit account has ceased, the same should be closed in consultation with the officer in whose favour the deposit account has been operated.

The year-wise position of PD/PL Accounts from 2017-18 to 2019-20 is given in **Table 4.7**.

Table 4.7: Year-wise details of PD/PL Accounts during 2017-20

(₹ in crore)				
Year	Opening balance	Receipts	Disbursements	Closing balance
2017-18	66.60	77.71	59.62	84.69
2018-19	84.69	107.55	83.47	108.77
2019-20	108.77	51.17	37.34	122.60

(Source: Information furnished by Directorate of Accounts)

As on 31 March 2020, a sum of ₹ 122.60 crore was held under 117 PD/PL Accounts by 17 Departments. These balances have not been reconciled with the Administrators of Accounts. Of the 117 Accounts, 22 Accounts held by 13 Departments having a balance of ₹ 0.43 crore were inoperative for over three years. If PD Accounts are inoperative for more than a year, they need to be reviewed by the Finance Department. However, existence of large number of inoperative PD Accounts for long periods indicates that the Finance Department is not reviewing them periodically.

The Administrators may ensure that the unspent balances lying in PD Accounts are transferred to the Consolidated Fund of the State by the end of financial year, as non-transfer of such unspent balances entails the risk of misuse of public funds, fraud and misappropriation.

⁴ PD Account holders

4.6 Booking under Minor Head ‘800- Other Expenditure’

The omnibus Minor Head 800 is intended to be operated when the appropriate minor head has not been provided in the accounts. Audit scrutiny revealed that the State Government has operated this minor head extensively under expenditure head during the five-year period (2015-20). The amounts booked under this minor head are given in **Table 4.8**.

Table 4.8: Booking under Minor Head 800-Other receipts/Other expenditure during 2015-20

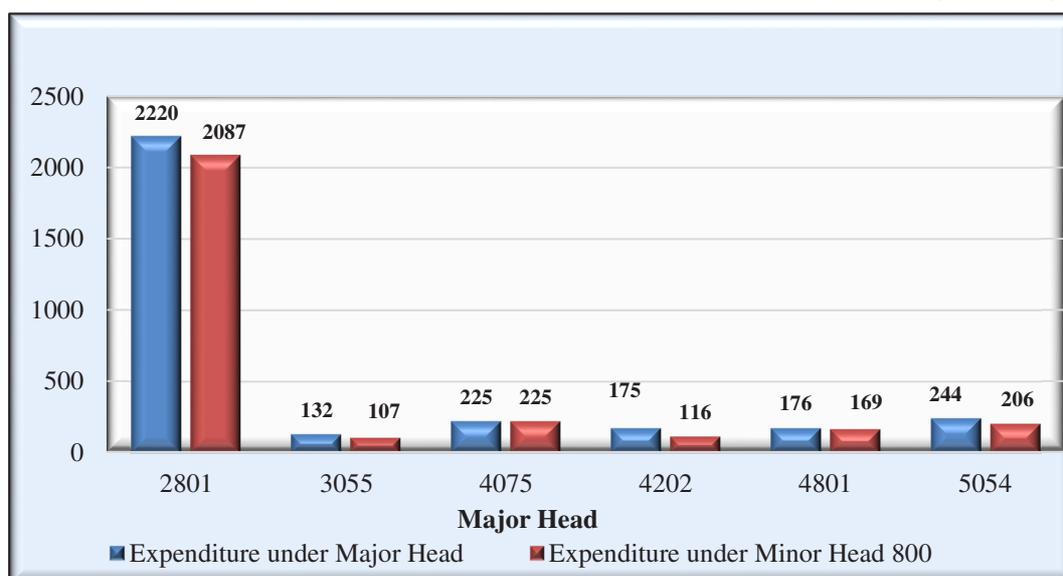
Year	Expenditure under Minor Head 800 (₹ in crore)	Percentage against total expenditure	Receipts under Minor Head 800 (₹ in crore)	Percentage against revenue receipts
2015-16	3323.89	33.09	517.15	6.04
2016-17	3328.20	31.67	418.45	4.37
2017-18	3820.68	30.15	352.80	3.18
2018-19	4039.50	30.52	656.62	5.73
2019-20	4117.84	30.97	386.46	3.42

(Source: Finance accounts of the State for the respective years)

Finance accounts 2019-20 of Government of Goa disclosed that expenditure aggregating ₹ 4,117.84 crore constituting 30.97 per cent of the total expenditure was classified under minor head ‘800-Other Expenditure’ under 46 major heads in revenue and capital sections. 100 per cent expenditure on capital outlay on ‘Other Miscellaneous General Services’ (major head 4075) for ₹ 225 crore, and ‘Capital outlay on other Scientific and Environmental Research’ (major head 5425) for ₹ 30.19 crore was classified under omnibus minor head 800. Cases where expenditure of more than ₹ 100 crore was booked under minor head - 800 under a particular major head is shown in **Chart 4.3**.

Chart 4.3: Major heads where expenditure of more than ₹ 100 crore was booked under minor head 800

(₹ in crore)



(Source: Finance accounts of the State)

Similarly, revenue receipts aggregating ₹ 386.46 crore, constituting 3.42 per cent of total revenue receipts, were classified under omnibus minor head '800-Other Receipts' in 18 major heads under revenue section.

The only case of receipt of more than ₹ 50 crore classified under minor head-800 was under MH 0070-Other Administrative Services (₹ 249 crore).

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

4.7 Outstanding Balances under Major Suspense and Debt, Deposit and Remittances (DDR) Heads

Suspense Head is intended for temporary accommodation of transactions affecting the balances of the State, pending final adjustments on receipt of debits and credits. Transactions on behalf of Central Government are also accounted for in this head.

Remittances embrace all adjusting heads, under which appear remittances of cash between treasuries and transfers between different accounting circles. The initial debits or credits to the heads in these divisions are cleared eventually by corresponding receipts or payments either within the same circle of account or in another account circle.

The finance accounts reflect the net balances under suspense and remittance heads. The outstanding balances under these heads are worked out by aggregating the outstanding debit and credit balances separately under various heads.

Transactions and net balances in minor head 101- PAO Suspense, 102-Suspense Account (Civil) and 112- Tax deducted at source suspense under major head 8658-Suspense Account are detailed in **Table 4.9** below.

Table 4.9: Balances under Suspense and Remittance Heads

Name of Minor Head	2017-18		2018-19		2019-20	
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
101 - Pay and Accounts office Suspense	436.08	414.89	487.21	448.17	490.66	497.56
Net	Dr. 21.19		Dr. 39.04		Cr. 6.90	
102 - Suspense Account (Civil)	43.38	41.94	43.95	43.16	44.64	44.26
Net	Dr. 1.44		Dr. 0.79		Dr. 0.41	
107 – Cash Settlement Suspense Account	471.16	288.78	479.95	288.82	492.34	289.02
Net	Dr. 182.38		Dr. 191.13		Dr. 203.32	
109 - Reserve Bank Suspense – Head Quarters	(-)5.25	(-)1.29	(-)7.62	(-)1.18	(-)3.42	(-)1.27
Net	Cr. 3.96		Cr. 6.44		Cr. 2.15	
110 - Reserve Bank Suspense – Central Accounts Office	3828.61	3033.91	4062.79	3272.61	4073.09	3272.69
Net	Dr. 794.70		Dr. 790.18		Dr. 800.40	
112 – Tax Deducted at Source	4.71	21.43	4.79	22.63	4.86	15.24
Net	Cr. 16.72		Cr. 17.84		Cr. 10.38	
129 – Material Purchase Settlement Suspense A/c	-	34.76	-	34.76	-	34.76
Net	Cr. 34.76		Cr. 34.76		Cr. 34.76	
Total Net	Dr. 944.27		Dr. 962.10		Dr. 949.94	

(Source: Finance accounts of the State)

The position of gross figures under major suspense and remittance heads shows that the aggregate net balance under the major head ‘8658-Suspense Accounts’ in the finance accounts decreased marginally from ₹ 962.10 crore in 2018-19 to ₹ 949.94 crore in 2019-20.

Account Officer (PAO)-Suspense (Minor Head 101)

This head is intended for settlement of transactions between the Director of Accounts and various Pay and Accounts officers. Outstanding debit balance under this head would mean that payments were made by the Director of Accounts which were yet to be recovered. Outstanding credit balance would mean that payments have been received by the Director of Accounts on behalf of a Pay and Accounts Officer, which were yet to be paid. During 2019-20, the net credit balance under this head was ₹ 6.90 crore.

Suspense Account-Civil (Minor Head 102)

This minor head is operated by the Director of Accounts to provisionally accommodate the differences noticed in the transactions which cannot be taken to the final head of expenditure/receipt accounts for want of certain information/documents viz., challans, vouchers etc. Receipts are credited and expenditure is debited to this account and cleared on receipt of required information by minus credit and minus debit respectively. The net debit balance under this head was ₹ 0.41 crore which decreased by ₹ 0.38 crore compared to previous year.

Tax Deducted at Source (TDS) Suspense- (Minor Head 112)

This minor head is intended to accommodate receipts on account of income tax deducted at source. Receipts on account of TDS are credited to major head

8658-Suspense accounts under minor head 112-TDS suspense. These credits are to be cleared by the end of each financial year and credited to the income tax Department. There was an outstanding credit balance ₹ 10.38 crore as on 31 March 2020 under this head which was yet to be credited to Income Tax Department.

4.8 Non-Reconciliation of Departmental figures

To exercise effective budgetary control over revenue/expenditure and to ensure accuracy in accounts, all Controlling officers are required to reconcile every month, the receipts and expenditure recorded in their books with the figures accounted for by the Directorate of Accounts. This enables the controlling officers of Departments to exercise effective control over expenditure, to keep it within the budget grants and to ensure accuracy of their accounts. The Public Accounts Committee in its 48th Report (1992) recommended punitive action against erring Budget Controlling Authorities (BCAs). Even though non-reconciliation of Departmental expenditure was pointed out regularly in Audit Reports, lapses on the part of controlling officers in this regard continued to persist during 2019-20.

During 2019-20, 34 out of 89 BCAs did not carry out any reconciliation in respect of 2,944 units under their control for expenditure involving ₹ 7,117.02 crore. Of the 55 BCAs who carried out reconciliations, six carried out reconciliations only for part of the year in respect of 273 units under their control involving ₹ 44.75 crore. The details of 18 major BCAs (out of 34) who did not reconcile their expenditure (₹ 6,976.52 crore) are indicated in **Table 4.10**.

Table 4.10: Major Budget Controlling Authorities Who did Not Reconcile their Expenditure

(₹ in crore)

Sr. No.	Budget Controlling Authorities who did not reconcile their expenditure	Amount not reconciled
1.	Electricity	2409.40
2.	School Education	1392.57
3.	Chief Engineer, Public Works Department	1036.83
4.	Director of Health Services	546.72
5.	Water Resources	348.04
6.	Director of Women and Child Development	320.66
7.	Finance	238.92
8.	Transport	142.08
9.	Director of Panchayats	128.81
10.	Animal Husbandry & Veterinary	100.34
11.	Information and Technology	52.37
12.	Labour	52.13
13.	River Navigation	37.84
14.	Collector of South Goa	35.55
15.	Goa Dental College and Hospital	35.32
16.	Legislature Secretariat	34.78
17.	Commissioner of Commercial Taxes	33.21
18.	Collector of North Goa	30.95
	Total	6976.52

(Source: Directorate of Accounts)

Similarly, 33 out of 89 BCAs did not carry out any reconciliation in respect of 2,398 units under their control for receipts involving ₹ 7,656.30 crore. Of the 56 BCAs who carried out reconciliations, five carried out reconciliations only for part of the year in respect of 259 units under their control involving ₹ 8.94 crore. The details of 12 major BCAs (out of 33) who did not reconcile their receipts (₹ 7,576.91 crore) are indicated in **Table 4.11**.

Table 4.11: Major Budget Controlling Authorities Who did Not Reconcile their Receipts

(₹ in crore)

Sr. No.	Budget Controlling Authorities who did not reconcile their receipts	Amount not reconciled
1.	Commercial Tax	4287.49
2.	Electricity	1960.52
3.	Public Works	392.80
4.	Transport	299.32
5.	Home	215.49
6.	Notary Services	151.12
7.	Water Resources	75.90
8.	Panchayats	52.03
9.	Town & Country Planning	48.63
10.	Health Services	42.13
11.	School Education	28.53
12.	Collectorate, North Goa	22.95
	Total	7576.91

(Source: Directorate of Accounts)

4.9 Compliance with 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. The Comptroller and Auditor General of India set up a Government Accounting Standards Advisory Board (GASAB) in 2002, for formulating standards for Government accounting and financial reporting, to enhance accountability mechanisms. On the advice of the Comptroller and Auditor General of India, the President of India has so far notified three Indian Government Accounting Standards (IGAS). The following **Table 4.12** provides the position of compliance with these three accounting standards.

Table 4.12: Compliance with Accounting Standards

Sr. No.	Accounting Standards	Essence of IGAS	Compliance by State Government	Impact of Deficiency
1.	IGAS-1: <i>Guarantees Given by the Government – Disclosure requirements</i>	This standard requires the Government to disclose the maximum amount of guarantees given during the year in its financial statements along with additions, deletions, invoked, discharged and outstanding at the end of the year.	Complied	-
2.	IGAS-2: <i>Accounting and Classification of Grants-in-Aid (GIA)</i>	GIA are to be classified as revenue expenditure in the accounts of the grantor and as revenue receipts in the accounts of the grantee, irrespective of the end use, and GIA in kind requires adequate disclosure by the Government.	Partly complied as detailed information in respect of GIA given in kind has not been furnished by the State Government.	Lack of disclosure of GIA given in kind as required by the Accounting Standard.
3.	IGAS-3: <i>Loans and Advances made by Government</i>	It is related to recognition, measurement and valuation and reporting in respect of loans and advances made by the Government in its financial statements to ensure complete, accurate and uniform accounting practices and also to ensure adequate disclosure on loans and advances made by the Government.	Partly complied. As the reasons for disbursement of fresh loans and advances were not furnished by the State Government.	Disclosure requirements of loans and advances not met by the State Government.

(Source: Finance accounts of the State)

4.10 Submission of Accounts/Separate Audit Reports of Autonomous Bodies

Several autonomous bodies have been set up by the State Government in the fields of education, irrigation, housing *etc.* Of these, audit of accounts of 13 bodies in the State have been entrusted to the CAG. These bodies are audited by the CAG for verification of their accounts, financial transactions, operational activities, internal management and financial control system and procedures.

The status of entrustment of audit, rendering of accounts to audit, issuance of Separate Audit Reports (SARs) and their placement in the Legislature are given in the **Appendix 4.2**. Delay in submission of accounts to Audit and placement of SARs in the Legislature by the autonomous bodies is summarised in **Table 4.13**.

Table 4.13: Delays in submission of accounts and tabling of SARs

Submission of Accounts for Audit		Presentation of Report in Legislature	
Delay (in months)	No. of autonomous bodies	Delay (in years)	Number of autonomous bodies
0-3	-	0-1	2
3-6	3	1-3	4
6-9	3	3-5	-
9-25	3	5 years and above	5
25 months and above	4	-	-

(Source: Compiled from records received from various autonomous bodies)

There were 42 accounts pertaining to various periods pending submission by 13 autonomous bodies. The submission of accounts of 13 autonomous bodies was delayed by four to 76 months while presentation of four out of 13 accounts in the State Legislature was delayed by more than five years. The reasons for delays though called for were not intimated by the respective autonomous bodies.

Inordinate delay in submission of accounts and presentation of the reports to the State Legislature resulted in delayed scrutiny of the functioning of these bodies, where Government investments are made. Further, necessary remedial action, if any, required to be taken by the Government was also delayed.

4.11 Departmental Commercial Undertakings/Corporations/Companies

The Departmental undertakings of certain Government Departments performing activities of quasi-commercial nature are required to prepare *proforma* accounts in the prescribed format annually, showing the working results of financial operations so that the Government can assess their working. The accounts of Departmentally managed commercial and quasi-commercial undertakings reflect their overall financial health and efficiency in conducting their business. In the absence of timely finalisation of such *proforma* accounts, the viability of these undertakings remains outside the scrutiny of the Audit/State Legislature. Consequently, corrective measures, if any required, for ensuring viability and improving efficiency cannot be taken in time.

Heads of Departments in the Government have to ensure that the undertakings prepare such accounts and submit the same to the Accountant General for audit within a specified timeframe. As of October 2020, there were two⁵ such undertakings, one of which had heavy arrears in accounts. The Department-wise position of arrears in preparation of *proforma* accounts and investments made by the Government in these two undertakings is given in **Table 4.14**.

⁵ River Navigation Department and Electricity Department

Table 4.14: Position of arrears as on 31 October 2020 in preparation of Proforma Accounts

Department	No. of undertakings under the Department	Name of undertaking	Year up to which accounts finalised	Investment as per last accounts (₹ in crore)
Inland Water Transport	1	River Navigation Department	2005-06	108.29
Power	1	Electricity Department, Government of Goa	2016-17	1570.84
Total				1679.13

(Source: Information furnished by concerned Departments)

Submission of Accounts by State Public Sector Enterprises

Need for Timely Submission

According to Section 394 of the Companies Act 2013, Annual Report on the working and affairs of a Government Company is to be prepared within three months of its Annual General Meeting (AGM). Soon after such preparation, the Annual Report should be laid before the legislative assembly together with a copy of the Audit Report and any comments upon or supplement to the Audit Report, made by the CAG. Almost similar provisions exist in the respective acts regulating statutory Corporations. This mechanism provides the necessary Legislative control over the utilisation of public funds invested in the Companies from the Consolidated fund of State.

Section 96 of the Companies Act, 2013 requires every Company to hold AGM of the shareholders once in every calendar year. It is also stated that not more than 15 months shall elapse between the date of one AGM and that of the next. Further, section 129 of the Companies Act, 2013 stipulates that the audited financial statement for the financial year has to be placed in the said AGM for their consideration.

Section 129(7) of the Companies Act, 2013 also provides for levy of penalty like fine and imprisonment on the persons including Directors of the Company responsible for non-compliance with the provisions of Section 129 of the Companies Act, 2013.

Timeliness in Preparation of Accounts by Government Companies

As of 31 March 2020, there were 14 Government Companies under the purview of CAG's audit. Of these, accounts for the year 2019-20 were due from 12 Government Companies. A total of nine Government Companies submitted their accounts of previous years for audit by CAG on or before 31 October 2020. Details of arrears in submission of accounts by Government Companies are given below:

Table 4.15: Arrears in submission of accounts by Government Companies

Particulars		Government Companies
Total number of Companies under the purview of CAG's audit as on 31.03.2020		14
Less: Companies from which accounts for 2019-20 were not due		02
Number of Companies from which accounts for 2019-20 were due		12
Number of Companies which presented the accounts for CAG's audit by 31 October 2020		09
Number of accounts in arrears		37
Break- up of Arrears	(i) Under Liquidation	00
	(ii) Defunct	00
	(iii) First Accounts not submitted	00
	(iv) Others	37
Age-wise analysis of arrears against 'Others' category	One year (2019-20)	08
	Two years (2018-19 and 2019-20)	00
	Three years and more	29

(Source: Information compiled by the Office of the AG, Goa)

The name of 12 Companies whose accounts were in arrears as on 31 March 2020 are shown in **Appendix 4.3**.

Timeliness in preparation of Accounts by Statutory Corporations

The CAG is the sole auditor for the two Statutory Corporations viz., Goa Industrial Development Corporation (GIDC) and Goa Information Technology Development Corporation (GITDC). Of these two Statutory Corporations, GIDC's accounts for the year 2019-20 was awaited as on 31 October 2020 and GITDC⁶ had not finalised any account since its inception i.e., 2006-07.

4.12 Misappropriations, Losses and Defalcations

Rule 33 of the General Financial Rules, 2017 provides that any loss or shortage of public money, revenue or receipts has to be immediately reported by the subordinate authority concerned to the next higher authority as well as to the Statutory Audit Officer and the concerned Principal Accounts Officer.

The State Government reported 31 cases of misappropriation, defalcation etc., involving Government money totaling ₹ 8.74 crore up to June 2020 on which final action was pending. The Department-wise/age-wise break-up of pending cases is given in **Appendix 4.4**.

The age profile of pending cases and number of pending misappropriation cases are summarised in **Table 4.16**.

⁶ Though State Government issued notification (July 2017) to revive GITDC, no further action was taken and thus, the Corporation remained inactive.

Table 4.16: Profile of misappropriation

Age profile and nature of pending cases			
Range in years	No. of cases	Amount involved (₹ in lakh)	Nature/characteristics of the cases
0-5	10	847.26	Misappropriation of cash/stores
5-10	11	14.51	
10 years and above	10	12.60	
Total	31	874.37	

(Source: Information furnished by concerned Departments)

Of the 31 cases, 12 cases pertained to Directorate of Panchayats, Panaji and seven pertained to Vigilance Department. Of these 19 cases, three cases amounting to ₹ 3.44 lakh pertaining to Directorate of Panchayats were pending for more than 10 years.

The reasons for which the cases were outstanding are classified under three categories as listed in **Table 4.17** below.

Table 4.17: Reasons for outstanding cases of misappropriation

Reasons for delay/outstanding pending cases	No. of cases	Amount (₹ in lakh)
Departmental action started but not finalised	27	866.27
Pending in the courts of law	2	3.24
Awaiting orders for recovery/write off	2	4.86
Total	31	874.37

(Source: Information furnished by concerned Departments)

4.13 Follow-up Action on State Finances Audit Report

The State Finances Audit Report is being presented to the State Legislature from 2008-09 onwards. The State Public Accounts Committee discussed the State Finances Audit Report for the years 2008-09 and 2009-10 and issued its recommendations.

4.14 Conclusion

Sr. No.	Positive Indicators	Negative Indicators
1.	Decreasing amount under outstanding Detailed Contingent bills.	Non-reconciliation of Departmental figures by the Budget Controlling Authorities.
2.	Decreasing amount under Suspense Head.	Increasing numbers of outstanding Utilisation Certificates.
3.	Significant decrease in booking of Receipts under 'Omnibus Minor Head – 800'.	Arrears of Annual Accounts in respect of Autonomous Bodies and State Public Sector Enterprises.

4.15 Recommendations

- The Government may ensure timely submission of Utilisation Certificates by the Departments in respect of the grants released for specific purposes.
- The Finance Department may review all PD accounts to ensure that all amounts unnecessarily lying in these PD accounts are immediately remitted to the Consolidated Fund.
- Finance Department may evolve a system to expedite the process of compilation and submission of annual accounts by autonomous bodies and departmentally run undertakings in order to assess their financial position.
- The Government may consider carrying out adjustment of Abstract Contingent bills within stipulated period and regularly monitor the pending Detailed Contingent Bills.

Panaji
The 17 September 2021


(ANITHA BALAKRISHNA)
Accountant General, Goa

Countersigned

New Delhi
The 23 September 2021


(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

