

CHAPTER – IV

**QUALITY OF ACCOUNTS AND FINANCIAL
REPORTING PRACTICES**

Chapter IV: Quality of Accounts and financial reporting practices

A sound internal financial reporting system based on compliance with financial rules, procedures and directives as well as the timeliness and quality of reporting on the status of such compliance is one of the attributes of good governance. This chapter provides an overview and status of compliance of the departments of the State Government with various financial rules, procedures and directives during the current year.

Issues related to completeness of Accounts

4.1 Funds outside Consolidated Fund or Public Account of the State

Article 266 (1) of the Constitution of India subject to the provisions of Article 267, provides that all revenues received by the Government of a State, all loans raised by that Government by the issue of treasury bills, loans or ways and means advances and all moneys received by that Government in repayment of loans shall form one Consolidated Fund to be entitled the 'Consolidated Fund of the State'. Article 266 (2) provides that all other public moneys received by or on behalf of the Government of a State shall be credited to the public account of the State, as the case may be.

An instance wherein public expenditure was met through creation of fund outside the Consolidated Fund was mentioned in earlier Reports¹ of the Comptroller and Auditor General on State Finances. This procedure continued during the current year.

4.1.1 Maharashtra Nivara Nidhi

The Housing Department, Government of Maharashtra (GoM) vide Government Resolution (GR) (May 2010) created the Maharashtra Nivara Nidhi (MNN) with the objective of supplementing the resources of the Government for undertaking various housing schemes through Central assistance. The MNN would receive fund from GoM, Maharashtra Housing and Area Development Authority (MHADA) and a recurring contribution from Slum Rehabilitation Authority (SRA) by way of 90 *per cent* of the land premium collected by the Authority. This fund was created under the jurisdiction of MHADA and as per the GR the fund would be audited on the lines of MHADA and the Annual Accounts and Audit Report of MNN would be placed in the State Legislature every year.

Since its inception till March 2020, the accounts for the year 2020-21 was not prepared (October 2021). MNN received ₹ 32,226.63 crore from GoM, MHADA and a recurring contribution from SRA by way of 90 *per cent* of the land premium collected by the Authority. The Annual Accounts and the Audit Report of the receipts and expenditure incurred out of MNN were not submitted (October 2021) to the State Legislature, despite the fact that ₹ 5,834.74 crore was spent from this fund till March 2020.

¹ Paragraph 1.2.3, Paragraph 1.5.2, Paragraph 1.2.3 and Paragraph 4.1.1 of the Report of the Comptroller and Auditor General on State Finances for the year 2013-14, 2014-15, 2016-17 and 2019-20 respectively

As the Fund was created under the MHADA, an autonomous body, audited by the Comptroller and Auditor General of India under Section 20(1) of the CAG’s DPC Act, 1971, a formal amendment to the MHADA Act, 1976, incorporating the creation of the MNN and the subsequent audit arrangement of the Fund was required. Further, Finance Department have directed (August 2017) Housing Department to make necessary amendments in the MHADA Act, 1976 ensuring administrative and financial independence for MNN and to ensure audit of this fund by the CAG.

Thus, creation and operation of MNN outside the Government accounts escaped the legislative scrutiny through the regular process of authorisation. It would be appropriate if the activities planned under MNN are carried out through regular budgetary process.

4.1.2 Unspent amount lying in the Bank Accounts of DDOs

Drawing and Disbursing Officers (DDOs) are required to withdraw money from the Government Account/Consolidated Fund for making payment on behalf of the State Government. Such withdrawn amounts are meant to incur expenditure on different heads inter alia, office expenses, committed liabilities, Central/State Scheme. The information made available by the Government of Maharashtra revealed that an amount of ₹ 17,936.65 crore was lying in the Bank of 13,951 DDO’s Current Account as on 31 March 2021.

The department wise details of amount lying unspent with the DDOs are shown in **Table 4.1.**

Table 4.1: Major unspent balances lying in the Bank Accounts of DDOs

Sl No	Department	No. of DDO	Unspent Amount (₹ in crore)	Audit observation			
				Treasury	DDO code	Amount lying in the Current Account of DDO (₹ in crore)	Percentage
1	Revenue and Forest	2552	5784.46	Beed	3302000947	2309.59	64
				Osamanabad	3505000956	1375.80	
				Total	2	3685.39	
2	Urban Development	118	2245.88	PAO	7101002301	1318.40	74
				Thane	1201002483	332.52	
				Total	2	1650.92	
3	Rural Development	585	1453.12	Amravati	6101003267	239.86	68
				Palghar	1601003267	192.02	
				Nagpur	4601003267	159.53	
				Nagpur	4601005110	159.53	
				Latur	3701003267	130.66	
				Osmanabad	3501003267	113.86	
				Total	6	995.46	

Sl No	Department	No. of DDO	Unspent Amount (₹ in crore)	Audit observation			
				Treasury	DDO code	Amount lying in the Current Account of DDO (₹ in crore)	Percentage
4	Agriculture, Animal Husbandry, Dairy Development	1222	1446.40	Akola	6201001385	678.02	66
				Pune	2201001211	283.35	
				Total	2	961.37	
5	Home	671	1209.39	PAO	7101000302	498.00	63
				PAO	7101000615	263.55	
				Total	2	761.55	
6	Co-operation And Textiles	761	162.71	PAO	7101070036	87.33	66
				Kolhapur	2601001444	20.70	
				Total	2	108.03	
7	Finance	230	818.10	Buldhana	6301003267	198.39	63
				Wardha	4501003267	148.85	
				Jalgaon	5301003267	94.48	
				Chandrapur	4801003267	77.95	
				Total	4	519.67	
8	Food, Civil Supplies and Consumer Protection	190	644.82	Thane	1201015346	532.79	83
Total		6329	13764.88				
Other Department		7622	4171.77				
Total		13951	17936.65	Total DDOs	21	9215.18	51

(Source: Finance Accounts 2020-21 and information received from Director of Accounts and Treasury)

From the above table it is observed that 51 *per cent* of the total unspent amount was lying idle in the Current Account of 21 DDOs.

Even though these amounts have already been accounted for as expenditure from the Consolidated Fund of the State, they are lying idle outside the Government Accounts. Thus the expenditure shown in the Finance Accounts cannot be vouched as correct to that extent.

4.2 Non-discharge of liability in respect of interest

Interest bearing deposits

The State Government has to pay interest on the un-invested balances lying under the head "Deposit Accounts bearing interest". During 2020-21, the entire balance of ₹ 52,079.34 crore lying in interest bearing Deposit Accounts as on 31 March 2020 was not invested. The State Government paid interest of ₹ 2,378.67 crore on the un-invested portion of ₹ 51,549.35 crore. Interest was not paid on the remaining un-invested portion of

₹ 529.99 crore. The interest liability on this un-invested portion works out to ₹ 21.20 crore, at the rates of interest applicable on Ways and Means Advances. The details of non-discharge of liability in respect of interest towards interest bearing deposits are given in **Table 4.2**.

Table 4.2: Non-discharge of liability in respect of interest towards interest bearing deposits
(₹ in crore)

Sl. No.	Name of the Interest-bearing deposit	Opening Balance as on 1st April 2020	Un-invested portion for which interest has not been paid	Amount of Interest not provisioned (Calculated @ 4%)
1	8336 Civil Deposits	42821.77	0	0
2	8338 Deposit on Local Funds	89.04	89.04	3.56
3	8342 Other Deposits	9180.20	440.95	17.64
Total		52079.34	529.99	21.20

Source: Finance Accounts 2020-21

Interest bearing Reserve Fund

- During 2020-21, under the National Pension Scheme, the State Government transferred ₹ 3236.89 crore to NSDL. As on 31 March 2021 the cumulative balance amount of ₹ 10,642.26 crore is yet to be transferred to NSDL. The interest liability on the un-transferred balance of ₹ 8,727.58 crore (opening balance as on 01 April 2020) works out to ₹ 619.66 crore at the rate of interest payable on General Provident Fund (7.1 per cent), of which ₹ 273.32 crore was paid to NSDL during the year. The unpaid interest of ₹ 346.34 crore has impact on the overall liability of the Government.
- The State Government is liable to provide for interest in respect of the balances lying under State Compensatory Afforestation Fund (₹ 3,692.72 crore) and General Insurance Fund (₹ 291.95 crore). The interest is calculated taking average Ways and Means interest rate as four per cent for the year. Interest amounting to ₹ 147.71 crore in respect of State Compensatory Afforestation Fund was not paid during 2020-21 and in respect of General Insurance Fund against an interest liability of ₹ 11.68 crore, only ₹ 7.13 was paid, resulting in short payment of ₹ 4.55 crore.

4.3 Funds transferred directly to State implementing agencies

The Union Government transfers substantial funds directly to State Implementing Agencies for implementation of various schemes and Programmes. As these 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.

Therefore, Government of India decided to transfer all assistance related to Centrally Sponsored Schemes/ Additional Central Assurances directly to the State Government and not to Implementing Agencies from 01 April 2014 onwards.

During 2020-21, Central Funds amounting to ₹ 12,599.90 crore² were transferred directly to the State Implementing Agencies instead of routing through State Government. This was as per the scheme guidelines of the respective scheme.

These transfers are exhibited in Appendix VI of Volume II of the Finance Accounts. The direct transfers to State Implementing Agencies have shown an increasing trend during the last five years as detailed in **Table 4.3**.

Table 4.3: Funds transferred directly to Implementing Agencies during 2016-21

(₹ in crore)					
Years	2016-17	2017-18	2018-19	2019-20	2020-21
Direct transfers to State implementing agencies	1592.11	1854.82	3004.46	7851.42	12599.90

Source: Finance Accounts of respective years

The implementing agencies which received major transfers during 2020-21 are shown in **Table 4.4**.

Table 4.4: Implementing agencies which received direct transfer from GoI

(₹ in crore)			
Sl. No.	Name of the Schemes of Government of India	Name of the Implementing Agencies	GoI releases during 2020-21
1	Pradhan Mantri Kisan Samman Nidhi	Department of Agriculture Maharashtra	7014.27
2	Food Subsidy for Decentralised procurement of Food grains under NFSA	Food & Civil Supplies & Consumers Protection Department, Government of Maharashtra	2555.88
3	Mahatma Gandhi National Rural Employment Guarantee Scheme State Fund Association Maharashtra (State Component)	Mahatma Gandhi National Rural Employment Guarantee Scheme State Fund Association Maharashtra (State Component)	1394.12
4	Assistance to State Agencies for intra-state movement of food grains and FPS dealers' margin under NFSA	Food & Civil Supplies & Consumers Protection Department Government of Maharashtra	501.91
5	National Highway Authority of India	Competent Authority Land Acquisition (CALA)/SDO	233.26
6	Member of Parliament Local Area Development Scheme (MPLAD)	District Collector, Maharashtra	177.50
7	National AIDS and STD Control Programme	Maharashtra State AIDS Control Society	125.64
8	Pradhan Mantri Matru Vandana Yojana	Public Health Department Maharashtra	113.11
9	Solar Power- Grid Interactive	Maharashtra Energy Development Agency	55.06
10	Sagarmala	Maharashtra Maritime Board	36.96
11	Scheme for faster Adoption and Manufacturing of (Hybrid and) Electric Vehicle in India.	Brihanmumbai Electric Supply and Transport Undertaking.	36.11
12	Sugar Subsidy payable under PDS	Food & Civil Supplies & Consumers Protection Department Government of Maharashtra	32.12
13	Integrated Development of Tourist Circuits around specific themes (Swadesh Darshan)	Nagpur Metropolitan region Development Authority	24.00
14	National AIDS and STD Control Programme	Mumbai Districts AIDS Control Society	23.59

² As per the Public Financial Management System portal of the Controller General of Accounts

Sl. No.	Name of the Schemes of Government of India	Name of the Implementing Agencies	GoI releases during 2020-21
15	Atal Bhujal Yojana	ATAL JAL - State Project Management Unit, Maharashtra	20.35
16	Research Training and Studies and other Road safety Schemes	Transport Commissioner Office	19.40

Source: Finance Accounts 2020-21; Public Financial Management System-PFMS

Issues related to Transparency

4.4 Delay in submission of Utilisation Certificates

The Bombay Financial Rules, 1959 provide that for the grants received during a year for specific purposes, Utilisation Certificates (UCs) should be obtained by the departmental officers from the grantee institutions and after verification, the UCs should be forwarded to the Accounting Offices concerned i.e. Pr. Accountant General (Accounts and Entitlement)-I, Mumbai, Accountant General (Accounts and Entitlement) - II, Nagpur and Pay and Accounts Office, Mumbai within 12 months from the dates of their sanction unless specified otherwise.

As on 30 June 2021, 28,240 Utilisation Certificates amounting to ₹ 42,861.97 crore was outstanding. The age-wise position of outstanding UCs is summarised in **Table 4.5**.

Table 4.5: Age-wise arrears in submission of Utilisation Certificates

(₹ in crore)

Year	Opening Balance		Clearance		Due for submission	
2018-19	8376	30525.83 [§]	2234	14973.63	6142	15552.20
2019-20	9134	17228.85 [§]	2989	8633.05	6145	8595.80
2020-21	32462 [#]	62999.03 [#]	16509	44285.06	15953	18713.97
Total	49972	110753.71	21732	67891.74	28240	42861.97

[§]Amounts reconciled during the year. [#] Additions during the year
 Due year for submission of UCs i.e 12 months from the drawal of GIA
 Source: Information compiled by O/o the Pr. Accountant General (A&E)-I, Maharashtra, Mumbai

The year-wise details of pending UCs and the amounts involved are given in **Table 4.6**.

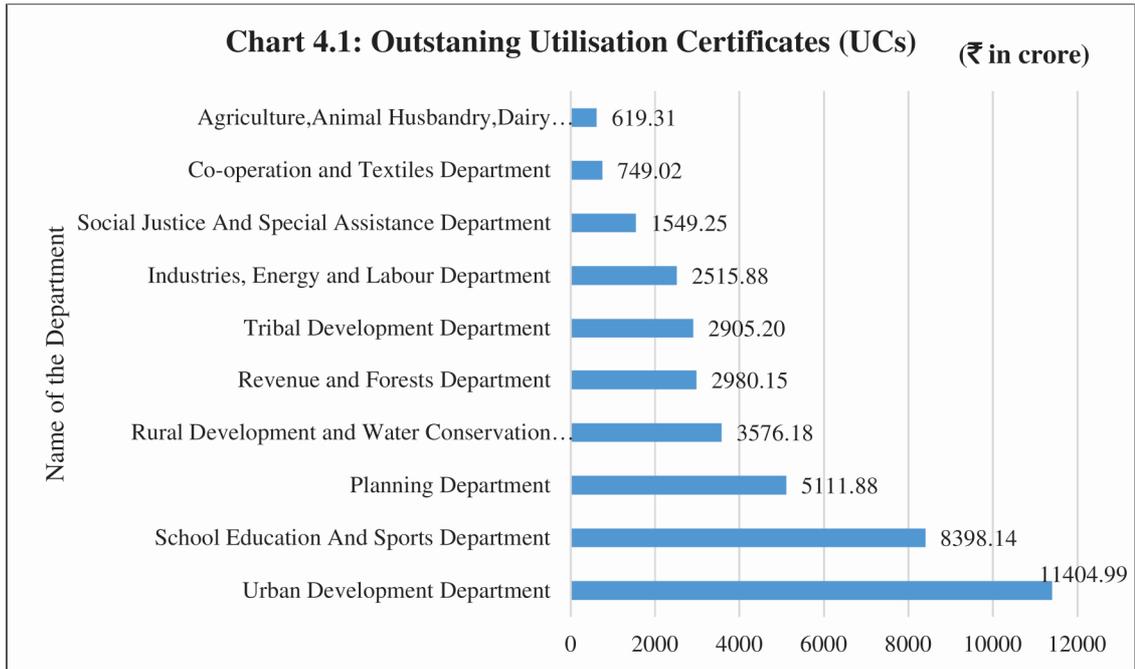
Table 4.6: Year wise break up of outstanding UCs

(₹ in crore)

Year	Number of UCs	Amount	Percentage
Upto 2013	1221	6620.59*	15.45
2013-14	98	460.25	1.07
2014-15	84	576.92	1.35
2015-16	482	958.59	2.24
2016-17	1232	2058.26	4.80
2017-18	3025	4877.59	11.38
2018-19	6145	8595.80	20.05
2019-20	15953	18713.97	43.66
Total	28240	42861.97	100

*Higher Rounding
 Source: Information compiled by O/o the Principal Accountant General (A&E)-I, Maharashtra

Since the UCs in the above cases were not submitted, complete utilisation of grants released could not be ascertained. Despite the pending UCs, the grants were released to the institutions indicating lack of control over sanctioning of grants. Hence, Government needs to review all such UCs pending for more than a year before release of further grants.



(Source: Finance Accounts 2020-21)

As seen in **Chart 4.1**, majority of cases of non-submission of UCs related to the Urban Development Department (22.60 per cent), School Education and Sports Department (19.59 per cent) and Planning Department (11.93 per cent). Pendency in submission of UCs not only indicates absence of assurance on utilisation of grants released for intended purposes but also lack of monitoring of utilisation of grants released to the grantees by the departments. Department-wise details of outstanding UCs separately for each year are detailed in **Appendix 4.1**.

4.4.1 Recording of Grantee institutions as “others”

Grants-in-aid (GIA) are payments in nature of assistance, donations or contributions made by one government body/institution/individual to another government body/institution/individual.

As per Finance Accounts 2020-21, Grant-in-Aid (₹ 1,31,439.42 crore) constituted 38.36 per cent of total expenditure (₹ 3,42,638.31 crore) of the state. Out of the total Grant-in-Aid of ₹ 1,31,439.42 crore, an amount of ₹ 42,074.67 crore (32 per cent) was disbursed to grantee institutions classified as ‘Others’, which include amount of ₹ 5,247.97 crore as ‘Assistance to farmers for crop loss due to natural calamities’, ₹ 766.88 crore on ‘Expenditure on containment of COVID 19 (committed)’, an amount of ₹ 357.86 crore for ‘Construction and other facilities under modernization of bus stand of MSRTC’.

GIA to Institutions of the type ‘Others’ constituted a significant portion of the total grants and total expenditure of the State. Absence of proper recording of the grantee institutions has a negative impact on the transparency of financial reporting/ accounts.

4.5 Abstract Contingent Bills

As per the provisions of Maharashtra Treasury Rules, 1968, when money is required in advance or the Drawing and Disbursing Officers (DDOs) are not able to arrive at the exact

expenditure, DDOs are authorised to draw money through Abstract Contingent (AC) bills by booking the expenditure under service heads concerned. The Detailed Contingent (DC) bills containing vouchers in support of final expenditure towards the amount so drawn are to be submitted within 30 days to the Offices of the Accountant General (A&E)-Mumbai/Nagpur or Pay and Accounts Office, Mumbai, as the case may be. Further, Finance Department (September 2003) has prohibited withdrawal of money on AC Bill at the end of the financial year.

As on 30 June 2021, 2,246 DC bills amounting to ₹ 3,427.05 crore were not received in the Offices of the Pr. Accountant General (Accounts and Entitlement)-I Maharashtra, Mumbai, Accountant General (Accounts and Entitlement)-II Maharashtra, Nagpur, and Pay and Accounts Office Mumbai. To the extent of non-submission of Detailed Contingency Bill, the expenditure shown in the Finance Accounts could not be vouched as correct or final.

It was seen that of ₹ 1,634.43 crore drawn through 1,171 AC bills during 2020-21, ₹ 871.08 crore through 402 AC bills (53 per cent) was drawn in March 2021. Significant drawal through AC bills in March indicates that the drawal was primarily to exhaust the budget provision and reveals inadequate budgetary control. The department wise pendency of detailed contingent bills is given in **Appendix 4.2**. Year-wise details of pending detailed contingent bills are given in **Table 4.7**.

Table 4.7: Year wise progress in submission of DC bills against the AC bills

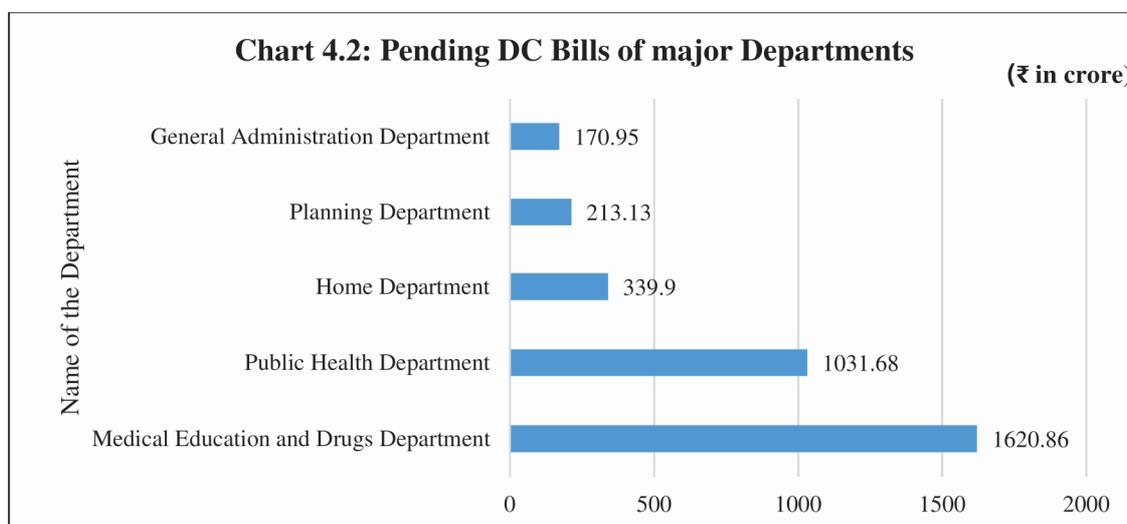
(₹ in crore)

Year	Opening Balance		DC bills received		Outstanding AC bills	
	No.	Amount	No.	Amount	No.	Amount
Upto 2018-19	1234	1466.61	253	270.40	981	1196.21
2019-20	1444	961.31	952	123.11	492	838.20
2020-21	1171 [#]	1634.43 [#]	398	241.79	773	1392.64
TOTAL	3849	4062.35	1603	635.30	2246	3427.05

[#]Additions during the year

Source: Information compiled by O/o the Principal Accountant General (A&E)-I, Maharashtra, Mumbai

Status of pending DC bills in respect of five major departments is given in **Chart 4.2**.



(Source: Finance Accounts 2020-21)

Chart 4.2 reveals that 47 per cent of the outstanding DC bills pertain to Medical Education and Drugs Department (₹ 1,620.86 crore) and 30 per cent related to Public Health Department (₹ 1,031.68 crore).

4.6 Personal Deposit Accounts

The Personal Deposits (PD) accounts, also known as Personal Ledger Accounts (PLAs) are in the nature of a banking account kept in the Treasuries. According to Rule 494 of Maharashtra Treasury Rules, 1968 and Rule 12 of the Bombay Financial Rules 1959, Personal Deposit (PD) Accounts/Personal Ledger Accounts (PLA) can be opened with Treasury Officer for specified purpose on the basis of approval of Government in consultation with the Accountant General of the State.

Further as per Rule 495 of Maharashtra Treasury Rules, Government of Maharashtra (GoM) is authorised to keep funds required for specific purposes in the PD Accounts by transfer of funds from the Consolidated Fund. PD Accounts which are inoperative for more than one year (revised³ in January 2014) should be closed and the balances at the credit of such accounts should either be paid to the PD Account holder or credited to the Consolidated Fund of the State. In cases, however, in which the PD Accounts are debited to the Consolidated Fund, the same should be closed at the end of the financial year by minus debit of the balance to the relevant service heads in the Consolidated Fund.

As on 31st March 2021, 1975 PD Accounts showed a closing balance of ₹ 10,805.82 crore as indicated in **Table 4.8**.

Table 4.8: Status of Personal Deposit Accounts during 2020-21

(₹ in crore)

Opening Balance		Addition during the year		Closed during the Year		Closing Balance	
Number	Amount	Number	Amount	Number	Amount	Number	Amount
2084	10,317.97	NIL	16288.51	109	15800.66	1975	10805.82

Source: Finance Accounts 2020-21

Retention of funds in PLAs not only led to expenditure booked under the service heads being inflated without actual outgo, but also resulted in dilution of treasury control over actual expenditure.

During 2020-21 an amount of ₹195.86 crore was transferred from the Consolidated Fund of the State to the PD Accounts and an amount of ₹ 16,092.65 crore was credited through challans.

During 2020-21 only in respect of 49 PD Accounts out of 1975 accounts, the Administrators had reconciled the balances with Principal Accountant General (A&E)-I, Accountant General (A&E)-II and Pay and Accounts Office. Incomplete reconciliation would affect the correctness of the balances in the un-reconciled PD accounts.

³ Vide Finance Department's Government Resolution संकीर्ण 1014/प्रक्र 5/कोषाप्रशा/5 dated 24 January 2014

4.6.1 Inoperative Personal Deposit Accounts

As per Rule 495 of Maharashtra Treasury Rules (MTR), 1968 and 585(2) of Maharashtra Treasury Manual (MTM), Personal Deposits (PDs)/Personal Ledger Accounts (PLAs) which are inoperative for more than one year should be closed and the balances in such accounts are to be credited to the Government Account as Miscellaneous revenue under Major Head 0075.

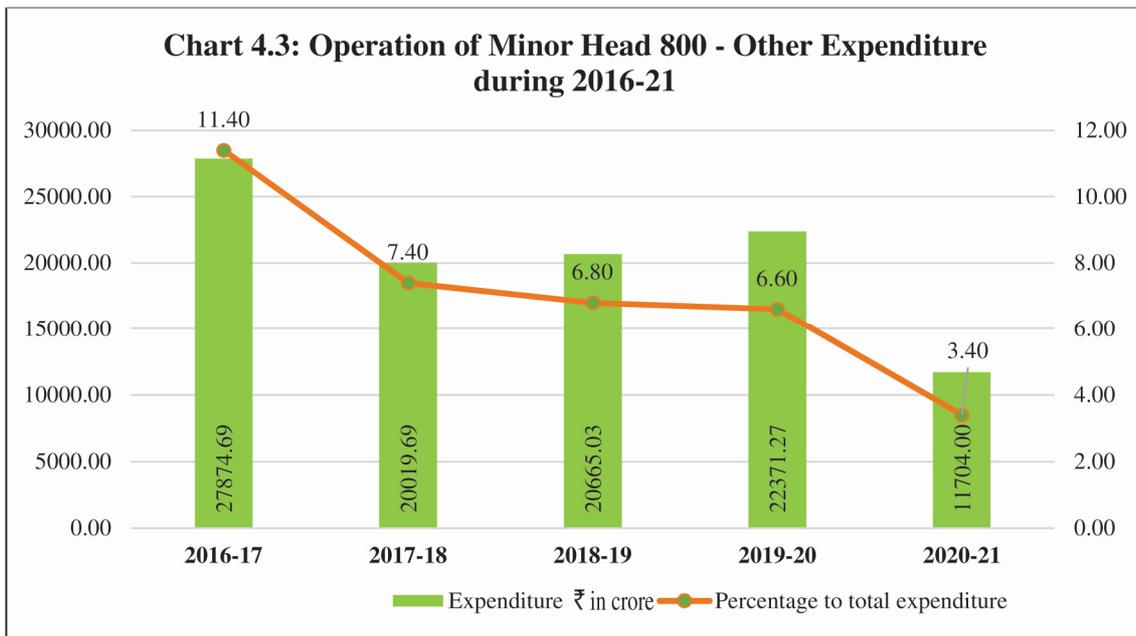
It was observed that in 383 accounts, PLAs were not operated by the Administrators for a period of one year and more, resulting in unutilized balance of ₹ 144.40 crore lying idle in the PLAs as of March 2021. Action needs to be taken by the administrators to analyse and duly reconcile the balances, close the accounts and write back the unspent balances to the Consolidated Fund of the State.

4.7 Indiscriminate use of Minor Head- 800

The omnibus Minor Head 800 relating to ‘Other Receipts/Other Expenditure’ is to be operated only in cases when the appropriate Minor head has not been provided in the Account. Indiscriminate booking of receipts and expenditure under Minor Head 800 results in opaqueness in accounts.

During 2020-21, revenue receipts amounting to ₹ 8,795.37 crore and constituting three *per cent* of the total revenue receipts (₹ 2,71,080.26 crore) was booked under Minor Head “800-Other Receipts”. Similarly, expenditure of ₹ 11,703.71 crore under revenue and capital expenditure heads of accounts constituting 3.4 *per cent* of total revenue and capital expenditure (₹ 3,42,638.31 crore) was booked under the Minor Head “800-Other Expenditure”.

The operation of Minor head 800- other expenditure during 2016-21 are shown in **Chart 4.3**.



(Source: Finance Accounts of respective years)

Instances of substantial proportion (50 per cent or more) of the expenditure within a given Major Head, classified under the Minor Head 800 – ‘Other Expenditure’, are given in **Table 4.9**.

Table 4.9: Significant expenditure booked under Minor Head 800 – Other Expenditure during 2020-21

(₹ in crore)

Sr. No.	Major Head	Description	Expenditure under Minor Head 800	Total Expenditure	Percentage
1	2216	Housing	1137.09	2146.40	53
2	4055	Capital Outlay on Police	1969.21	2974.04	66
3	4070	Capital Outlay on other Administrative Services	4326.24	4354.01	99

Source: Finance Accounts 2020-21

Cases where over 50 per cent of receipts were classified under Minor Head 800 – ‘Other Receipts’, are given in **Table 4.10**.

Table 4.10: Significant receipts booked under Minor Head 800 – Other Receipts during 2020-21

(₹ in crore)

Sr. No.	Major Head	Description	Receipts under Minor Head 800	Total Receipts	Percentage
1	0029	Land Revenue	1466.97	2062.63	71.12
2	0217	Urban Development	830.34	986.15	84.20
3	0070	Other Administrative Services	1280.60	1756.70	72.90
4	0202	Education, Sports, Art and Culture	752.63	1001.17	75.16
5	0250	Other Social Services	634.12	815.44	77.76
14	0235	Social Security and Welfare	353.47	400.42	88.27

Source: Finance Accounts 2020-21

Classification of large amounts under the omnibus Minor Head 800 affects transparency in financial reporting and distorts proper analysis of allocative priorities and quality of expenditure.

Issues relating to Measurement

4.8 Outstanding balance under major Suspense and Debt Deposit and Remittance (DDR) heads

Certain intermediary/adjusting heads of accounts known as “Suspense heads” are opened in Government accounts to reflect transactions of receipt and payments which cannot be booked to a final head of account due to lack of information such as non-furnishing of Schedule of Settlement by the Treasuries/PAOs, Non-receipt of clearance memos from RBI, non-receipt of vouchers *etc.* These heads of accounts are finally cleared by minus debit or minus credit when the accounts under them are booked to their respective final heads of accounts. If these amounts are not cleared subsequently, the balance under the suspense heads would accumulate and would not reflect Government’s receipt and expenditure accurately.

The balances under Suspense and Remittance Heads are shown in **Table 4.11**.

Table 4.11 Balances under Suspense and Remittance Heads

(₹ in crore)

Minor Head	2018-19		2019-20		2020-21	
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
Major Head 8658 – Suspense						
101 - PAO suspense	179.04	38.16	178.59	22.04	169.66	21.13
Net	Dr. 140.88		Dr. 156.55		Dr. 148.53	
102 - Suspense Account-Civil	6.25	3.95	9.78	5.62	34.18	4.31
Net	Dr. 2.30		Dr. 4.16		Dr. 29.87	
107 - Cash Settlement Suspense Account	18.30	0.49	18.30	0.49	18.30	0.49
Net	Dr. 17.81		Dr. 17.81		Dr. 17.81	
109 - Reserve Bank Suspense –Headquarters	(-)8.44	(-)0.54	(-)1.45	0.10	(-)1.43	3.08
Net	Cr. 7.90		Cr. 1.55		Cr. 4.51	
110 - Reserve Bank Suspense – CAO	3.03	2.85	(-)2.00	2.85	440.00	371.42
Net	Dr. 0.18.		Cr. 4.85		Dr. 68.58	
112 - Tax Deducted at Source (TDS) Suspense	0.09	111.28	186.93	607.14	(-) 18.33	146.43
Net	Cr. 111.19		Cr. 420.21		Cr. 164.76	
123 - A.I.S Officers' Group Insurance Scheme	3.52	0.19	5.65	0.18	4.53	0.26
Net	Dr. 3.33		Dr. 5.47		Dr. 4.27	
Major Head 8782-Cash Remittances						
102 - P.W. Remittances	115995.17	117146.66	155220.14	154822.30	184501.22	186208.92
Net	Cr. 1151.49		Dr. 397.84		Cr. 1707.70	
103 - Forest Remittances	10824.44	10951.47	13934.22	13946.49	16394.16	16429.55
Net	Cr. 127.03		Cr. 12.27		Cr. 35.39	

Source: Finance Accounts of respective years

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:

Pay and Accounts Office (PAO) Suspense

This head is intended for settlement of transactions between the Accountant General (AG) and the various separate Pay and Accounts Offices (PAO) of GoI. The transactions initially recorded under this head in the books of the AG are cleared on receipt of the Cheque/Demand Drafts from the PAO and on the issue of Cheque/Demand Draft in respect of amounts received in the State Treasuries on behalf of the PAO. Outstanding debit balance under this head would mean that payments were made by the AG on behalf of a PAO, which were yet to be recovered. Outstanding credit balance would mean that payments have been received by the AG on behalf of a PAO, which were yet to be paid. The net debit balance under this head showed a decreasing trend. On clearance/settlement of this, the cash balance of the State Government will increase. The transactions mainly related to payments made by the State Government to Central Government Civil Pensioners.

Tax Deducted at Source (TDS) Suspense

This head pertains to Receipts on account of income tax, etc. deducted at source to be payable to Central Board of Direct Taxes by means of Cheques. The net credit balance under this head

has shown a decrease compared to previous year. On clearance/settlement, the cash balance of the State Government will decrease.

Public Works Remittances

There was net credit balance under this head during 2020-21. On clearance/settlement, the cash balances of the State Government will increase. The remittances relate to cheques deposited by PWD into Treasury.

Forest Remittances

The net credit balance under this head has shown an increasing trend over the previous year. On clearance/settlement, the cash balance of the State Government will decrease. The remittances relate to cheques issued by Forest Division to the parties.

4.8.1 Adverse Balances under DDR Heads

Adverse balances are negative balances appearing under those heads of accounts, where there should not be a negative balance. For example, against the accounting head of any loan or advance, a negative balance will indicate more repayment than the original amount advanced. As on 31 March 2021, there were three cases of adverse balances in the accounts. These pertained to internal debt of the State Government (Major Head 6003) ₹ 74.59 crore, Loans for Crop Husbandry (Major Head 6401) ₹ 5.77 crore and Loans for Other Agricultural Programmes (Major Head 6435) ₹ 0.02 crore. Adverse balances were due to misclassifications which are under review/corrections.

4.9 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 the receipts and expenditure of the Government with the figures accounted for by the Offices of the Principal Accountant General (Accounts and Entitlement)-I, Maharashtra, Mumbai or Accountant General (Accounts and Entitlement)-II, Maharashtra, Nagpur or the Pay and Accounts Office, Mumbai, as the case may be.

Such reconciliation had been completed only for an expenditure of ₹ 2,38,940.41 crore (83 per cent) against the total expenditure of the Government (₹ 2,86,485.95 crore) excluding the expenditure adjusted through Transfer Entry and Periodical Adjustment. Departments with maximum un-reconciled expenditure during 2020-21 were Rural Development (98 per cent); Tribal Department (97 per cent); Public Health (97 per cent) and Housing (95 per cent).

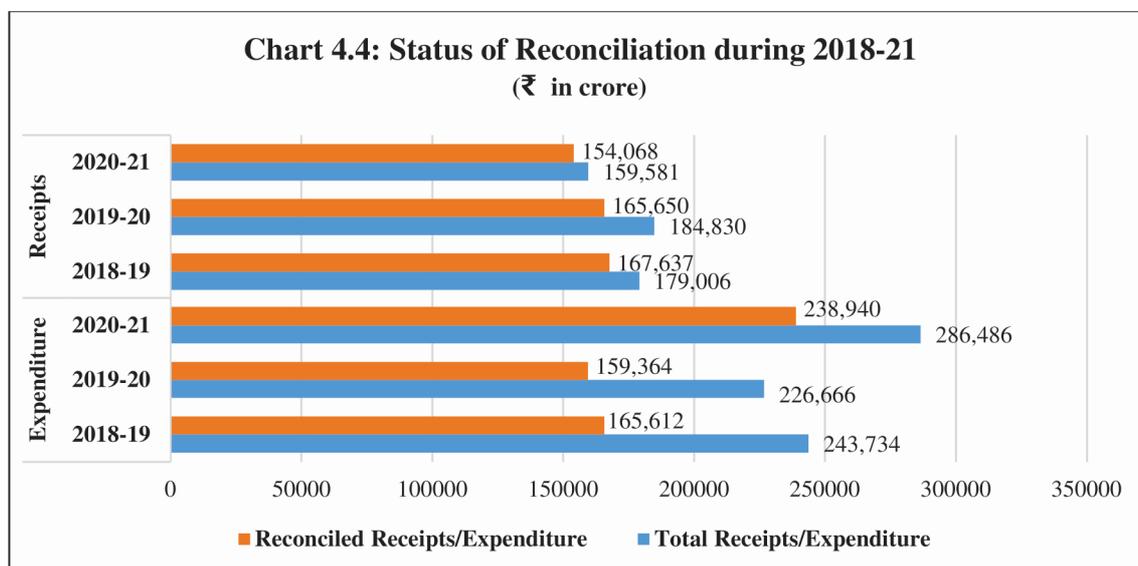
The details relating to the number of Controlling Officers and the extent of reconciliation of expenditure during the last three years are given in **Table 4.12**.

Table 4.12: Status of Reconciliation of Expenditure

Year	Controlling Officers/DDOs			
	Total No.	Fully Reconciled	Partially Reconciled	Not reconciled at all
2018-19	9257	8807	1247	305
2019-20	7150	6884	179	87
2020-21	7075	6393	281	401

Source: Information compiled by O/o the Principal Accountant General (A&E)-I, Maharashtra, Mumbai

Reconciliation of receipts has been completed for ₹ 1,54,067.55 crore (97 per cent) against the total receipts of the Government (₹ 1,59,581.34 crore) excluding receipt adjusted through Transfer Entries and periodical adjustment. The status of reconciliation during 2018-21 is shown in **Chart 4.4**.



(Source: Finance accounts of respective years)

Non-reconciliation not only results in misclassification and incorrect booking of receipts and expenditure in the accounts, but also defeats the very objective of budgetary process.

4.9.1 Non reconciliation of PSU figures with Finance Accounts

The figures in respect of equity, loans and guarantees outstanding as per records of State PSUs should agree with that of the figures appearing in the Finance Accounts of the Government of Maharashtra. In case the figures do not agree, the concerned PSUs and the Finance Department should carry out reconciliation of the differences. The position in this regard as on 31 March 2021 is stated below:

Table 4.13: Difference in Equity, loans, guarantees outstanding as per Finance Accounts vis-à-vis records of State PSUs

Outstanding in respect of	Absolute difference between Finance Accounts and records of State PSUs
Equity	60,908.96
Loans	1,383.13
Guarantees	15,330.68

Source: Compiled based on information received from PSUs and Finance Accounts

Audit observed that out of 109 State PSUs, such differences occurred in respect of 54 PSUs. The Government and the PSUs should take concrete steps to reconcile the differences in a time-bound manner.

4.10 Reconciliation of Cash balances

There should be no difference between cash balance of the State as per books of Accounts of the Pr. Accountant General (A&E) and the cash balances as reported by RBI. The Cash

Balance of the year 2020-21 as per Accounts and as per RBI indicating the un-reconciled difference for the year is shown in **Table 4.14**.

Table 4.14: Un-reconciled difference of Cash Balance

(₹ in crore)		
As per Accountant General's Books	As reported by RBI	Difference
7442.68 (Credit)	7581.04 (Debit)	138.36(Debit)
Source: Finance Accounts 2020-21		

Issues relating to Disclosure

4.11 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. Further, the Comptroller and Auditor General of India has 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 three IGAS became mandatory from the effective date after their notification by the Ministry of Finance Government of India.

1. Guarantees Given by the Government – **IGAS 1**
2. Accounting and Classification of Grants-in- Aid - **IGAS2**
3. Loans and Advances made by Government - **IGAS 3**

Due to non-receipt of complete information from the State Government, the disclosure requirements of IGAS were not complied to the extent enumerated in **Table 4.15**.

Table 4.15: Compliance with Accounting Standards

Sl. No.	Accounting Standards	Essence of IGAS	Compliance by State Government	Impact of deficiency
1.	IGAS-1: Guarantees Given by the Government – Disclosure requirements	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	Limit within which the Government may give Guarantee not fixed by the State Legislature	As limits are not fixed, chances of guarantees going beyond control cannot be ruled out, which could create future liability, if invoked.
2.	IGAS-2: Accounting and Classification of Grants-in-Aid	Grants-in-Aid 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	Disclosure on details of Grant in aid in kind is not received from the Government. Government of Maharashtra incorrectly classify expenditure towards Grants in aid under the Capital section instead of the Revenue section	The Grant-in Aid given to institutions amounting to ₹1,423.66 crore was classified under capital heads instead of revenue head. Non-compliance led to understatement of Revenue deficit.

Sl. No.	Accounting Standards	Essence of IGAS	Compliance by State Government	Impact of deficiency
3.	IGAS-3: <i>Loans and Advances made by Government</i>	This Standard relates to recognition, measurement, 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	Not complied (Statement 7 and 18 of Finance Accounts) Disclosure on repayments in arrears from Loanees group, loans in perpetuity, Interest payment in arrears if any were not furnished by Government	Non-payment of interest and repayments may have an impact on the revenue and fiscal deficit.

4.12 Submission of Accounts/Separate Audit Reports of Autonomous Bodies

As per Section 19(3) of the CAG's DPC Act, the Governor/ Administrator may, in the public interest, request the CAG to audit the accounts of a corporation established by law made by the legislature of the State or of the Union Territory, as the case may be, and where such request has been made, the CAG shall audit the accounts of such corporation and shall have, for the purposes of such audit, right of access to the books and accounts of such corporation.

Apart from Section 19, where the audit of the accounts of any Body or Authority has not been entrusted to the CAG by or under any law, he shall, if requested so to do by the President, or the Governor of a State or the Administrator of a Union Territory having a Legislative Assembly, as the case may be, undertake the audit of the accounts of such Body or Authority on such terms and conditions as may be agreed upon between him and the Government concerned and shall have, for the purposes of such audit, right of access to the books and accounts of that Body or Authority (Section 20).

Audit certificate is issued in case of above-mentioned autonomous bodies and authorities provided, CAG is the sole auditor. Thus, these bodies and authorities are required to prepare annual accounts and submit to AG (Audit) for audit. Apart from Audit certificate, on the completion of financial audit, the audit office issues Separate Audit Report (SAR) that is part of the audit certificate on the accounts. These SARs are to be placed before the State legislature.

Autonomous Bodies have been set up by the Government of Maharashtra in the fields of Environment, Housing, Industries, Irrigation, Urban Development, Water Supply and Sanitation. The audit of Accounts of 25 autonomous bodies in the State has been entrusted to the Comptroller and Auditor General of India (CAG) under Sections 19 and 20 of CAG's DPC Act 1971. The status of entrustment of audit, rendering of Accounts to audit, issuance of Separate Audit Reports and their placement in the Legislature by the Autonomous Bodies are indicated in **Appendix.4.3**.

The Accounts for the year 2020-21, which was due in June 2021, have not been received from any of the Autonomous Bodies. The arrears of accounts of the Autonomous bodies are shown in **Table 4.16**.

Table 4.16: Arrears of accounts of Bodies or Authorities

Sl. No.	Name of Body or Authority	Accounts pending since	No. of Accounts pending up to 2020-21
1	Maharashtra Housing and Area Development Authority (MHADA)	2020-21	1
2	Maharashtra Building and other construction Workers Welfare Board (MBOCWFB)	2020-21	1
3	Maharashtra Real Estate Regulatory Authority (MAHARERA)	2020-21	1
4	Maharashtra Electricity Regulatory Commission (MERC)	2020-21	1
5	Slum Rehabilitation Authority, Mumbai (SRA)	2020-21	1
6	Maharashtra Maritime Board (MMB), Mumbai	2020-21	1
7	Rajiv Gandhi Science and Technology Commission (RGSTC)	2020-21	1
8	Mumbai Metropolitan Region Development Authority (MMRDA), Mumbai	2020-21	1
9	Maharashtra Khadi and Village Industries Board (MSKVIB), Mumbai	2020-21	1
10	Maharashtra State Commission for Women (MSCW), Mumbai	2019-20	2
11	Maharashtra Pollution Control Board (MPCB), Mumbai	2019-20	2
12	Tapi Irrigation Development Corporation (TIDC), Jalgaon	2019-20	2
13	Vidharbha Irrigation Development Corporation (VIDC)	2019-20	2
14	Godavari Marathwada Irrigation Development Corporation (GMIDC), Aurangabad	2019-20	2
15	Compensatory Afforestation Fund Management and Planning Authority (CAMPA)	2019-20	2
16	Maharashtra Krishna Valley Development Corporation (MKVDC), Pune	2018-19	3
17	Konkan Irrigation Development Corporation (KIDC), Thane	2018-19	3
18	Maharashtra State Human rights commission (MSHRC)	2018-19	3
19	Maharashtra Water Conservation Corporation (MWCC), Aurangabad	2018-19	3
20	Maharashtra State Legal Services Authority (MSLSA) Mumbai	2017-18	4
21	Maharashtra Jeevan Pradhikaran (MJP), Mumbai	2017-18	4
22	Maharashtra Water Resources Regulatory authority (MWRRA)	2017-18	4
23	Maharashtra State Commission for Protection of Child Rights (MSCPCR)	2017-18	4
24	Slum Rehabilitation Authority Pune & Pimpri Chinchwad Area, Pune	2017-18	4
25	Maharashtra State Minorities Commission (MSMC)	2013-14	8
Source: Information obtained from Pr. Accountant General (Audit)-I, Mumbai and Accountant General (Audit)-II, Nagpur			

The inordinate delays in submission of Accounts and their presentation to the State Legislature resulted in delayed scrutiny of the functioning of these bodies by the Legislature where Government investments were made.

4.13 Departmental Commercial Undertakings/Corporations/Companies

The departmental undertakings of certain Government Departments performing activities of commercial and 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 finalized accounts of departmentally managed commercial and quasi commercial undertakings reflect their overall financial health and efficiency. In the absence of timely finalization of accounts, the investment of the Government remains outside the scrutiny of Audit/State Legislature. Consequently, corrective measures, if any, required for ensuring accountability and improving efficiency cannot be taken in time. Besides, the delay renders the system vulnerable to the risk of fraud and leakage of public money.

Heads of Government Departments have to ensure that the Undertakings prepare such Accounts and submit the same to Principal Accountant General (Audit)-I, Maharashtra and Accountant General (Audit)-II, as the case may be for audit within a specified time frame. As of March 2021, there were 49 such Undertakings of which, none of the Undertakings had prepared accounts for 2020-21. In respect of five Undertakings, there was large pendency in finalisation of *Proforma* Accounts ranging from 23 to 35 years as these were sick units and not operational and had stopped preparing Accounts. Government Milk Scheme, Mumbai, Worli has been closed since 2008-09. The Department-wise position of arrears in preparation of *Proforma* Accounts and investments made by the Government are given in **Appendix 4.4**.

4.13.1 Submission of accounts by State PSUs

Of the total 109 State PSUs, there were 90 working PSUs *i.e.* 80 Government Companies and 10 Statutory Corporations and 19 inactive PSUs under the purview of CAG as of 31 March 2021. The status of timelines followed by the State PSUs in preparation of accounts is as detailed under:

Timeliness in preparation of accounts by the working State PSUs

Accounts for the year 2020-21 were required to be submitted by all the working PSUs by 30 September 2021. However, out of 80 working Government Companies, six Government Companies submitted their accounts for the year 2020-21 for audit by CAG on or before 30 September 2021, whereas accounts of 72 Government Companies were in arrears^u and accounts of two Government companies were not due. Out of 10 Statutory Corporations, the CAG is the sole auditor in eight Statutory Corporations⁴. None of the 10 Statutory Corporations presented their accounts for the year 2020-21 for audit in time.

Details of arrears in submission of accounts of working PSUs as on 30 September 2021 are given in **Table 4.17**.

Table 4.17: Position relating to submission of accounts by the working State PSUs

Sl. No.	Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
1	Number of working PSUs	66	74*	83	88	90 ⁵
2	Number of accounts finalised during the year	55	77	65	49	75
3	Number of accounts in arrears	137	141 ^Δ	150	189	207
4	Number of working PSUs with arrears in accounts	53	61	63	81	84
5	Extent of arrears (numbers in years)	1 to 18 years	1 to 19 years	1 to 20 years	1 to 16 years	1 to 17 years

Source: Compiled based on accounts of PSUs received during the period October 2020-September 2021

^u Of these, one was newly incorporated

⁴ Maharashtra Industrial Development Corporation (MIDC), Maharashtra State Road Transport Corporation (MSRTC), Maharashtra Krishna Valley Development Corporation (MKVDC), Konkan Irrigation Development Corporation (KIDC), Tapi Irrigation Development Corporation (TIDC), Vidarbha Irrigation Development Corporation (VIDC), Godavari Marathwada Irrigation Development Corporation (GMIDC) and Maharashtra Water Conservation Corporation (MWCC)

* The data pertaining to MKVDC, KIDC, TIDC, VIDC, GMIDC and MWCC is included from the year 2017-18

⁵ Of these, three were newly incorporated

^Δ After including seven accounts pertaining to MKVDC, KIDC, TIDC, VIDC, GMIDC and MWCC which were in arrears as on 01 April 2017 and included from the year 2017-18

Of these 90 working State PSUs, 58 PSUs had finalised 75 annual accounts during the period 1 October 2020 to 30 September 2021, which included six annual accounts for the year 2020-21 and 69 annual accounts for previous years. Further, 207 annual accounts were in arrears, which pertain to 84 working PSUs. The Administrative Departments have the responsibility to oversee the activities of these entities and to ensure that the accounts are finalised and adopted by these PSUs within the stipulated period. The PSUs and their concerned Departments were informed regularly and meetings were also held for liquidating the arrears of accounts. The GoM had provided ₹ 14,585.38 crore (Equity: ₹ 8311.10 crore, Loan: ₹ 48.33 crore, Grant: ₹ 6225.95 crore) to 18 working State PSUs, accounts of which were in arrears as on 30 September 2021, whereas no investment was made in the remaining 66 working PSUs during the period for which accounts were in arrears. Details of investment made by State Government in 18 working State PSUs during the years for which accounts were in arrears are shown in **Appendix 4.5**.

In the absence of finalization of accounts and their subsequent audit in 18 PSUs, it could not be ensured whether the investment and expenditure incurred had been properly accounted for and the purpose for which the amount was invested was achieved. The GoM may also consider availing external assistance relating to preparation of accounts, wherever there is lack of expertise.

Timeliness in preparation of accounts by inactive State PSUs

In addition to above, as on 30 September 2021, there were arrears in finalisation of accounts by inactive PSUs. Out of 19 inactive PSUs, 17 PSUs had arrears of 27 accounts and one PSU was yet to submit its first accounts.

Table 4.18: Position relating to arrears of accounts in respect of inactive PSUs

No. of inactive companies	Period for which accounts were in arrears	No. of years for which accounts were in arrears
12	2020-21	1
2	2019-20 to 2020-21	2
2	2018-19 to 2020-21	3
1	2016-17 to 2020-21	5
1	First Accounts awaited.	

Source: Compiled based on accounts of PSUs received during the period October 2020 to September 2021

Three PSUs⁶ did not finalise even one account during 2020-21.

4.14 Non-submission of details of grants/loans given to bodies and authorities

Under Section 14 of the CAG's DPC Act 1971, whenever anybody or authority is substantially financed by grants or loans from Consolidated Fund of the State, the 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 such receipts and expenditure of that body or authority and report 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, the CAG shall scrutinize the procedures by which sanctioning authority satisfies itself as to the fulfilment of the conditions.

⁶ MAFCO Limited, Maharashtra State Housing Corporation Limited and Maharashtra Industrial Gas Transmission Company Limited

The institutions/bodies/authorities, which are audited under the above sections needs to be identified and the heads of the Government Departments are required to furnish to audit every year information about the institutions to which financial assistance of ₹ 25 lakh or more was given, the purpose for which assistance was granted and the total expenditure of the institutions. The details of such assistance released to the institutions during the year were awaited from Government Departments (October 2021).

Table 4.19 shows age-wise arrears of Annual Accounts due up to 2020-21 in respect of 9,226 Annual Accounts as of October 2021.

Table 4.19: Age-wise arrears of Annual Accounts due from Institutions

Delay in number of years	Number of Accounts
0-1	1995
1-3	1028
3-5	536
5-7	943
7-9	1768
9 and above	2956
Total	9226

Source: Information obtained from Pr Accountant General (Audit)-I, Mumbai and Accountant General (Audit)-II, Nagpur

Major pendency in submission of Accounts pertained to Higher and Technical Education Department, School Education and Sports Department.

Non-submission of information regarding Grants and loans paid to various institutions and non-furnishing of Accounts by them increases the risk of mis-utilisation of the funds and the same is brought to the notice of the Government for remedial action.

4.15 Timeliness and Quality of Accounts

The accounts of the State Government are compiled by the Pr. Accountant General (A&E) from the initial accounts rendered by 34 Treasuries, 173 Forest Divisions, 160 Public Works Divisions, 176 Irrigation Divisions, one Virtual Treasury (accounting e-receipts), one Pay and Accounts Office and Advices of the Reserve Bank of India.

There are often delays in rendition of monthly accounts. Due to the failure of the account rendering units to furnish accounts on time, some accounts are excluded from the Monthly Civil Accounts by the PAG (A&E). During 2020-21, no accounts have been excluded in the Monthly Civil Accounts.

4.16 Misappropriations, losses, thefts etc.

The Bombay Financial Rules, 1959 provide that misappropriation, fraudulent drawal/payment or otherwise discovered in a treasury or any other office/department should be reported immediately by the office concerned to the next higher authority as well as to the Principal Accountant General (Audit)-I, Maharashtra, Mumbai and Accountant General (Audit)-II, Maharashtra, Nagpur.

The State Government reported 267 cases of misappropriations, defalcations *etc.* and involving ₹ 8,090.36 lakh up to March 2021 on which final action was pending. First Information Reports were lodged in all the 267 cases. The age-profile of the pending cases

and the number of cases pending in each category as emerged from these appendices are summarised in **Appendix 4.6** and **Appendix 4.7**.

4.17 Comments on Accounts of State PSUs

Fifty four working companies forwarded their 70 audited accounts to the Accountant General during the period 1 October 2020 to 30 September 2021. Of these, 43 accounts of 33 companies were selected for supplementary audit. The Audit Reports of Statutory Auditors and supplementary audit conducted by the CAG indicated that the quality of accounts needs to be improved substantially. The details of aggregate money value of the comments of Statutory Auditors and the CAG are shown in **Table 4.20**.

Table 4.20: Impact of audit comments on Working Companies

(₹ in crore)

Sl. No	Particulars	2018-19		2019-20		2020-21	
		No. of account	Amount	No. of account	Amount	No. of account	Amount
1.	Decrease in profit	6	511.12	5	227.26	7	412.70
2.	Increase in profit	3	2,236.12	2	7.85	7	443.24
3.	Increase in loss	4	380.19	2	2.86	5	14.81
4.	Decrease in loss	2	113.22	--	--	1	0.37
5.	Non-disclosure of material facts	1	587.71	3	7,457.55	7	8,548.94
6.	Errors of classification	5	331.78	--	--	7	284.65

Source: Compiled from comments of the Statutory Auditors/C&AG

During the year 2020-21, the Statutory Auditors had issued qualified certificates on 20 and adverse certificate/disclaimer (which means that accounts do not reflect a true and fair position auditor is unable to express an audit opinion) for two accounts (Maharashtra Small Scale Industries Development Corporation Limited and Development Corporation of Konkan Limited). Compliance to the Accounting Standards by the PSUs remained poor as the Statutory Auditors pointed out 41 instances of non-compliance to the Accounting Standards in 14 accounts.

Similarly, four working Statutory Corporations⁷ forwarded their five accounts to AG during the year 2020-21.

The details of aggregate money value of the comments of Statutory Auditors and supplementary audit by the CAG in respect of Statutory Corporations are given in **Table 4.21**.

⁷ Maharashtra State Warehousing Corporation (MSWC), MIDC, MWCC and GMIDC

Table 4.21: Impact of audit comments on Statutory Corporations

(₹ in crore)

Sl. No.	Particulars	2018-19		2019-20		2020-21	
		Number of accounts	Amount	Number of accounts	Amount	Number of accounts	Amount
1.	Decrease in profit	1	4.35	1	36.49	2	219.40
2.	Increase in profit	1	0.17	-	-	2	274.08
3.	Increase in loss	-	-	1	820.10	-	-
4.	Decrease in loss	-	-	-	-	-	-
5.	Non-disclosure of material facts	-	-	-	-	-	-
6.	Errors of classification	-	-	-	-	1	345.42

Source: Compiled from comments of the Statutory Auditors/C&AG in respect of Statutory Corporations

4.18 Follow up action on State Finances Audit Report

The State Finance Audit Report is being presented to the State Legislature from 2008-09 onwards. The State Public Accounts Committee discussed (May 2019) Chapter I of the State Finance Audit Report 2016-17 and gave 37 recommendations (PAC Report no 68). The Action Taken Notes on 16 recommendations have been received. We have noticed that deficiencies sought to be remedied by implementation of these recommendations have been persisting over the years and are being reported in our reports.

4.19 Conclusions

- The pending amount of Utilisation Certificates has increased from ₹ 20,775.11 crore in 2019-20 to ₹ 42,861.97 crore in 2020-21. Pendency in submission of UCs not only indicates absence of assurance on utilisation of grants released for intended purposes but also lack of monitoring of utilisation of grants released to the grantees by the departments.
- It was seen that of ₹ 1,634.43 crore drawn through 1,171 AC bills during 2020-21, ₹ 871.08 crore through 402 AC bills (53 per cent) was drawn in March 2021. Significant drawal through AC bills in March indicates that the drawal was primarily to exhaust the budget provision and reveals inadequate budgetary control.
- Retention of large sums of money in the PD Account was against the principle of Legislative financial control. In addition, there was increase in the number of inoperative PD accounts. Non-reconciliation of balances in such inoperative PD accounts and not transferring the unspent balances lying in such PD accounts to the Consolidated Fund of State is fraught with risk of misuse of public funds, fraud and misappropriation.
- There were delays in submission/finalisation of Accounts by Autonomous Bodies/Commercial Undertakings which dilutes accountability and defeats the purpose of preparation of Accounts.

4.20 Recommendations

- (i) The Government may ensure timely submission of utilisation certificates by the departments in respect of the grants released for specific purposes.
- (ii) The Government may consider carrying out adjustment of Abstract Contingent bills within stipulated period, as required under the Rules.

- (iii) The Finance Department should review all PD accounts to ensure that all amounts unnecessarily lying in these PD accounts are immediately remitted to the Consolidated Fund. Further, the Finance Department should reiterate the instructions contained in the financial rules and ensure that appropriate action is taken against departmental officers who fail to follow the rules.
- (iv) The Controlling Departments may identify the reasons for delay in finalisation of Accounts of Autonomous Bodies/Undertakings and institute remedial measures to ensure that arrears in Accounts are cleared in a time bound manner.

Nagpur
The 22 March 2022



(R THIRUPATHI VENKATASAMY)
Accountant General (Audit)-II,
Maharashtra

Countersigned

New Delhi
The 23 March 2022



(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India