

Chapter IV: Quality of Accounts and Financial Reporting Practices

Introduction

A sound internal financial reporting system with relevant and reliable information significantly contributes to efficient and effective governance by the State Government. Compliance with financial rules, procedures and directives as well as the timeliness and quality of reporting on the status of such compliance is, thus, one of the attributes of good governance. 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 compliance of various significant financial rules, procedures and directives with regard to financial reporting of the State Government and its various subordinate offices during the current year.

4.1 Loans of State Government not being credited to the Consolidated Fund

4.1.1 Off Budget Borrowings of State Government and increasing contingent liabilities

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 Zila Parishads/Companies/Corporations from the market/financial institutions for implementation of various State Plan programmes, which are reflected outside the State Budget. Though the State Government states that the funds raised for these programmes would be met out from the resources mobilized by these Companies/Corporations/Zila Parishads, however, borrowings by many of these concerns are repaid by the Government and ultimately turn out to be the liabilities of the State Government. Accordingly, these may be termed as *off budget borrowings* as these borrowings are not included in the budget and remain outside legislative control. Two such instances were noticed in Rajasthan as discussed below:

- The Finance Department, GoR informed (July 2020) that since 2011-12, the State Government had given guarantees with respect to loans of ₹ 3,948.66 crore obtained by Zila Parishads (ZPs) from Housing and Urban Development Corporation (HUDCO) for construction of dwelling units for Economically Weaker Section (EWS) families in rural areas under Chief Minister Below Poverty Line (CMBPL) Awas Yojana. The State Government has been repaying the principal and interest against these loans. Audit scrutiny revealed that during 2019-20, ₹ 433.36 crore (₹ 235.88 crore on account of principal and ₹ 197.48 crore as interest) was transferred by GoR in Personal Deposit (PD) accounts of 31 ZPs, for payment of principal and interest on loans raised by them from HUDCO for CMBPL Awas Yojana. The clearance of guarantees of ₹ 235.88 crore during the year left the balance of

outstanding guarantees at ₹ 1,901.54 crore at the end of 2019-20 against ₹ 2,137.42 crore balance at the start of 2019-20.

- In compliance to declaration made in Budget speech 2019-20, the Rajasthan Agriculture Marketing Board, Jaipur availed loan of ₹ 1,000.00 crore from Oriental Bank of Commerce for *Krashak Kalyan Kosh* on the guarantee of State Government. The GoR undertook to repay the principal and interest accruing on this loan. Thus, liability of repaying the loan vested entirely with GoR and not with the Board, though the liability was not disclosed in the accounts of State Government. Audit scrutiny revealed that during 2019-20, the State Government released grant of ₹ 22.00 crore to Rajasthan Agriculture Marketing Board for payment of interest on this loan.

Table 4.1: Off budget borrowings as on 31 March 2020

(₹ in crore)		
S. No	Particulars	Amount
a.	(i) Borrowings by <i>Zila Parishads</i> on behalf of the State Government where the principal and interest are to be serviced out of the State budget.	1,901.54
	(ii) Borrowing by ' <i>Rajasthan Agriculture Marketing Board</i> ' on behalf of the State Government where the principal and interest are to be serviced out of the State budget	1,000.00
	Total	2,901.54

Table 4.2: Trend of Off budget borrowings

(₹ in crore)		
Year	Amount	Per cent of GSDP
2017-18	2,372.91	0.28
2018-19	2,137.42	0.23
2019-20	2,901.54	0.28

Thus, the Off budget borrowings increased by ₹ 764.12 crore during 2019-20 over the previous year. Such off-budget borrowings cause the liabilities/borrowings of the State Government to be understated in the Accounts.

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)¹ for the 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. Therefore, it was decided by the Central Government that from 2014-15, plan assistance under all Centrally Sponsored Schemes (CSS) and block grants would be classified as

1. State IAs are organisations/institutions including non-governmental organisations which are authorised by the State Government to receive funds from the GoI, for implementing the specific programmes.

Central Assistance to State Plan and transferred to IAs through the Consolidated Fund of the State in a phased manner.

However, during 2019-20, Central funds of ₹ 9,483.87 crore were transferred directly to the State IAs. Out of this, the Central Government transferred ₹ 5,427.78 crore for Mahatma Gandhi National Rural Employment Guarantee Programme, ₹ 3,284.17 crore for Pradhan Mantri Kisan Samman Nidhi (PM - Kisan), ₹ 170.00 crore for M.P. Local Area Development Scheme, ₹ 88.12 crore for Solar Power-Off Grid/Distributed and Decentralised Renewable Power, ₹ 87.80 crore for Pradhan Mantri Matratav Vandana Yojana and ₹ 78.35 crore for Assistance to State Agencies for Intra-State movement of food grains and FPS dealers margin under NFSA. The quantum of funds transferred directly to the State IAs are given in the **Table 4.3** below and the details are provided in **Appendix 4.1**.

Table 4.3: GoI funds transferred directly to State IAs during 2013-20

(₹ in crore)							
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Funds	8,571.62	561.46	615.47	3,799.71	3,946.78	4,648.31	9,483.87

As is evident from the table, a decrease in the direct transfers from Central government to State IAs was registered only during 2014-15 whereas the transfers have steadily increased since then.

4.3 Deposit of Local Funds

Section 64 of the Rajasthan Panchayati Raj Act, 1994 provides that Zila Parishad (ZP), Panchayat Samiti (PS) and Gram Panchayat (GP) would maintain ZP fund, PS fund and GP fund respectively (under Major Head 8448-Deposits of Local Funds-109-Panchayat Bodies Funds) which would include all the money realised or realisable under the Act as well as all the money otherwise received by the PRIs, such as grants received from Central Finance Commission, State Government as per the State Finance Commission recommendations and their own revenue including tax and non-tax receipts of Panchayats. Similarly, Section 79 of Rajasthan Municipal Act 2009 envisages that the Municipal Fund is to be held by the Municipality and all the money realised or realisable under the act and all money otherwise received by the Municipalities are to be kept in the Municipal Fund under the Major Head 8448- Deposits of Local Funds-102-Municipal Funds.

The position of Deposits of local funds in PRIs and Municipal Fund as on 31 March 2020 is given in the following **Table 4.4**.

Table 4.4: Deposits of Local Funds

(₹ in crore)													
Year	Zila Parishad Fund (8448-109-03)				Panchayat Samiti Fund (8448-109-02)				Total Closing Balance end of the year	Municipal Fund (8448-102)			
	Opening Balance	Receipt	Expen- diture	Closing Balance	Opening Balance	Receipt	Expen- diture	Closing Balance		Opening Balance	Receipt	Expend- iture	Closing Balance
1	2	3	4	5	6	7	8	9	(5+9)=10	11	12	13	14
2012-13	1,104.83	2,356.16	2,044.31	1,416.68	470.2	884.48	704.67	650.01	2,066.69	337.78	1,545.16	1,284.08	598.86
2013-14	1,416.68	2,619.37	2,578.78	1,457.27	650.01	1,568.13	1,473.86	744.28	2,201.55	598.86	1,637.98	1,688.86	547.98
2014-15	1,457.27	2,732.06	2,753.13	1,436.20	744.28	1,289.63	1,140.81	893.1	2,329.30	547.98	1,841.45	1,772.50	616.93
2015-16	1,436.20	4,412.58	3,879.91	1,968.87	893.1	1,091.19	967.73	1,016.56	2,985.43	616.93	2,217.67	1,903.89	930.71

Year	Zila Parishad Fund (8448-109-03)				Panchayat Samiti Fund (8448-109-02)				Total Closing Balance end of the year	Municipal Fund (8448-102)			
	Opening Balance	Receipt	Expen- diture	Closing Balance	Opening Balance	Receipt	Expen- diture	Closing Balance		Opening Balance	Receipt	Expen- diture	Closing Balance
2016-17	1,968.87	3,044.50	3,330.05	1,683.32	1,016.56	1,546.68	1,283.19	1,280.05	2,963.37	930.71	2,647.54	2,160.13	1,418.12
2017-18	1,683.32	2,220.82	2,032.13	1,872.01	1,280.05	1,599.99	1,430.26	1,449.78	3,321.79	1,418.12	2,351.12	2,117.23	1,652.01
2018-19	1,872.01	1,781.83	2,144.98	1,508.86	1,449.78	1,776.44	1,762.27	1,463.95	2,972.81	1,652.01	2,527.25	2,775.08	1,404.17
2019-20	1,508.86	1,198.28	1,407.07	1,300.07	1,463.95	3,205.03	3,496.43	1,172.55	2,472.62	1,404.17	2,874.08	2,835.52	1,442.73

Source: State Budget and Finance Account

Audit scrutiny revealed that during 2013-20, significant balances were lying in ZP funds, PS funds and Municipal fund. The closing balances in these funds during 2019-20 were ₹ 1,300.07 crore, ₹ 1,172.55 crore and ₹ 1,442.73 crore respectively.

GPs also maintain accounts in nearest branch of scheduled bank. The status of un-utilised funds lying in these accounts of GPs could not be ascertained as these details were neither compiled at the level of PS or ZP nor provided in the Treasury Accounts.

Rural Development and Panchayati Raj Department intimated (March 2020) that in compliance of audit observations, directions have been issued (February 2020) again for compilation of details of un-utilised funds in GP accounts at the level of PS or ZP. Further, the Finance Department gave directions through budget circular (September 2020) to provide information of all PD Accounts in Pay Manager module of IFMS to be further checked/verified by the controlling officer and to close the inoperative or dormant Bank accounts. However, status of compliance of these orders has not been provided by the Department.

4.4 Delay in submission of Utilisation Certificates

Rule 284 & 286 of General Financial and Accounts Rules (GF&ARs), 2012 prescribe that Utilisation Certificates (UCs) of grants² provided for a specific purpose should be obtained by the departmental officers from the grantees and after verification should be forwarded to the Accountant General (Accounts and Entitlement) within one year from the date of their sanction unless specified otherwise. Similarly, UCs are required to be furnished by the State Government to Government of India with regards to the funds provided by the latter for implementation of various socio-economic development programmes where grants for specific purpose are provided.

During the year 2018-19, Government of Rajasthan released grants-in-aid of ₹ 34,862.16 crore, of which ₹ 28,372.38 crore were released under object head 12-Grant-in-aid (non-salary) and ₹ 799.14 crore under 93-Grant-in-Aid for creation of Capital Assets.

During the period 2004-05 to 2018-19, 770 UCs aggregating to ₹ 940.61 crore were outstanding for submission from various departments to office of the Pr. AG (A&E) as on May 2020 as mentioned in **Table 4.5**. Out of total outstanding UCs, 581 UCs amounting to ₹ 914.30 crore pertained to 'Grant-in-aid for creation of Capital Assets'. The age-wise pendency of total outstanding UCs is summarized in the Table below.

2. Except grants released for general purpose i.e. pay & establishment and expenses for the Scheme under State Fund or Central Assistance (₹ 5,690.64 crore), where UCs are not required as per Rule 285 (4) of GF&AR.

Table 4.5: Age-wise outstanding UCs

(₹ in crore)

Year	Opening Balance		Addition		Clearance		Due for submission	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Upto 2016-17	104	9.32	31	42.14	73	49.12	62	2.34
2017-18	62	2.34	308	51.32	175	47.69	195	5.97
2018-19	195	5.97	808	970.44	233	35.80	770	940.61

Source: Information compiled by office of the Pr.AG (A&E)

Table 4.6: Year-wise break up of outstanding UCs

(₹ in crore)

Year	Number of UCs	Amount
2004-05	1	0.12
2009-10	2	0.01
2010-11	6	0.10
2011-12	8	0.18
2012-13	10	0.11
2013-14	8	0.06
2014-15	3	0.01
2015-16	5	0.11
2017-18	128	3.94
2018-19	599	935.98
Total	770	940.61

Source: Information compiled by office of the Pr.AG (A&E).

As per the information provided by the office of the Pr.AG (A&E), out of the pending 770 UCs till May 2020, 137 UCs have been received by December 2020 from various departments.

Almost 97.66 per cent amount of the outstanding UCs pertained to Family Welfare Department (₹ 260.67 crore), Panchayati Raj Department (₹ 236.64 crore), Medical Department (₹ 55.32 crore) and Urban Development Department (₹ 28.81 crore). The Department-wise break up of outstanding UCs is summarized below in the **Table 4.7** and represented in the **Chart 4.1**.

Table 4.7: Department-wise position of outstanding UCs

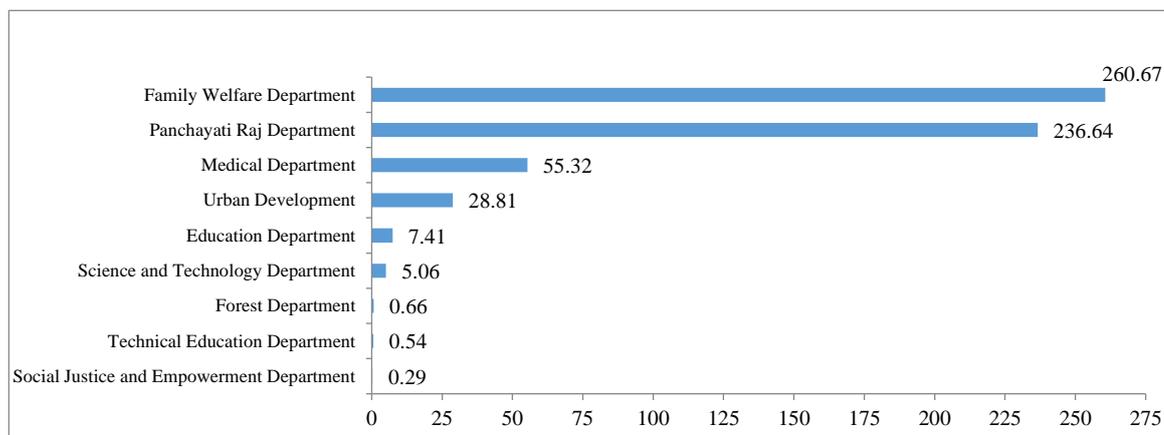
(₹ in crore)

Name of the Department	No. of UCs	Amount
Family Welfare Department, Jaipur	22	260.67
Urban Development, Jaipur (Local Self Government)	33	28.81
Panchayati Raj Department, Jaipur	372	236.64
Medical Department, Jaipur	10	55.32
Education Department, Jaipur	4	7.41
Social Justice and Empowerment Department, Jaipur	2	0.29
Forest Department, Jaipur	3	0.66
Science and Technology Department, Jaipur	185	5.06
Technical Education Department, Jaipur	2	0.54
Total	633	595.40

Source: Information compiled by office of the Pr.AG (A&E).

Chart 4.1: Outstanding UCs

₹ in crore)



Audit scrutiny revealed that copies of the sanctions and the UCs are not being sent to office of the Pr.AG (A&E) for capturing in the accounts as mandated by GF&ARs. The Science and Technology Department intimated (September 2020) that efforts are being made by the Department for receiving the pending UCs from subordinate offices. Replies from the other concerned departments are awaited.

UCs outstanding beyond the specified period not only weaken the financial accountability mechanism but also indicate failure of the Departmental officers to comply with the rules and procedures to ensure timely utilisation of grant for the intended purpose. Failure to submit the UCs timely also leads to non-release of subsequent instalments from GoI which negatively impacts the implementation of schemes in the state.

4.4.1 Recording of Grantee Institution 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. In Rajasthan, the GIA by the State Government is divided in three object heads like; (i) 12- Grant-in-Aid (non-salary); (ii) 92-Grant-in-Aid (salary) and (iii) 93-Grant-in-Aid for creation of Capital Assets.

Regulation 88 of the Regulations on Audit and Accounts, 2007 provides that Governments and Heads of the Departments who sanction grants and/or loans to the bodies or authorities shall furnish by the end of July every year to the Audit Office, a statement of such bodies and authorities to which grants and/ or loans aggregating ₹ 10 lakh or more were paid during the preceding year indicating (a) the amount of assistance (b) the purpose for which the assistance was sanctioned and (c) the total expenditure of the body or authority.

As per Finance Accounts 2019-20 of GoR, GIA constituted 21.2 *per cent* of the total expenditure of the state and during the year, out of the total GIA of ₹ 41,024.82 crore, an amount of ₹ 10,222.30 crore (24.92 *per cent*) was disbursed to grantee institutions of type 'Others', where 'Others' means various Government Departments, as given in **Table 4.8** below:

Table 4.8: Financial Assistance to Institutions

(₹ in crore)						
S.No.	Financial Assistance to Institutions	2015-16	2016-17	2017-18	2018-19	2019-20
1.	PRIs, ULBs, Public Sector Undertakings, Non-Government Originations, Autonomous Bodies, Cooperative Society and Institution and Statutory Bodies and Development Authorities	22287.29	21,142.87	25,223.22	24,837.17	30,802.52
2.	Others	9437.52	11,749.33	9,761.88	10,025.04	10,222.30
	Total grant	31724.81	32,892.20	34,985.10	34,862.21	41,024.82
	Percentage of 'Others' to Total grant	29.75	35.72	27.90	28.76	24.92
3.	Total Expenditure of State	1,64,887	1,57,085	1,67,799	1,87,524	1,93,458
4.	Percentage of total grant to total expenditure of State	19.24	20.94	20.85	18.59	21.21

Source: Finance Accounts.

The above table indicates that grant given to 'Others' ranged between 24.92 *per cent* to 35.72 *per cent* of the total GIA during the period 2015-16 to 2019-20. Further, the table also indicates that the percentage of total grants to total expenditure ranged from 18.59 *per cent* to 21.21 *per cent* during the period 2015-16 to 2019-20.

Therefore, GIA to Institutions of the type 'Others' constitutes a significant portion of the total grants and total expenditure of the State. Absence of proper recording of the grantee institute has a negative impact on the transparency of financial reporting/accounts.

4.5 Abstract Contingent bills

Irregularities in submission of Detailed Contingent Bills against Abstract Contingent Bills

Under rule 219 of GF&AR, the Controlling and Disbursing Officers are authorised to draw sum of money by preparing Abstract Contingent (AC) bills, by debiting service heads and are required to present Detailed Contingent (DC) bills (vouchers in support of final expenditure) to the Accountant General (A&E) through treasury. Under Rule 219, procedure for submission of Detailed Contingent Bills has been prescribed, according to which DC bills, where countersignature of competent authority is required, are required to be sent to the Controlling Officer soon after the accomplishment of the purpose for which advance was drawn but not later than 10th of the following month. The controlling Officer after detailed scrutiny of the bill shall countersign the bill and return the bill to the Drawing & Disbursing Officer within 15 days of the receipt of the DC bill. DDO shall submit the bill to the concerned Treasury Officer. After the scrutiny, the Treasury Officer shall send the bill to the Accountant General within three days. In cases where countersignature is not required, DC bill shall be directly sent to the Treasury Officer. Rule 220(1) further provides for submission of DC bills not later than a period of three months from the drawal of AC bills (except in case of purchase of machinery/equipment's and other articles from abroad by opening of letter of credit,

where the DC bills may be rendered to the competent authority within six months of the drawal of AC bills).

Audit observed that the State Government did not furnish DC bills in respect of 202 bills amounting to ₹ 55.49 crore, as on May 2020. Year-wise details of outstanding DC bills are given in the following **Table 4.9**:

Table 4.9: Pending submission of DC bills

(₹ in crore)		
Year	Outstanding DC bills	Amount of DC bills
Up to March 2011	6	2.93
2012-13	1	1.04
2014-15	3	2.47
2016-17	3	2.61
2017-18	4	24.37
2018-19	18	5.40
2019-20	167	16.67
Total	202	55.49

Source: Finance Accounts and information compiled by office of the Pr.AG (A&E).

Table 4.10: Age-wise position of pending DC bills

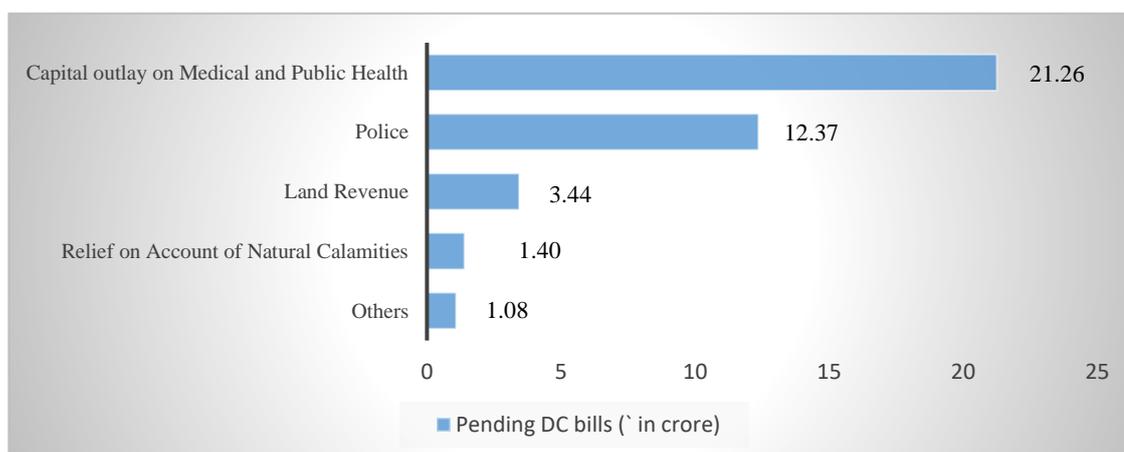
(₹ in crore)		
Age	No. of pending DC bills	Amount
Between 20 years to 30 years	5	0.01
Between 11 years to 15 years	1	2.92
Between 5 years to 10 years	4	3.51
Between 1 years to 5 years	25	32.38
Between 0 to 1 year	167	16.67

As is evident from the table, six bills amounting to ₹ 2.93 crore were pending for 11 to 30 years and 29 bills amount ₹ 35.89 crore were pending for one to 10 years.

Finance Department stated (February 2021) that as of November 2020, 64 DC bills amounting to ₹ 39.55 crore were pending.

Major Head wise details of pending AC bills as well as amount outstanding for the period upto November 2020 are presented in the following **Chart 4.2** and detailed in **Appendix 4.2**.

Chart 4.2: Department wise position of pending DC Bills



Further, during 2019-20, 905 AC bills (₹ 76.83 crore) were drawn out of which 35 bills (3.87 per cent) amounting to ₹ 1.17 crore were drawn in March 2020. Significant amount of ₹ 0.75 crore was drawn by Police Department (six bills amounting to ₹ 0.39 crore) and Relief Department (four Bills amounting to ₹ 0.36 crore).

(i) Non-submission of DC bills

During Audit scrutiny, it was found that 30 AC bills of the period upto March 2019 remained unadjusted despite lapse of period ranging from 1 to 30 years. Details are given in the following **Table 4.11**.

Table 4.11: Non submission of DC bills

(₹ in lakh)

S. No.	Name of Office	Major Head	AC Bill No. & Date	Amount	Reasons of delay provided by Department/Audit comment
1.	Director, State Forensic Science Laboratory, Jaipur	2055	283/6.1.2015 395/27.3.2015 368/29.3.2017 421/28.3.2018 348/9.2.2018 347/9.2.2018 285/13.3.2019 286/13.3.2019	57.00 180.50 239.00 66.50 83.50 161.50 261.40 161.97	Most of the instruments have been purchased. In some cases due to budget constraint and technical disqualification, order could not be placed and re-tendering was to be done.
2.	Administrative Officer, NCC Headquarter, Jaipur	2204	77/21.12.2018	2.64	Non receipt of ex-post facto approval from NCC Directorate.
3.	Rajasthan Staff Selection Board, Jaipur	2051	299/6.10.2016	2.00	Correspondence with Personnel Departments under process.
4.	Assistant Director, DIET, Jalore	2202	63/6.2.91	0.30	As per office record, the AC bill was not drawn.
5.	Dy. Director (Administration), Secondary Education, Bikaner	3425	1076/15.3.2019 1075/15.3.2019 1077/15.3.2019	8.00 2.00 6.00	Non-submission of DC bill due to non-receipt of vouchers from 72 schools of four Districts.
6.	Zila Parishad, Banswara	4202	66/13.6.1992 59/27.2.1991	0.24 0.30	As per office record, the AC bill was not drawn.
7.	Revenue Board, Ajmer	2029	182/5.3.2008	292.00	Due to pending recovery of ₹ 15.64 lakh from NICSI, New Delhi, DC bill is pending. Efforts are being made by the Department for recovery.
8.	Collector, DMRD, Alwar	2245	813/19.3.2013	103.50	Non deposit/submission of embezzlement amount and detailed records for payment to other schemes not received.
9.	Principal and Additional Principal SP Medical College, Bikaner	4210	1487/30.3.2018	2125.67	Department intimated (February 2021) that DC bill could not be submitted due to incomplete installation and demonstration work of machine.

S. No.	Name of Office	Major Head	AC Bill No. & Date	Amount	Reasons of delay provided by Department/Audit comment
10.	Pr. DIET, Bikaner	2202	356/22.1.1990	0.30	Department intimated (November 2020) that as per office record, the AC bill was not drawn.
11.	Revenue Board, Ajmer	2029	512/14.10.2019	52.00	Bills of ₹ 31.83 lakh have been submitted. The Finance department intimated (February 2021) that compliance is awaited from Revenue Board.
12.	District Adult Education Officer, Rajsamand	2202	112/22.3.1997	0.08	No reasons were furnished by the department.

* 5 AC bills related to previous years, as mentioned in **Tables 4.9** and **4.10**, were adjusted during the period June 2020 to October 2020.

The reasons provided by the departments are not tenable because non-submission of DC bills indicates lack of monitoring on the part of Departments as well as treasuries.

The drawal of funds on AC bill is accounted against the functional Major Head in the consolidated fund of the state. Unless the accounts are settled within the time allotted through DC bills, the expenditure stands inflated to that extent.

(ii) *Delay in submission of Detailed Contingent Bills*

Rule 8(2) of General Financial and Accounts Rule (GF&AR), 2012 prescribes that funds shall be withdrawn only if required for immediate payment and the expenditure or payment is authorised by the competent authority.

During audit scrutiny, significant delays in furnishing DC bills during 2019-20 were noticed. Details are given in the following **Table 4.12**.

Table 4.12: Quantum of delay in submission of DC bills

S. No.	Name of office	No. of DC bills (with AC bill no.) submitted with delay	Period of delay (in months)	(₹ in lakh)
				Amount deposited through challan
1.	Director, State Forensic Science Laboratory, Jaipur	3 (396, 367, 347)	27 to 39	3.33
2.	Administrative Office, HQrs, NCC, Jaipur	1 (76)	15	0
3.	Rajasthan Subordinate Service Selection Board, Jaipur	7 (259,510,195,514,122, 215,507,216,260)	10 to 21	0
4.	Revenue Board, Ajmer	2 (991, 266)	9 to 12	9.16
5.	Science and Technology	1 (107)	4	0
6.	Commanding Officer 3 Rajasthan DN NCC, Sikar	2 (53, 54)	5	0
7.	Assistance Director, Ayurved, Ajmer	1 (436)	56	0

S. No.	Name of office	No. of DC bills (with AC bill no.) submitted with delay	Period of delay (in months)	Amount deposited through challan
8.	District Collector, DMRD, Udaipur	2 (36, 49)	15 to 18	2386.74
9	DEO,(Boys), Kota	1 (33)	28 years	0.26
10	Principal S.N. Medical College, Jodhpur	1 (1968)	15	0
11	District Election Officer Barmer	1 (107)	5	0
12	District Election Officer, Bikaner	4 (64,65,74,16)	4 to 8	0
13	District Election Officer, Jaipur	1 (114)	5	0
14	Add. Director (Admn.) Mines and Geology, Udaipur	1 (339)	6	0
15	Commissioner, Devsthan Vibhag, Udaipur	1(346)	14	0
16	Principal and Additional Principal SP Medical College, Bikaner	1(1317)	34	0
	Total	30		2,399.49

As can be seen from the above table, there were delays ranging from 4 months to 28 years in submission of DC bills which indicates that funds were drawn without requirement for immediate payment. This renders the expenditure through AC bills opaque.

Further, during test check, it was noticed that out of pending DC bills pointed out in the SFAR for the year 2018-19, DDOs had deposited an amount of ₹ 1.20 crore through challans in Government account along with submission of 82 DC bills.

(iii) **Other irregularities:** Director, State Science Forensic Laboratory, Rajasthan, Jaipur, had drawn an amount of ₹ 6.00 lakh through AC Bill (422/28.3.2018) for purchasing an instrument. However, the entire amount was deposited back (December 2019) by challan while submitting DC bill. This shows that there was no urgency for immediate payment for instrument despite which the department had drawn the amount through AC bill.

The irregular retention of funds by drawing through AC bills enabled the Departments to avoid lapse of budget provision and to bypass budgetary compulsion to spend the amount before the close of financial year. A system is required to be put in place to regularly monitor the pendency of the DC bills against previously drawn AC bills.

4.6 Personal Deposit Accounts

A Personal Deposit account is an account opened with the concerned Treasury under the Deposits head of the Public Account. Rule 260(1) of GF&AR provides that no money shall be received for deposits in the Government accounts unless they are such as by the virtue of any statutory provisions or of any general or special orders of the government and are required or authorized to be held in the custody of the Government. There is no provision in Rajasthan Treasury rules for obtaining prior concurrence of the Pr. AG (A&E) to open a PD account.

During 2019-20, an amount of ₹ 33,827.12 crore was transferred/credited to PD Accounts under the Major Head 8443-Civil Deposits-106-Personal Deposits which comprised 17.5 per cent of total expenditure (₹ 1,93,458 crore), out of which ₹ 23,574.03 crore was transferred by debiting the Consolidated fund of the State. Out of ₹ 23,574.03 crore, a sum of ₹ 4,936.18 crore (20.94 per cent) was transferred to/deposited in PD Accounts only in March 2020. As per State Budget Manual (SBM), the practice of withdrawing funds with a view to avoid lapse of budget grants and placing such amounts of money in deposits in the Public Account or the bank is forbidden. Therefore, transfer of significant amount to the PD accounts during the month of March is in contravention of SBM provisions.

The status of the PD Accounts (operative & inoperative) of the State Government as on 31 March 2020 is given in the **Table 4.13** below.

Table 4.13: Status of Operative and Inoperative PD Accounts

(₹ in crore)

Particulars	No. of Accounts (as on 01 April 2019)		Addition during the year		Closed during the year		No. of PD Accounts (as on 31 March 2020)	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Operative PD Accounts	1863	13,325.41	46*	33,827.25*	64**	30,869.05**	1,845	16,283.61
Inoperative PD Accounts (for more than five years)	36	0.18	55	5.46	36*	0.18*	55	5.46
Total	1,899	13,325.59	101	33,832.71	100	30,869.23	1,900	16,289.07

* Includes 12 inoperative PD Accounts (₹ 0.13 crore) which were made operational during the year.

** Includes 55 PD Accounts (₹ 5.46 crore) which became inoperative during the year.

The unspent balances of ₹ 16,289.07 crore in 1,900 PD Accounts include 26 PD Accounts³ (each having balances of ₹ 100 crore and above), in which sum of ₹ 10,573.24 crore i.e. 64.91 per cent of total unspent balances is lying. There was no transaction during the year in 291 PD accounts. Age-wise details of PD accounts and their balances are given in the **Table 4.14** below:

- Rajasthan State Health Society, Jaipur (Sectt.) (₹ 1,231.03 crore); Dy. Manager, Rajasthan Rajya Corporation Bank Jaipur City (₹ 558.88 crore); Secretary Rajasthan Rural Road Development Agency Jaipur City (₹ 415.34 crore); Rajcomp Info Services Ltd. Jaipur (Sectt.) (₹ 552.19 crore); Rajasthan Urban Infrastructure Finance Development Corporation (₹ 537.17 crore); DMFT, Bhilwara (₹ 876.09 crore); DMFT, Rajsamand (₹ 657.93 crore); Director, Sarva Shiksha Abhiyan, Jaipur (Sectt.) (₹ 471.73 crore); MD, Rajasthan Secondary Education Council, Jaipur (Sectt.) (₹ 363.09 crore); Indira Awas Yojana, Jaipur (Sectt.); (₹ 119.23 crore); Commissioner, TAD, Udaipur (₹ 296.51 crore); Kota Smart City Ltd. Kota (₹ 193.74 crore); Ajmer Smart City Ltd., Ajmer (₹ 112.61 crore); Chairman, DMFT Fund, Ajmer (₹ 159.31 crore); MD & FA, Rajasthan State Bridge Road Development & Construction Corporation Ltd. (₹ 124.12 crore); DMFT, Udaipur (Rural) (₹ 238.74 crore); DMFT, Chittorgarh (₹ 220.09 crore); DMFT, Pali (₹ 157.07 crore); Rajasthan Bhawan Nirman Karmkar Kalyan Mandal, Jaipur City (₹ 482.61 crore), Krishak Kalyan Kosh (k-3) Jaipur (city) (₹ 1,500 crore), Rajasthan State Health Assurance Agency (₹ 338.69 crore), Director/Commissioner Rural and Panchayati Raj Department, Jaipur (Sectt.) (₹ 362.09 crore), Managing Director, Rajasthan Co-operative Dairy Federation Ltd Jaipur (sectt.) (₹ 114.53 crore), State Level Nodal Agency (Rural Development Department) Jaipur (Sectt.) (₹ 199.05 crore), Rajasthan Education Medical Society, Jaipur (Sett.) (₹ 189.38 crore) and DFMT, Sirohi (₹ 102.02 crore).

Table 4.14: Age-wise details of PD accounts as on 31st March 2020

(₹ in crore)

Age bracket	Number of PD accounts	Amount as on 31st March 2020
0-1 year	34	1,731.68
1-3 year	395	4,455.44
3-5 year	90	1,299.34
5-10 year	130	475.43
More than 10 year	1,043	6,899.76
Details Not Available	208	1,427.42
Total	1,900	16,289.07

During detailed analysis of PD accounts, following irregularities were noticed:

4.6.1 PD account for Life Insurance Corporation of India (LIC)

A separate PD account No. 471 under Budget head 8443-106 was opened in every treasury for transfer of LIC premium deducted from the salaries of state government employees for onward transfer to LIC of India.

During scrutiny of monthly treasury-wise record of this PD account for the period 2015-2020, it was noticed that out of 40 treasuries, only 7 treasuries⁴ were transferring the employee deduction of premium to LIC of India timely. Failure to transfer the premium regularly to LIC of India by the remaining treasuries indicates lack of monitoring at the level of DDOs.

The department intimated (February 2021) that 12 more treasuries⁵ have transferred the employee deduction of premium to LIC of India from the PD accounts.

The State Government may prescribe a time limit for the transfer of premium amount from the PD account to LIC of India.

4.6.2 District Mineral Foundation Trust (DMFT)

The State Government established (June 2016) DMFT in accordance with Rule 5 of Rajasthan DMFT Rules 2016 in all the districts of the State with a Governing council and Managing Committee. The objectives of the DMFT were to work for the interest and benefit of persons and areas affected by mining related operations in the district. DMFT is to utilize the contribution in *Pradhan Mantri Khanij Kshetra Kalyan Yojana* (PMKKKY) and other welfare schemes of the State and Central Government to implement various developmental and welfare projects/programs in mining affected areas.

The total balance in the DMFT fund was ₹ 2,838.01 crore, which was lying in 38 PD accounts of DMFT in Rajasthan as on 31 March 2020. The Department intimated (September 2020) that out of total amount of ₹ 3,949.97 crore collected upto 31 July 2020, only an amount of ₹ 912.90 crore (23 per cent) was utilised.

4. Beawar, Chittorgarh, Ganganagar, Jaipur (Sectt), Jalore, Pali and Sikar.

5. Udaipur, Dausa, Jaipur (City), Jaipur (Rural), Karauli, Bundi, Sirohi, Tonk, Churu, Nagaur, Kota and Dholpur.

Further, Non-interest bearing DMFT PD accounts in all the districts were to be converted (June 2018) into interest bearing deposit accounts. In this regard, Finance Department sent a proposal (20.08.2020) to Pr.AG (A&E) for opening a new sub-head for interest bearing deposit accounts of DMFT. The office of the Pr.AG (A&E) gave consent (12.10.2020) to Finance Department for opening a new sub-head 8342-120-65 DMFT for this purpose.

4.6.3 Kota smart city limited, Kota

In July 2014, Government of India announced the Smart City Scheme to build 100 smart cities across India. The development and integration of smart initiatives in the city would be funded by the Central and State Government, along with locally generated funds.

Kota smart city project was implemented by Kota smart city limited, Kota. It was funded by the Central and State Governments on a 50:50 sharing basis. A PD Account (No. 6627) of Kota Smart City Limited was opened on 31 March 2018.

There were unspent balances of ₹ 168.40 crore, ₹ 161.09 crore and ₹ 193.73 crore in the PD account as on March 2018, March 2019 and March 2020 respectively. Only ₹ 19.28 crore was utilized in project implementation under smart city during the period 2017-20.

Chief Accounts Officer, Kota Smart City Limited stated (February-October 2020) that during February 2020, work orders amounting to ₹ 436 crore have been issued which was confirmed by Finance Department (February 2021). Balance of PD Account increased during 2019-20 due to transfer of balance amount of ₹ 33.41 crore from the bank account as per the directions of Finance Department. However, the interest on state share has not been utilized so far and would be utilized after directions are received from State Government.

4.6.4 Rajasthan Building and Other Construction Workers Welfare Fund

The Government of India (GoI) enacted The Building and Other Construction workers (Regulation of Employment and Conditions of Services) Act, 1996 (Act) which provides for constitution of the 'State Building and Other Construction Workers Welfare Board (Board)' for formulating and implementing various welfare schemes for construction workers. To implement provisions of the Act, GoR has framed 'The Rajasthan Building and other Construction Workers (Regulation of employment and conditions of services) Rules 2009 (BOCW Rules)' and created Rajasthan Building and Other Construction Workers Welfare Fund (BOCW Fund). The BOCW Fund is being operated as Personal Deposit Account. BOCW rules mandate that the amount collected from cess shall be transferred to the Board within 30 days of collection.

As per the balance sheet of BOCW fund, there were 'current assets' of ₹ 1,189.19 crore, as on 31st March 2017, including ₹ 1,185.06 crore in various banks as FDR and an amount of ₹ 4.13 crore in saving accounts. This amount relates to previous years due to less expenditure incurred on welfare schemes.

During the year 2019-20, an amount of ₹ 382.59 crore was transferred in the PD account of BOCW fund from the Consolidated fund of State. However, an amount of ₹ 482.62 crore was pending for transfer from the PD account to the BOCW Board. During the year, no funds were transferred from PD account to BOCW Board account. The Annual Accounts of BOCW board have not been finalized since 2017-18.

In the PMGKY package, GoI instructed the State Governments for utilization BOCW funds to provide relief to construction workers. For this purpose, the State Government decided (August 2020) to provide economic relief to registered construction workers and other category of person/family i.e. self-employed vendors, street vendors and weaker person and helpless person.

As per the decision of State Government, out of the total requirement of ₹ 383.76 crore⁶ for transfer to construction workers, ₹ 328.50 crore was to be transferred to State Government (March 2020) from BOCW Fund and the remaining amount of ₹ 55.26 crore was to be provided by State Government which would be adjusted against future BOCW fund collections. While ₹ 328.50 crore was transferred to the beneficiaries, the State Government has not provided the details of provision of the remaining amount of ₹ 55.26 crore.

As per the data of Labour Department, 23.44 lakh construction workers are registered with BOCW. Out of them, the state government gave benefit only to 15.35 lakh registered workers (65.49 per cent) and the remaining 8.09 lakh workers did not receive any benefit.

Despite the availability of significant funds pertaining to previous years, the State Government only utilised a portion of the funds available with the BOCW board. The funds of BOCW board could have been also utilised to provide the much-needed relief to all the registered construction workers during the pandemic.

4.6.5 Reconciliation of Personal Deposit Accounts

Under the Rule 264 (5) of GF&AR, administrator of PD accounts are required to reconcile the balances of these accounts with the treasury officers (where detailed accounts are maintained by treasuries). Rule 99 of Rajasthan Treasury Rules, 2012 states that the treasury officers/sub-treasury officer shall obtain a certificate from the administrator of every PD account on the balance at the end of each financial year.

During test check it was noticed that certificates had not been obtained by 27 treasuries⁷ regarding PD Account balances at the end of March 2020. It was also noticed that there were differences in balance figures of treasuries and administrators in case of 71 PD accounts of 16 treasuries⁸ indicating lack of reconciliation as per rules.

6. ₹ 2500 per person multiplied by 15,35,054 construction workers.

7. Alwar, Bara, Bikaner, Bundi, Bharatpur, Bhilwara, Churu, Dausa, Dungarpur, Dholpur, Sri ganganagar, Hanumangarh, Jaipur (City), Jaipur (Rural), Jaipur (Sectt.), Jodhpur (city), Jodhpur (Rural), Jhalawar, Jalaur, Pali, Karauli, Kota, Nagaur, Pratapgarh, Sikar, Tonk, Udaipur.

8. Ajmer(1), Bikaner (8), Churu (6), Dholpur (5), Jhalawar (6), Kota (6), Baran (1), Bundi (2), Bharatpur (1), Dausa (2), Hanumangarh(2), Jaipur(city) (4), Jaipur (Rural) (1), Jaipur (Sectt) (19), Jodhpur (Rural) (1), Nagaur (6).

The information regarding scheme-wise balances in the PD accounts is not maintained by the State Government. The state may maintain scheme-wise ledger for all the schemes in the PD accounts. Non reconciliation of balances in PD account periodically entails the risk of misuse of public funds, fraud and misappropriation. Therefore, a system may be developed for reconciliation of balances of PD accounts by administrators of PD accounts with the treasury officers as well as with Pr.AG (A&E).

Finance Department stated (February 2021) that directions have been issued to all treasuries regarding reconciliation of balances with administrators of PD accounts and obtaining the certificates from them at the end of every financial year.

4.6.6 Inoperative PD Accounts

Rule 98 of Rajasthan Treasury Rules 2012 provides that in the month of April every year, the Treasury Officer would review the PD Accounts in operation and prepare a list of accounts which have remained inoperative continuously for preceding five financial years for sending it to the Finance (Ways & Means) Department with recommendation for their closing.

Review of position of PD Accounts held by various departments of the State Government revealed that as of 31 March 2020, total 55 PD Accounts having balance amount of ₹ 5.46 crore remained inoperative for the last five years (2015-20) out of which 8 inoperative PD accounts have had *nil* balance for the last five years. Details of current status of these PD Accounts are mentioned in **Appendix 4.3**. Finance Department informed (February 2021) that 42 inoperative PD accounts have been closed, conditional approval for operating 5 inoperative PD accounts has been taken from Finance (Ways and Means) department and the necessary action regarding the remaining 8 PD accounts is under process.

Non-closure of PD Accounts despite remaining inoperative for five years was in contravention of Rule 264(2) of GF&AR and Rule 98 of Rajasthan Treasuries Rules 2012 and indicates lack of monitoring at the level of treasuries.

4.7 Indiscriminate use of Minor Head-800

Booking of Receipts or expenditure under the Minor Head-800-Other Receipts and 800-other expenditure is considered opaque classification of receipts and expenditure, as these heads do not disclose the specific schemes/programmes etc. to which the amounts relate.

Appendix 'A' of SBM prescribes the Estimating Officer to take sufficient care to ensure that expenditure is classified under proper object Head and booking under the category of Other expenditure should be avoided as far as possible.

During 2019-20, the heads of accounts in which the amount booked under Minor Head 800 constituted 50 *per cent* or more of the total receipt/expenditure are given in **Table 4.15** below:

Table 4.15: Booking under Minor head 800-Other receipts/expenditure

Particulars	Receipt		Expenditure	
	Amount (₹ in crore)	Head of Account	Amount (₹ in crore)	Head of Account
100%	65.71	0035, 0056, 0217, 0220, 0801, 0851, 0852, 1452	4.76	2047, 4047, 5425
Between 75% and 99%	566.93	0230, 0235, 0401, 0435, 0515, 0701, 1475	11.65	3425
Between 50% and 74%	284.78	0070, 0202, 0406, 0425, 0702	5,210.91	2040, 2435, 2700, 2701, 3452, 4235, 4236, 4401, 4575, 4885, 5054, 5452, 5475
Total	917.42		5,227.32	

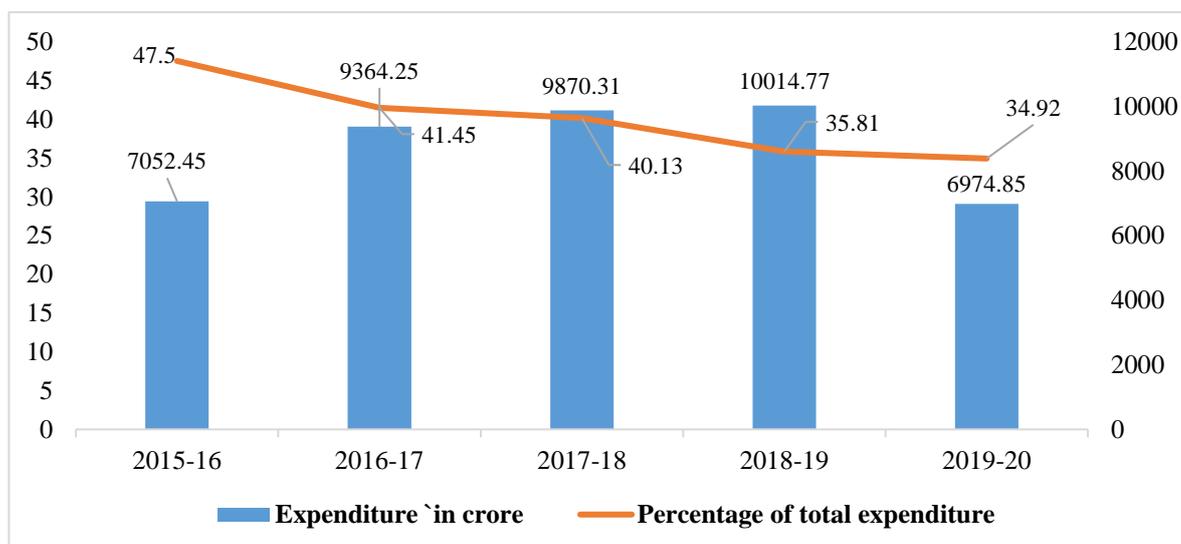
Audit scrutiny has revealed that the State Government has operated this minor head extensively during the five-year period 2015-2020. The amounts booked under this Minor Head are given in **Table 4.16**.

Table 4.16: Booking under Minor head 800-Other receipts/expenditure during 2015-20

Year	(₹ in crore)			
	Expenditure under Minor Head 800 (₹ in crore)	% of total expenditure under respective heads	Receipt under Minor Head 800 (₹ in crore)	% of total receipts under respective heads
2015-16	7,052.45	47.50	1,584.63	34.49
2016-17	9,364.25	41.45	2,060.49	31.85
2017-18	9,870.31	40.13	2,570.01	24.45
2018-19	10,014.77	35.81	5,822.23	24.88
2019-20	6,974.85	34.92	4,298.43	16.65

Instances where substantial portion (50 per cent or more) of expenditure and receipts were classified under Minor Head 800 are indicated in **Appendix 4.4**.

The extent of operation of Minor Head 800-Other expenditure, as a percentage of total expenditure of respective heads during 2015-20 is given in **Chart 4.3**.

Chart 4.3: Operation of Minor Head 800-Other expenditure during 2015-20

Booking of substantial amounts under omnibus Minor Head-800 negatively impacts the transparency in financial Reporting.

4.8 Outstanding balances under major Suspense and 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. Clearance of suspense and remittance items depends on the details furnished by the State Treasuries/Works and Forest Divisions, etc. The ledger of suspense balances is required to be maintained sub/detailed head-wise by Pay and Accounts Officers (PAOs). Transactions and net balances in Minor Head 101- PAO Suspense, 102-Suspense Account (Civil) and 112- Tax deducted at sources suspense under Major Head 8658-Suspense Account are detailed in **Table 4.17** below.

Table 4.17: Balances under Suspense and Remittance Heads

Minor Head	2017-18		2018-19		2019-20	
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
Major Head 8658 - Suspense						
101 - PAO suspense	120.99	1.76	157.98	35.15	168.25	48.83
Net		Dr. 119.23		Dr. 122.83		Dr. 119.42
102 - Suspense Account-Civil	0.77	0.01	0.83	3.15	0.38	76.18
Net		Dr. 0.76		Cr. 2.32		Cr. 75.80
106-Telecommunication Accounts Office Suspense	-*	-	-*	-	-*	-
Net		Dr.-*		Dr.-*		Dr.-*
109 - Reserve Bank Suspense - Headquarters	-	-	-	-	-#	-@
Net		-		-		Dr. _\$
112 - Tax Deducted at Source (TDS) Suspense	-	77.05	-	48.14	-	42.98
Net		Cr. 77.05		Cr. 48.14		Cr. 42.98
123 - A.I.S Officers' Group Insurance Scheme	-	0.16	-	0.16	-	0.17
Net		Cr. 0.16		Cr. 0.16		Cr. 0.17
129- Material Purchase Settlement Suspense Account	-	(-) 3.18	-	(-) 3.20	-	(-) 3.27
Net		Cr. (-) 3.18		Cr. (-) 3.20		Cr. (-) 3.27
139- GST-Tax Deducted at Source Suspense	-	-	-	-	-	33.62
Net		-		-		(Cr.) 33.62
Net Total		(Cr.) 74.03		(Cr.) 45.10		(Cr.) 73.50
Major Head 8782-Cash Remittances						
102 - P.W. Remittances	42.65	34.28	32.95	33.28	27.98	30.57
Net		Dr. 8.37		Cr. 0.33		Cr. 2.59
103 - Forest Remittances	1.76	0.14	1.75	0.14	0.05	0.13
Net		Dr. 1.62		Dr. 1.61		Dr. 0.08
108-Other Departmental Remittances	0.03	-	0.03	-	0.03	-
Net		DR. 0.03		Dr. 0.03		Dr.0.03

Minor Head	2017-18		2018-19		2019-20	
129-Transfer within Indira Gandhi Nahar Project	77.41	76.67	77.41	76.67	77.41	76.67
Net	Dr. 0.74		Dr.0.74		Dr.0.74	
Net Total	(Dr.) 10.74		(Dr.) 2.05		(Cr.) 1.79	

* ₹ 588 only, # ₹ 4213 only @ ₹ 240 only \$ ₹ 3973 only

The position of gross figures under major suspense and remittance heads for the last three years shows that the aggregate net balance under the Major Head '8658-Suspense Accounts' in the Finance Accounts registered a decrease by ₹ 0.53 crore from 2017-18.

- ***Pay and Account Officer (PAO)-Suspense (MiH 101)***

This Minor Head is intended for the initial record of inter-Governmental transactions arising in the books of a Central PAO, Separate Accounts Officers of Union Territories and Accountants General where the other party involved is a PAO. Separate sub-heads are opened under this minor head for each Accounts Officer with whom transactions are to be settled. Outstanding debit balances under this head indicate payments which have been made by the PAO on behalf of others and are yet to be recovered and credit balances represent the amount yet to be paid.

The outstanding debit balance in this account at the end of March 2020 was ₹ 168.25 crore and the credit balance was ₹ 48.83 crore. The outstanding debit balance relates mainly to PAO, Central Pension Accounting Officer, Ministry of Finance, New Delhi (₹ 156.23 crore) and PAO (NH), Ministry of Road Transport and Highway Jaipur (₹ 11.63 crore) whereas the credit balance is mainly in respect of PAO (NH), Ministry of Mining (₹ 76.17 crore).

- ***Suspense Account-Civil (MiH 102)***

This Minor head is operated by the Accountant General 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.

Major debit balances outstanding at the end of March 2020 under this head were in respect of CDA⁹ (Pension), Allahabad (₹ 0.04 crore) and CDA (SC¹⁰), Pune (₹ 0.34 crore). Major credit balance was shown under the head other miscellaneous suspense (₹ 0.76 crore).

- ***Tax deducted at source (TDS) suspense- (MiH 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.

However, there was outstanding credit balance of ₹ 42.98 crore under this head as on 31 March 2020 which was yet to be credited to IT Department.

9. Controller of Defence Accounts.

10. Southern Command.

- ***Adverse balance under DDR Heads***

Adverse balances are negative balances appearing under those heads of account where there should not be a negative balances and vice versa.

As of 31 March 2020, there were 57 cases¹¹ of adverse balances under Debt, Deposit and Remittances (DDR) heads in 9 Major Heads amounting to ₹ 1,852.37 crore. The adverse balances were mainly under Pension Funds of employees of Municipal Councils/Municipalities (₹ 1,805.58 crore). Adverse balances in DDR heads in 57 cases amounting to ₹ 1,852.37 crore need to be reconciled and adjusted on priority.

4.9 Reconciliation of departmental figures

Reconciliation and verification of figures is an important tool of Financial Management which prevents misclassification and incorrect booking of receipts and expenditure in the accounts. As per Rule 11 (3) of GF&AR, all Budget Controlling Officers are required to reconcile the receipt and expenditure figures of the State Government with the figures accounted by the Accountant General (A&E), Rajasthan.

During 2019-20, 100 *per cent* reconciliation of (i) total expenditure of ₹ 2,13,491.02 crore (net) by 418 Controlling Officers and (ii) total receipts of ₹ 1,40,134.23 crore (net) (including Miscellaneous Capital Receipts) by 181 Controlling Officers, was accomplished. In fact, throughout the last five years, the State Government has been able to accomplish 100 *per cent* reconciliation of expenditure and receipts.

4.10 Reconciliation of cash balances

The balance against 'Deposit with Reserve Bank' represents the balance according to the Government Account, which includes Inter-Government monetary settlements advised to the Reserve Bank of India upto 15 April 2020. There was a net difference of ₹ 19.23 crore (Cr.) between the figures as reflected in the accounts [₹ 49.03 crore (Dr.)] and that intimated by the Reserve Bank of India [₹ 29.80 crore (Cr.)]. Out of this, ₹ 13.92 crore (Cr.) has been reconciled and cleared while ₹ 5.31 crore (Cr.) is pending for reconciliation.

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. 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

11. Loans and Advances from the Central Government (One case: ₹ 0.06 crore); Loans to Power Projects (Three cases: only ₹ 1220); Loans to Government Servants (44 cases: ₹ 2.74 crore); State Provident Funds (one case: ₹ 0.01 crore); Insurance and Pension Funds (one case: ₹ 1,805.58 crore); Deposits of Local Funds (one case: ₹ 10.31 crore); Civil Deposits (one case: ₹ 30.91 crore); Suspense Accounts (Two cases: ₹ 0.02 crore) and Cash Remittance and adjustments between officers rendering accounts to the same officers (Three cases: ₹ 2.74 crore).

President of India has so far notified three Indian Government Accounting Standards (IGAS). The following **Table 4.18** provides the position of compliance with these three Accounting Standards.

Table 4.18: Compliance with Accounting Standards

S. 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 (class and sector-wise) given during the year in its financial statements along with additions, deletions, invoked, discharged and outstanding at the beginning and end of the year, grantor commission and other material details.	Complied	-
2.	IGAS-2: <i>Accounting and Classification of Grants-in- Aid</i>	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. Grant in aid given in kind is required to be disclosed.	Partly complied as detailed information in respect of Grant-in-aid given in kind has not been furnished by the State Government.	Lack of disclosure of Grant-in-aid 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 to ensure adequate disclosure on Loans and Advances are made by the Government.	Partly complied. Information regarding write-off of irrecoverable loans and advances, entity-wise details of interest credited on loans and advances given by the State Government, reasons for disbursements of fresh loans and advances during the year and details of overdue principal & interest where detailed accounts are maintained by the State were not provided by the State Government.	Disclosure requirements of Loans and Advances not met by the State Government.

4.12 Submission of Accounts/Separate Audit Reports of Autonomous Bodies

The audit of accounts of 41 autonomous bodies/authorities¹² in the state has been entrusted to the CAG under Section 19 (2) and 20 (1) of the CAG's (DPC) Act, 1971. As of October 2020, accounts of all the 41 autonomous bodies/authorities have been received up to 2018-19 except accounts of Building and Other Construction Workers Welfare Board (BOCW) for the year 2017-18 and 2018-19 and accounts of two District Legal Services Authorities (DLSA), Chittorgarh and Pratapgarh for the year 2018-19. Adverse opinions were given in case of two bodies as detailed in **Table 4.19** below:

Table 4.19: Cases of adverse opinion

Body or Authority	Type of opinion given	Reasons
Rajasthan Khadi and Village Industries Board, Rajasthan (Accounts of 2018-19)	Not true and fair view	Excess of income over expenditure (surplus) is overstated by ₹ 73.25 lakh which resulted in conversion of surplus of ₹ 47.30 lakh shown in accounts into a deficit of ₹ 25.95 lakh. Further, assets and liabilities have also been overstated by ₹ 3 crore and ₹ 2.27 crore respectively.
Building and Other Construction Workers Welfare Board (BOCW) (Accounts of 2016-17)	Not true and fair view	Significant matters found in audit such as understatement of Capital fund/accrued cess receivable by ₹ 342.43 crore, overstatement of expenditure on subsidies/grants etc. by ₹ 45.90 crore, overstatement of interest income by ₹ 6.44 crore etc.

4.13 Departmental Commercial Undertakings/Corporations/Companies

Section 96 of the Companies Act, 2013, requires every company to hold Annual General Meeting (AGM) of the shareholders once in every calendar year. Section 129 of the Act stipulates that the audited Financial Statement for the financial year has to be placed in the said AGM for their consideration. According to Section 394 and 395 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). As soon as may be after such preparation, the Annual Report should be laid before the Houses or both the Houses of State Legislature together with a copy of the Audit Report and any comments upon or supplement to the Audit Report, made by the CAG.

In the absence of timely finalization of accounts, results of the investment of the Government remain outside the purview of State Legislature and escape scrutiny by audit. Consequently, corrective measures, if any, required for ensuring accountability and improving efficiency cannot be taken in time. Risk of fraud and mis-utilisation of public money cannot be ruled out.

12. Rajasthan Khadi and Village Industries Board, Rajasthan State Human Rights Commission, Rajasthan State Legal Services Authority, Rajasthan Building and other Construction Workers Welfare Board, Jaipur, Rajasthan Electricity Regulatory Commission and 36 District Legal Services Authorities.

As per latest finalised accounts of the State PSUs, the total paid up capital of 46 State PSUs (including 9 subsidiary companies) was ₹ 50,986.20 crore which included State Government investment of ₹ 50,862.78 crore. The aggregated accumulated losses of State PSUs was ₹ 95,590.87 crore (*Appendix 4.5*). A higher quantum of accumulated losses than the capital investment shows that the overall capital of the State PSUs has entirely been eroded and culminated into negative net worth of ₹ 44,604.67 crore. Further, analysis of investment and accumulated losses disclosed that this erosion (₹ 61,567.97 crore) occurred in 15 out of 46 PSUs. PSUs of power sector were the main contributors to the erosion of investment. The age wise analysis of arrear of accounts of State PSUs are given below in **Table 4.20**:

Table 4.20: Age wise arrear of Accounts

(₹ in crore)

S.No	Accounts pending since	No. of PSUs	Government investment
1	First Accounts awaited	02	164.80
2	2015-16	01	4.13
3	2016-17	01	2.16
4	2017-18	03	105.46
5	2018-19	01	45.51
	Total	08	322.04

Out of 46 State PSUs, accounts of 08 PSUs are pending since 2015-16 to 2018-19 in which Government has invested ₹ 322.04 crore.

4.14 Misappropriations, Losses, thefts, etc.

Rule 20 of GF&AR Part-I provides that any loss of public money, departmental revenue, receipts, stamps, stores or other property held by or on behalf of Government caused by misappropriation, fraudulent drawal/payment, loss, etc. or otherwise which is discovered in a treasury or any other office or department shall be reported immediately by the officer concerned to the next higher authority as well as to the Accountant General.

State Government reported 796 cases of misappropriation (322) and theft/loss (474) of the Government money across various departments amounting to ₹ 118.86 crore up to 31 March 2020 on which final action is pending till the end of June 2020. Details are given in the **Table 4.21** below.

Table 4.21: Pending cases of misappropriation, losses, theft etc.

(₹ in crore)

	Cases of misappropriation/ losses/theft of Government material		Reason for delay in final disposal of pending cases of misappropriation, losses, theft, etc.					
			Awaiting departmental and criminal investigation		Departmental action initiated but not finalised (awaiting order for Recovery and Write off)		Criminal Proceedings finalised but recovery of the amount pending (Pending due to Judicial proceedings)	
	Number of cases	Amount	Number of cases	Amount	Number of cases	Amount	Number of cases	Amount
Works Department	269	10.04	65	4.59	187	3.74	17	1.72
Education Department	171	50.91	44	39.47	102	10.25	25	1.20
Medical Department	69	7.22	36	4.79	9	0.98	24	1.45
Revenue Department	55	12.59	36	4.64	11	7.62	8	0.33
Department of Local Self Government Rajasthan	8	0.45	1	0.03	7	0.43	0	0.00
Rural Development and Panchayati Raj Department	121	25.39	98	22.54	19	1.29	4	1.56
Other Departments	103	12.25	31	1.85	60	9.49	12	0.91
Total	796	118.86	311	77.91	395	33.79	90	7.16

The Department-wise break up of pending cases is given in *Appendix 4.6*. The profile of pending cases and the number of cases pending in each category of theft/loss and misappropriation are summarized in the **Table 4.22** below:

Table 4.22: Profile of Misappropriations, losses, defalcations etc.

Nature of the pending cases		
Nature of the cases	Number of cases	Amount involved (₹ in crore)
Theft/Loss	474	20.27
Embezzlement	322	98.59
Total pending cases	796	118.86

Further analysis indicates the reasons due to which the cases were outstanding and could be classified in the various categories listed in the following **Table 4.23**:

Table 4.23: Reasons for outstanding cases of misappropriations, losses, defalcations etc.

S.No	Reasons for the delay/outstanding cases	Number of cases	Amount (₹ in crore)
1.	Awaiting departmental action	311	77.91
2.	Awaiting orders for recovery	356	33.18
3.	Awaiting orders for write-off	39	0.61
4.	Pending due to judicial proceedings	90	7.16
	Total	796	118.86

Analysis of the pending embezzlement cases reveals that the cases were related mainly to forgery in cash book, bungling in stocks kept in stores, payment/drawal by forged bills/cheques, government money not deposited in the bank etc. Theft/loss cases were related to theft of cash, stores/stock, vehicles and parts of vehicles, machinery and equipment, etc. Out of 796 cases, 395 (356+39) cases amounting to ₹ 33.79 crore were pending because of pending orders for recovery/ write-off and rest of the cases were pending for the want of departmental action and judicial proceeding.

4.15 Excess/short payment of pension

Appendix VI (Sl. No. 9) of Rajasthan Civil Services (Pension) Rules, 1996 stipulates that Treasury Officer (TO) will check the correctness of the payments made by the Banks with reference to the records maintained by him and thereafter incorporate the transaction in his accounts.

Test check (April 2019 to March 2020) of records of 70 banks and 6 Directorates/ Additional Directorates of Pension in 9 Districts revealed irregularities and excess payments of pension/family pension in 159 cases¹³ amounting to ₹ 1.51 crore in 54 Banks and 3 Directorates/Additional Directorates of Pension, as detailed in *Appendix 4.7*. Further, it was also noticed that 60 banks and 5 Directorates/Additional Directorates made short payments of ₹ 2.41 crore to 272 pensioners.

Cases of excess payment of pension have also been mentioned in the earlier Civil Audit Reports during 2010-11 to 2018-19. Public Accounts Committee (PAC) also recommended (February 2018) that the Department should take necessary steps to avoid recurrence of excess payment of pension in future.

The Government accepted the facts and stated (December 2020) that recovery of ₹ 0.58 crore in cases of excess payments and payment of ₹ 0.51 crore in short payment cases has been made and efforts are being made for the remaining payment/recovery. However, during the scrutiny of details provided by the Government, audit could verify recovery of ₹ 0.33 crore and payment of ₹ 0.26 crore. Further, progress of recovery/ payment is awaited (March 2021).

13. Cases:-Total 159 Pensioners.

The above position shows that the Finance Department needs to take concerted action to rectify the situation and ensure that proper procedure is followed by the concerned officers/agencies to avoid recurrence of such irregularities in payment of pension in future.

4.16 Follow up action on State Finances Audit Report

SFAR 2018-19 was presented in State Legislature in August 2020. PAC has discussed and made recommendations on the SFAR up to the year 2015-16. PAC discussions related to five departments (Local Self Department, Agriculture Department, Technical Education Department, Forest Department and Medical Education Department) for the reports of the year 2016-17 and 2017- 18 were conducted during the period August 2019 to December 2019. Five paras related to the Reports for the years 2016-17 and 2017-18 are pending for discussion. These paras pertain to Gender responsive Budgeting, Major projects/policy initiations and status of action taken on Budget Speech 2017-18, review of selected grants and Personal Deposit Accounts.

A review of the outstanding ATNs revealed that one ATN pertaining to SFAR 2017-18 was pending from the Horticulture Department as on 31st October 2020.

4.17 Conclusions

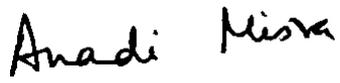
Positive Indicators	Negative Indicators
Decreasing number of AC bills.	Increased recourse to borrowings by Zila Parishads and Rajasthan Agriculture Marketing Board on behalf of the State Government.
100 <i>per cent</i> reconciliation of expenditure and receipts.	Increasing number of outstanding UCs.
	Arrears in respect of annual accounts of ABs and PSUs.
	Booking of substantial amounts under omnibus Minor Head-800.
	Non-compilation of details regarding GP bank account balances at the PS or ZP level.
	Scheme-wise balances in PD accounts not maintained.

4.18 Recommendations

- i. Loans for which the repayment liability lies with the State Government should be disclosed as Government's liability in the annual accounts of the State Government.
- ii. The Government may ensure timely submission of Utilisation Certificates by the Departments in respect of the grants released for specific purposes.

- iii. 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. Further, scheme-wise ledger should be maintained for all the PD accounts.
- iv. The Government may consider preparing a time bound framework for taking prompt action in cases of misappropriation, loss, theft, etc. and strengthening the internal control system to prevent recurrence of such cases.
- v. The Government may consider carrying out adjustment of Abstract Contingent bills within stipulated period and regularly monitor the pending Detailed Contingent Bills.

**JAIPUR,
The 7 June 2021**


**(ANADI MISRA)
Accountant General (Audit-I),
Rajasthan**

Countersigned

**NEW DELHI,
The 9 June 2021**


**(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India**