

Chapter - 4

Quality of Accounts and Financial Reporting Practices

A sound internal financial reporting system with relevant and reliable information significantly contributes to efficient and effective governance. 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 responsibilities, including strategic planning and decision-making. The compliance of GNCTD with various financial rules, procedures and directives has been discussed in this chapter.

Issues related to completeness of accounts

4.1 Funds transferred directly to State implementing agencies

The Union Government transfers large funds directly to State Implementing Agencies/Non-Governmental Organisations for implementation of various schemes and programmes.

As these funds are not routed through the NCT of Delhi's Budget, these are not reflected in the accounts of GNCTD. The information of funds transferred by the GoI directly to State Implementing Agencies was sought from Finance Department, GNCTD in September 2021 and their reply was awaited (December 2021). However, on the basis of information received from implementing agencies¹, it was found that the funds of ₹ 56.04 crore were directly transferred by GoI to State agencies.

Issues related to transparency

4.2 Delay in submission of Utilisation Certificates

Rule 238 of GFR, 2017 stipulates that for grants released during a year for specific purposes, Utilisation Certificates (UCs) should be obtained by the departmental officers from the grantees within 12 months of the closure of the financial year.

However, Audit noted that 2,006 UCs in respect of grants of ₹ 9,049.45 crore released up to 31 March 2020, were not furnished by the grantees as of 31 March 2021.

¹ i) South Delhi Municipal Corporation (SDMC)- Total ₹ 22.27 crore were received during 2020-21 (₹ 15 crore under MPLAD fund and ₹ 7.27 crore under Urban Development Fund). (ii) Indira Gandhi Delhi Technical University for women- ₹ 5.92 crore were received during 2020-21 under different schemes. (iii) ₹ 0.15 crore were received by District South East Delhi for Sambal-One stop centre. (iv) ₹ 5.46 crore were received by Department of Women and Child Development for Pradhan Mantri Matru Vandana Yojana (PMMVY). (v) ₹ 22.24 crore were received by IPGCL Delhi under Solar Power Grid Interactive scheme.

Lack of submission of the UCs means that although expenditure is incurred but the grantees have not explained as to how the funds were spent. There is also no assurance that the intended objectives of providing these funds have been achieved. This assumes greater importance, if such UCs are pending against Grants-in-aid (GIA) meant for capital expenditure. Since lack of submission of UCs is fraught with the risk of misappropriation, it is imperative that GNCTD should monitor this aspect closely and hold the concerned departments accountable for not submitting UCs in a timely manner. Year-wise break up of outstanding UCs is detailed in **Table 4.1**.

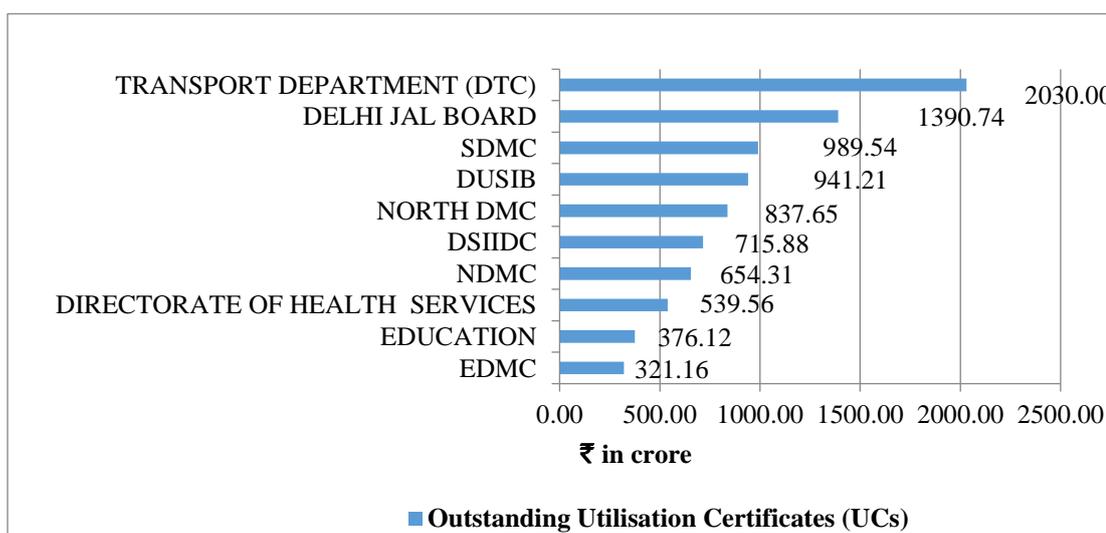
Table 4.1: Year-wise break up of outstanding Utilisation Certificates

(₹ in crore)		
Year	Number of UCs outstanding	Amount
1993-94 to 2010-11	1,081	114.32
2011-12	25	185.73
2012-13	145	387.62
2013-14	48	7.54
2014-15	97	1.28
2015-16	64	341.52
2016-17	122	1,437.12
2017-18	126	347.95
2018-19	181	1,943.35
2019-20	117	4,283.02
Total	2,006	9,049.45

It can be seen that 1,081 UCs (53.89 *per cent*) involving ₹ 114.32 crore were outstanding prior to the year 2011-12, whereas 925 UCs (46.11 *per cent*) amounting to ₹ 8,935.13 crore were outstanding from 2011-12 to 2019-20.

The details of outstanding UCs in respect of 10 major Departments for grants paid upto 2019-20 is given in **Chart 4.1**:

Chart 4.1: Details of outstanding UCs of 10 major Departments for the grant paid upto 2019-20



Source: Principal Accounts Office, GNCTD

Transport Department (DTC), Delhi Jal Board (DJB) and South Delhi Municipal Corporation (SDMC) accounted for ₹ 2,030.00 crore (22.43 per cent), ₹ 1,390.74 crore (15.36 per cent) and ₹ 989.54 crore (10.93 per cent) of the arrears, respectively. This indicates lack of internal control of the administrative departments and tendency on the part of Finance Department, GNCTD to disburse fresh grants without ascertaining proper utilisation of earlier grants.

The Principal Accounts Office stated (November 2021) that the pendency position of UCs was sent to concerned Departments from time to time. The UCs as provided by the concerned administrative departments to Pay and Accounts Offices (PAOs) have been duly accounted for. Further, it stated that it had time and again requested the department issuing grants to submit the UCs to the concerned PAOs. The delay is attributable to the administrative authority only. The reply is not satisfactory as the Department of Finance should take up the matter with the concerned departments to ascertain the reasons for the disbursal of funds to the concerned agency even where the UCs in respect of the previous grants are still awaited.

To verify the facts and figures relating to outstanding UCs contained in the Finance Accounts of GNCTD four Departments/Institutions viz. Directorate of Health Services, Delhi Cantonment Board, New Delhi Municipal Council (NDMC) and Department of Tourism were selected for detailed audit.

Department wise major observations are discussed in the subsequent paras.

4.2.1 Directorate of Health Services (DoHS)

Finance Accounts, for the year 2020-21, shows nine outstanding UCs of ₹ 539.56 crore as on 31st March 2021 pertaining to Directorate of Health Services.

The DoHS stated (September 2021) the grant released by them is of recurring nature and the unspent amount of previous year grant is taken into account while releasing the grant for subsequent year. It further stated that out of ₹ 539.56 crore, unspent balance of ₹ 536.87 crore GIA released during the year 2019-20 has been carried forward in the year 2020-21. Besides, it stated that records relating to nine UCs of ₹ 2.69 crore pertaining to 1998-99 shown as outstanding in the Finance Accounts are not readily traceable in the DoHS.

Test check of UCs related records in DoHS revealed the following deficiencies.

- i. The condition no. 6 of sanctions issued for release of GIA stipulates that UCs duly signed by Executive Head of the Organisation/Institution is/are to be submitted within the prescribed time.

Audit however noted that two entities² had submitted the UCs for the years 2018-19 and 2019-20, signed by their respective Chartered Accountants. (CAs).

- ii. Rule 230(7) of GFR 2017 stipulates that when recurring GIA is sanctioned to the same Institution or Organisation for the same purpose, the unspent balance of the previous Grant should be taken into account in sanctioning the subsequent grant.

Audit noted that unspent balance of previous year grant (2018-19) amounting to ₹ 8.88 crore in respect of Institute of Human Behaviour and Allied Sciences (IHBAS) was not adjusted at the time of releasing GIA for the year 2019-20 in violation of the rules. Similarly, unspent balance of the previous year grant (2018-19) amounting to ₹ 20.03 crore in respect of Institute of Liver and Biliary Sciences (ILBS) was also not adjusted at the time of releasing GIA for the year 2019-20.

- iii. Rule 238(1) of GFR stipulates that UCs should be submitted in Form GFR 12-A by the grantee.

Audit noted that UCs furnished for the years 2018-19 and 2019-20 by Indraprastha Vyavsayik Paryavarneeya Swasthya Samiti (IVPSS), Rajiv Gandhi Super Specialty Hospital, South Delhi Municipal Corporation, Centralized Accident and Trauma Services, etc., were not in prescribed format.

4.2.2 Delhi Cantonment Board

Finance Accounts, for the year 2020-21 shows 69 outstanding UCs of ₹ 41.02 crore pertaining to Delhi Cantonment Board (DCB) for the period 1994-95 to 1998-99, 2000-01 to 2001-02, 2008-09 and 2015-16.

Audit noted (September 2021) that there was variation in the data of outstanding UCs shown in the Finance Accounts and as per the records of the DCB. DCB stated that there was no pendency of UCs in its records and the data of 69 UCs of ₹ 41.02 crore may be treated as nil.

Thus, the difference of 69 UCs of ₹ 41.02 crore as per figures of Finance Accounts and DCB records, remained unreconciled.

Besides, it also shows that, there is no coordination between Finance Department, GNCTD and the DCB due to which amount has been shown outstanding in the Finance Accounts while DCB is claiming that there is no pending UCs against the GIA issued.

² Indraprastha Vyavsayik Paryavarneeya Swasthya Samiti (IVPSS) and Rajiv Gandhi Super Specialty Hospital

4.2.3 New Delhi Municipal Council (NDMC)

The NDMC has been receiving Grants-in-aid (GIA) for different purposes from GNCTD and it further distributes GIA to its subordinate branches. As per Finance Accounts 23 UCs of ₹ 654.31 crore were reported to be outstanding for the year ended 31 March 2021.

However, Audit noted that the subordinate branches of NDMC were sending UCs directly to the grant sanctioning authority and NDMC was not maintaining records/files relating to GIA received and UCs furnished by its subordinate branches to various departments from which grant were received. In the absence of proper mechanism to monitor GIA received and UCs forwarded to the GNCTD, the figures could not be verified in audit.

NDMC stated (September 2021) that information will be collected from various departments of NDMC in respect of UCs and the compiled report will be provided to Audit, but their reply was awaited (December 2021).

4.2.4 Department of Tourism (DoT)

Finance Account for the year 2020-21 shows 16 outstanding UCs of ₹ 73.88 crore pertaining to DoT for the period 2001-02 to 2013-14.

DoT (September 2021) provided records in respect of outstanding UCs only for the period 2011-12 to 2013-14. It also added that the department is in touch with Delhi Tourism and Transportation Development Corporation Limited, and Delhi Institute of Hotel Management and Catering Technology for pending information for the rest of the period. The information will be provided as it receives the same.

Audit further noted that as per Finance Accounts, UCs of ₹ 33.67 crore were outstanding for the year 2011-12 to 2013-14, while as per the information provided by the DoT, UCs of ₹ 47.90 crore were outstanding, leaving difference of ₹ 14.23 crore, unreconciled.

4.3 Abstract Contingent bills

The drawal of contingent charges on items of expenditure by a State Government, for which final classification and supporting vouchers are not available at the time of drawl, are made on Abstract Contingent (AC) bills. Initially made as advance, its subsequent adjustments are ensured through submission of Detailed Contingent (DC) bills within a stipulated period of drawl of AC bills. DC bills consists of abstract expenditure along with sub-vouchers for the amount drawn through AC bills. Drawing and Disbursing Officers are required to present Detailed Countersigned Contingent (DCC) bills duly countersigned by the Controlling Officers in all these cases within the prescribed period.

Rule 118 of the Receipt and Payment Rules stipulates that a certificate shall be attached to every AC bill to the effect that the DCC bills have been submitted to the Controlling Officer in respect of AC bills drawn during the month previous to that in which the bill in question is presented for payment. Thus, money drawn on AC bills should be adjusted within a period of one month from the date of drawl by submission of DCC bill. On no account should an AC bill be adjusted without this certificate.

Year-wise progress in submission of DCC bills against the AC bills is detailed in **Table 4.2** and **Chart 4.2**:

Table 4.2: Year wise progress in submission of DCC bills against the AC bills

(₹ in crore)

Year	Opening balance		Clearance during the F.Y. 2020-21		Closing balance as on 31 March 2021	
	No.	Amount	No.	Amount	No.	Amount
Upto 2017-18	4136	281.88	147	11.74	3989	270.14
2018-19	359	226.32	78	90.17	281	136.15
2019-20	730	266.27	371	202.98	359	63.29
Upto 2019-20	5225	774.47	596	304.89	4629	469.58
2020-21 [#]	704	291.81	397	26.29	307	265.52
Total			993	331.18	4936	735.10

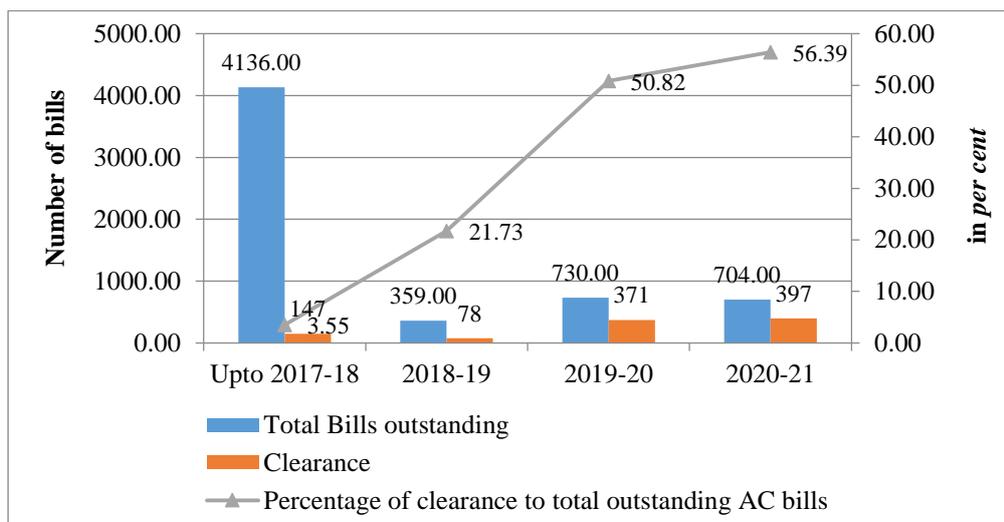
Represents total fresh AC bills drawn during the year 2020-21.

Source: Principal Accounts Office, GNCTD

57 Government Departments did not submit 307 DC bills amounting to ₹ 265.52 crore before closing of the accounts for the financial year 2020-21, and therefore, there was no assurance that the expenditure of ₹ 265.52 crore has actually been incurred during the financial year for the purpose for which it was authorised by the legislature. Moreover, from the table it can also be seen that a total of 4,936 AC bills involving ₹ 735.10 crore were outstanding as of March 2021.

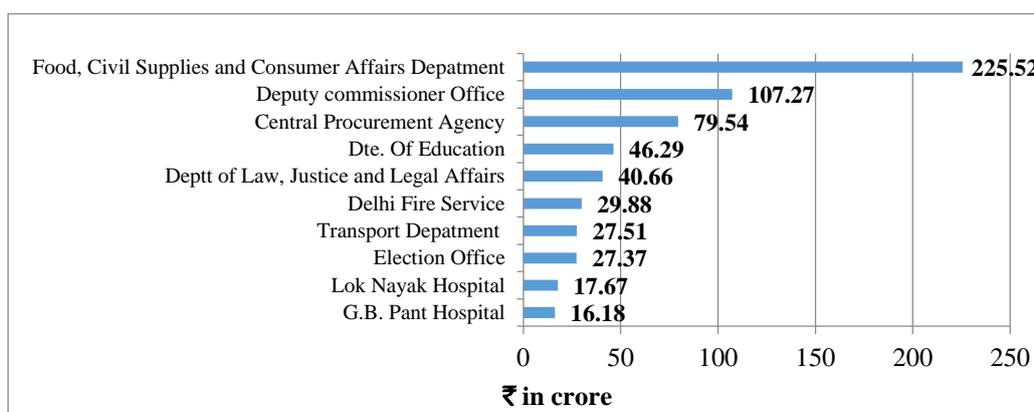
Against AC bills of ₹ 291.81 crore during 2020-21 an amount of ₹ 8.05 crore (2.76 per cent) pertains to March 2021.

Advances drawn and not accounted for increases the possibility of wastage/misappropriation/malfeasance, etc. Non-submission of DCC bills by different Departments within prescribed time, after drawl of AC Bills, could not ensure that funds had been utilised for the purpose for which these were drawn. This, therefore, needs to be monitored closely. The trends of clearance of AC bill is given in **Chart 4.2**:

Chart 4.2: Trend of clearance of AC bills

It can be seen from the chart that clearance of outstanding AC bills for the years 2017-18 to 2020-21 showed an increasing trend from 3.55 *per cent* to 56.39 *per cent* in 2020-21.

The details of pending DCC bills in respect of major departments are given in **Chart 4.3:**

Chart 4.3: Pending DCC bills in respect of major Departments

Source: Finance Accounts of GNCTD for the year 2020-21

The Principal Accounts Office stated (November 2021) that Pay and Accounts Offices have requested the concerned Departments to submit the DCC bills to clear the outstanding AC bills from time to time. There is no failure on the part of PAOs/Pr.AO in this regard. The delay is attributable to the departmental authorities whose responsibility is to settle the advances as per GFR.

However, the reply is not satisfactory as the PAOs are not pursuing with the departments for the timely submission of DCC bills as per Rule 118 of the Receipt and Payment Rules. It also indicates that Finance Department does not have any monitoring mechanism to ensure the compliance of the PAOs requests.

To verify the facts and figures contained in the Finance Accounts relating to pending DCC bills, five Departments/Institutions viz; Central Procurement Agency, Department of Law Justice and Legal Affairs, District Magistrate (Dy. Commissioner) North District, Directorate of Education and Department of Food Supplies and Consumer Affairs were selected for detailed audit.

Department wise major observation are discussed in the subsequent paras.

4.3.1 Central Procurement Agency (CPA)

(i) AC bills drawn for creation of capital assets

As per Rule 96 of Receipt and Payment Rules, 1983, the term ‘contingent charges’ or ‘contingencies’ means and includes all incidental and other expenses (including on stores) which are incurred for the management of an office as an office or for the working of technical establishment such as laboratory, workshop, industrial installation, store depot and the like but other than expenditure which has been specifically classified as falling under some other head of expenditure e.g. ‘works’, ‘tools and plants’.

Audit noted that AC bills were drawn for creation of capital assets during 2015-16 to 2020-21 as given in the **Table 4.3:**

Table 4.3: AC bills drawn for creation of Capital assets

Year	Total no. of AC bills drawn during the year	No. of AC bills drawn for creation of capital assets	Amount of AC bills drawn for creation of capital assets (₹ in crore)
2015-16	01	01	9.38
2016-17	04	04	8.18
2017-18	06	06	24.38
2018-19	07	05	29.66
2019-20	11	02	1.43
2020-21	4	0	-
Total	33	18	73.03

(ii) Pendency of DCC bills

Records of CPA revealed that 33 AC bills of ₹ 86.12 crore were drawn between 2015-16 to 2020-21, and out of these 33 AC bills only 13 bills have been settled till 31.08.2021. 20 AC bills of ₹ 78.98 crore were outstanding since 31.03.2016 for want of DCC bills. The reasons for pendency of these AC bills were awaiting receipt of bills and other documents from the consignee/firm and non-receipt of balance amount left with the bank.

(iii) Delay in submission of DCC bills

Audit noted that there was delay of 6.5 and 37 months in submission of DCC bills. Audit also noted that no efforts were made by CPA to settle outstanding AC bills prior to July 2020 as no correspondence in this regard was available in the records.

4.3.2 Department of Law Justice and Legal Affairs

(i) Lack of adjustment of pending AC Bill ₹ 40.61 crore due to matter being sub-judice in the High Court of Delhi:

The Council of Ministers approved a scheme on 18 December 2019 vide Cabinet Decision No. 2794 titled 'Chief Minister Advocate Welfare Scheme' for advocates (Scheme) who are enrolled on the Bar Council of Delhi (BCD) and are also in the voters list of Delhi. Budget amounting to ₹ 50 crore was made during 2020-21.

As per extant procedure expenditure through AC Bills should be done only for meeting contingent expenditure and not carrying out planned activities. Audit noted that Department had drawn two AC bills (i) of ₹ 30.53 crore for advance payment of premium to New India Assurance Co. Ltd for providing Group (Medi-claim) Insurance Coverage to advocates and their family members and (ii) of ₹ 10.08 crore to Life Insurance Corporation of India for providing Group (Term) Life Insurance to advocates in November 2020.

Writ petition was filed before the High Court of Delhi in connection with implementation of the scheme. As per records, the matter was pending in the High Court of Delhi due to which, the amount of ₹ 40.61 crore, raised through AC Bills, could not be settled.

(ii) Lack of reconciliation of AC bills of ₹ 0.04 crore

As per Finance Accounts AC bills of ₹ 40.66 crore were pending against Department on 31 March 2021. However, as per Department records, the pending AC Bills as on 31 March 2021 was ₹ 40.62 crore. Therefore, the difference of ₹ 0.04 crore needs reconciliation.

4.3.3 District Magistrate (Dy. Commissioner), North District

(i) As per Rule 110 of Receipt and Payment Rules, 1983 a register of contingent expenditure shall be kept in form GAR 27 by office and the initials of the head of the office, or of a gazetted officer to whom this duty has been delegated by the head of the office, shall be entered against the date of payment of each item.

Audit noted that Office of the DC (North), was not maintaining records relating to contingent expenditure in Form GAR 27 and was using a simple register for the same.

(ii) As per Rule 118 of Receipt and Payment Rules, 1983 a certificate should be attached to every AC bill to the effect that the detailed contingent bill have been submitted to the controlling officer in respect of AC bills drawn during the month previous to that in which the bill in question is presented for payment. On no account, an AC bill is adjusted without this certificate.

Audit noted that no such certificate was attached with AC bills of DC (North).

- (iii) Audit noted that AC bill of ₹ 0.25 crore was drawn (December 2019) in favor of DTTDC for creation of capital assets viz., Construction of boundary wall of SR office, Bhalswa under the head MH 4059 -Capital outlay in public works during 2019-20.
- (iv) Audit noted that there were significant delays in submission of DC bills in respect of cases of ₹ 20,000 drawn for purchase of wall calendars, notebooks and diaries adjusted after 55 months and AC bills of ₹ 20,500 adjusted after 18 months against cancelled cheque while DC bill was not submitted (December 2021) against the AC bill of ₹ 12.12 lakh drawn in 2017-18.

4.3.4 Directorate of Education

- (i) As per Finance Accounts AC bills of ₹ 46.29 crore were outstanding with the Directorate of Education as on 31 March 2021 for submission of DCC bills.

Audit noted that advance of ₹ 9.10 crore given vide AC bill no. 2641/28.03.2008 for the purchase of 1820 Multimedia projector for school were lying outstanding for the want of original bills though the Utilisation Certificate had already been provided by the Government Agency EdCIL. In respect of advance of ₹ 14.91 crore DoE stated (November 2021) that it is in the process of settlement. The DoE did not furnish the status of outstanding AC bill of remaining amount of ₹ 22.28 crore.

- (ii) **AC bills drawn for creation of capital assets**

Audit noted that two AC bills were drawn for the creation of capital assets in 2019-20 and 2020-21 amounting to ₹ 77.98 lakh and ₹ 2.50 crore respectively in violation of Section III, Rule 96 of the Receipt and Payment Rules, 1983.

4.3.5 Department of Food, Supplies and Consumer Affairs

- (i) **Difference of ₹ 0.43 crore between the data of Finance Accounts and Department**

As per Finance Accounts, AC bills of ₹ 225.52 crore were outstanding as on 31 March 2021 while as per information provided by the Department, the AC bills of ₹ 225.09 crore were outstanding leaving a difference of ₹ 0.43 crore as on 31 March 2021, which needs reconciliation.

Audit noted that AC bill of ₹ 225.24 crore in respect of Department and AC bill of ₹ 0.06 crore in respect its eight branch offices drawn in connection with

payments related to Annshri Yojana, Food Corporation of India, etc., were outstanding. Besides, AC bills of ₹ 0.22 crore which were settled by the Department were shown pending at PAOs.

DDO, Department of Food, Supplies and Consumer Affairs stated that outstanding AC bills of ₹ 225.09 crore were pending due to non-submission of vouchers/invoice along with the sanction orders although letters had been written to F&S (Headquarter)/branches offices.

4.3.6 Other common irregularities

In order to avoid delay in disbursement to outsourced staff on contract from Intelligent Communication Systems India Limited (ICSIL³), GNCTD decided (22 March 2016) that individual departments were to provide ICSIL one and half months equivalent wages of outsourced staff (i.e. DEOs and Assistant programmer hired from ICSIL).

Audit noted that advances were drawn by three Departments through AC bill for advance payment to ICSIL for disbursement of one and half months equivalent wages of outsourced staff from ICSIL as per details given below:

Table 4.4: AC bills drawn for advance payment of wages

Sl. No.	Name of the Department	Period for which payment made	Payment made for hiring of	Amount (₹ in crore)
1	Department of Law Justice and Legal Affairs	2016-17 to 2020-21	DEOs and MTS	0.01
2	Directorate of Education	2016-17	DEOs	1.10
3	Department of Food, Supplies and Consumer Affairs	2016-17 to 2017-18	DEOs/Assistant Programmer	0.47
Total				1.58

The AC Bills of ₹ 1.58 crore were pending for their settlement, although, the one and half months advance salary paid to ICSIL should have been adjusted from the succeeding month's salaries payable to outsourced staff from ICSIL.

4.4 Personal Deposit Accounts

Rule 191 read with Rule 191(3) of the Receipt and Payment Rules, 1983 stipulates that Personal Deposit Accounts (PDAs) are generally authorised to be opened under special order to the Ministry/Department concerned in consultation with the Controller General of Accounts (CGA) in the following types of cases:

- In favour of an administrator appointed for the purpose of administering money tendered by or on behalf of ward and attached estates and estates

³ A joint venture of Telecommunication Consultant India Limited and DSIIDC.

- under Government management. These PDAs do not lapse to Government as per Rule 192(1), even if outstanding for more than three completed years;
- b) In relation to Civil and Criminal Courts deposits, in favour of the Chief judicial authority concerned and these PDAs will not lapse as per Rule 192(2);
- c) Where, under certain regulatory activities of the Government, receipts are realised and credited to a Fund or Account under the provisions of an Act to be utilised towards expenditure thereunder and no outgo from the Consolidated Fund is involved. These PDAs will not lapse to Government until the provisions of the relevant Act are in force.

The details of PDAs in GNCTD as on 31 March 2021 are given in **Table 4.5:**

Table 4.5: Details of PDAs as on 31 March 2021

PDAs as on 01.04.2020		PDAs opened during the year 2020-21		PDAs closed during the year 2020-21		Closing balance	
Number	Amount (₹ in crore)	Number	Amount (₹ in crore)	Number	Amount (₹ in crore)	Number	Amount (₹ in crore)
12	54.65	nil	nil	nil	nil	12	47.37

Source: Principal Accounts Office, GNCTD

The Principal Accounts Office, GNCTD, is operating 12 PDAs with the prior approval of the CGA, Ministry of Finance, Government of India. The purpose of opening these PDAs was to deposit receipts of compensation received from the land requisitioning authorities (DDA, etc.), for payment to land owners for land acquisitions through land acquisitions collectors, security charges, fees of election petitions, civil deposits, criminal deposits and rent of litigants as per order of court, etc., and no outgo from Consolidated Fund is involved.

As on 31 March 2021, there was a total of ₹ 47.37 crore in these 12 PDAs which are not lapsable.

Analysis of PD Accounts

(i) Rule 191 and rule 192 of the Receipt and Payment Rules, 1983 stipulate *inter alia* that every Personal deposit account so authorised to be opened, will form part of the Government Account and be located in the Public Account portion and that if a personal deposit account is not operated upon for a considerable period and there is reason to believe that the need for the deposit account has ceased, the same should be closed in consultation with the officer in whose favour the deposit account has been opened.

However, Audit noted that Directorate of Training and Technical Education was having a closing balance of ₹ 4.43 lakh as on 31.03.2021 in its PD Account which was inoperative after 31.07.2017. The amount could not be returned to National Project Implementation Unit (NPIU) due to lockdown.

The Principal Accounts Office stated (December 2021) that Department of Training and Technical Education has obtained the approval of Competent Authority to refund the balance amount of ₹ 4.43 lakh and it will refund the unspent balance at the earliest to close the PD Account.

(ii) Land and Building Department

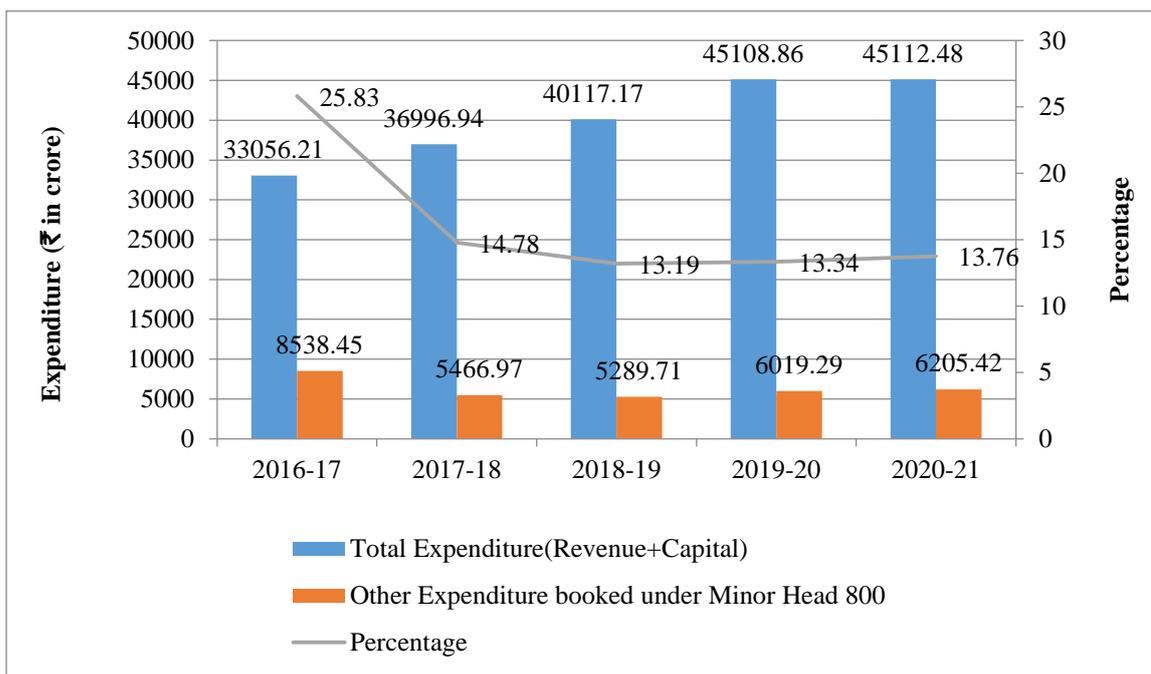
(a) Department of Land and Building, GNCTD has one Personal Deposit Account in favour of Housing Commissioner, Delhi Administration for the purpose of receiving and making payment in connection with scheme for large scale acquisition, development and disposal of land in Delhi. It receives money from agencies such as DDA, PWD, NDMC, DMRC, MCD, Rural Development, etc. Audit noted that ₹ 15.77 crore was disbursed from this account during 2020-21 leaving an undisbursed closing balance of ₹ 42.52 crore as on 31 March 2021. Out of ₹ 42.52 crore, ₹ 8.71 crore, ₹ 2.70 crore, ₹ 3.08 crore and ₹ 3.51 crore pertained to advances from Urban Development Department, Jamia Milia Islamia University, Land Acquisition Collectors (LAC) West and LAC South West respectively.

The Land and Building Department stated (September 2021) that amount could not be disbursed due to lack of receipt of requisite clarification/ information from the LACs/Agencies and pending court cases in the ADJ Courts/ High Court / Supreme Court. It further added that sincere efforts are being made for seeking requisite information/clarification from the concerned LACs/Agencies by issuing request letter, reminders and DO letters from the Secretary/Special Secretary/ DCA and pending amount would be disbursed very soon.

4.5 Indiscriminate use of Minor Head 800

Minor head 800 relating to ‘Other Receipts’ and ‘Other Expenditure’ is intended to be operated only when the appropriate minor head has not been provided in the accounts. 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. Routine operation of minor head 800 is to be discouraged, since it renders the accounts opaque. Trends of amounts booked under minor head 800 – Other expenditure is shown in **Chart 4.4:**

Chart 4.4: Operation of Minor head-Other Expenditure during 2016-2021



Source: Principal Accounts Office, GNCTD

From the graph it can be seen that the percentage of expenditure booked under this head over the total expenditure ranged around 14 *per cent* during the period 2017-18 to 2020-21.

During 2020-21, expenditure of ₹ 6,205.42 crore out of total expenditure of ₹ 45,112.48 crore was classified under the Minor Head of account '800-Other Expenditure' which constituted 13.76 *per cent* of the total expenditure. Expenditure booked under Minor Head '800-Other Expenditure' during 2020-21 is given in **Table 4.6**:

Table 4.6: Significant Expenditure booked under Minor Head –'800 Other Expenditure'

(₹ in crore)

Sl. No.	Major Head	Expenditure booked under Minor Head 800 'other expenditure'	Total expenditure under the Major Head	Percentage of expenditure in Minor Head-800 as compared to Total Expenditure
1.	2404-Dairy Development	11.59	11.59	100.00
2.	2801-Power	2,956.34	2,956.34	100.00
3.	3075-Other transport service	1.18	1.18	100.00
4.	4070-Capital outlay on other Administrative services	30.97	30.97	100.00
5.	4801-Capital outlay on power projects	5.73	5.73	100.00
6.	5475-Capital outlay on other general economic services	1.27	1.27	100.00
7.	4711-Capital Outlay on Flood Control Projects	94.07	102.98	91.34

Sl. No.	Major Head	Expenditure booked under Minor Head 800 'other expenditure'	Total expenditure under the Major Head	Percentage of expenditure in Minor Head-800 as compared to Total Expenditure
8.	3054-Roads and Bridges	369.52	449.50	82.21
9.	4055-Capital outlay on police	2.88	3.57	80.67
10.	2702-Minor Irrigation	14.89	18.57	80.18
11.	2211-Family Welfare	55.00	69.43	79.22
12.	2041-Taxes on Vehicles	94.03	174.90	53.76
13.	2040-Sales Tax	20.77	39.80	52.19
	Total	3,658.24	3,865.83	94.63

During 2020-21, receipts of ₹ 592.04 crore out of the total receipts of ₹ 30,405.00 crore, were classified under the Minor head '800-Other Receipts' which constituted 1.95 per cent of the total receipts. Significant receipts booked under Minor Head '800-Other Receipts' are given in **Table 4.7:**

Table 4.7: Significant Receipts booked under Minor Head-'800-Other Receipts'

(₹ in crore)

Sl. No.	Major Head	Booking under MH 800	Total Receipts	Percentage of Receipts
1	0217-Urban Development	61.69	61.69	100.00
2	0235-Social security and welfare	6.57	6.57	100.00
3	0701-Medium Irrigation	16.43	16.43	100.00
4	0801-Power	33.10	33.10	100.00
5	0059-Public works	41.91	43.26	96.88
6	0230-Labour and employment	4.03	4.22	95.50
7	0070-Other Administrative Services	117.31	137.22	85.49
8	0210-Medical & Public Health	78.35	95.32	82.20
	Total	359.39	397.81	90.34

The issue was also pointed out in earlier Audit Reports on State Finances. However, no corrective action has been taken so far. The Government may carry out a comprehensive review of all items presently appearing under Minor Head 800 and ensure that all such receipts and expenditure are booked appropriately under the correct head of accounts to enhance transparency in financial reporting. Further, GNCTD may, as an interim measure, insert footnotes in the Finance Accounts giving details of expenditure/receipts on significant initiatives merged under the Minor head '800-Other Receipts' on the lines of CGA adopted for Union Accounts.

The Principal Accounts Office stated (November 2021) that matter has been referred to Finance Department and on receipt of their reply, the same will be provided.

4.6 Submission of Accounts/Separate Audit Reports of Autonomous Bodies

The audit of 12 bodies/authorities has been entrusted to the CAG under Sections 19 and 20 of the CAG's (Duties, Powers and Conditions of Service) Act, 1971.

The annual accounts of 11 bodies/authorities due up to 2020-21 had not been received as of September 2021 in the office of the Principal Accountant General (Audit), Delhi. The details of these outstanding accounts are given in **Table 4.8:**

Table 4.8: Details of Outstanding Accounts as on 30 September 2021

Sl. No.	Name of Body or Authority	Accounts pending since	No. of accounts in arrears as on 30.09.2021
1	Delhi Urban Shelter Improvement Board (DUSIB)	2010-11	11
2	Delhi Jal Board (DJB)	2015-16	6
3	Delhi Kalyan Samiti	2020-21	1
4	Delhi Legal Services Authority	2019-20	2
5	Netaji Subhash University of Technology	2019-20	2
6	Ambedkar University	2020-21	1
7	Guru Govind Singh Indraprastha University	2020-21	1
8	Delhi Technological University	2020-21	1
9	Indira Gandhi Delhi Technical University for Women	2018-19	3
10	Indraprastha Institute of Information and Technology Delhi	2020-21	1
11	Delhi Building and Other Construction Workers Welfare Board	2017-18	4

From the above, it is observed that 33 annual accounts up to the year 2020-21 of 11 bodies/authorities were pending as on 30 September 2021.

In the absence of timely finalisation of annual accounts, investment of the Government remains outside the scrutiny of Audit/State Legislature. Consequently, corrective measures, if required, for ensuring accountability and improving efficiency cannot be taken in time. Besides, the delays in finalisation of accounts increases the risk of fraud and leakage of public money.

The Government may consider evolving a system to expedite the process of compilation and submission of annual accounts by the bodies/authorities.

4.7 Other inaccuracies in the statements of Finance Accounts

(i) As per 'Section 3-Summary of repayments in arrear from various loanee entities' of Statement No.4 - Loans and Advances given by GNCTD, the earliest period of arrears (principal and interest) has been shown as 1950-51 against Local Bodies, etc., and 1962-63 against Government Corporations, etc., The reasons for the loans in arrears for more than 60 years and the efforts taken for effecting the recoveries was asked from Principal Accounts Office. The Principal Accounts Office stated (November 2021) that the matter has been referred to concerned departments and on the receipt of their replies the same will be provided.

(ii) The cumulative amount of investments to the end of 2020-21 shown under the heads in Statement no.11-Detailed account of capital expenditure during and to the end of the year 2020-21 was not consistent with the amount shown in Statement no.12-Details of Investment of GNCTD in Government Companies and Cooperative Institutions up to the end of 31 March, 2021 as shown in the **Table 4.9**.

Table 4.9: Detail of cumulative amount of investment shown in the Statement no.11 and 12 of Finance Accounts:

(₹ in thousands)

Sl. No.	Major Head	Amount shown under Statement No.11	Amount shown under the Statement No.12	Reasons for difference stated by the GNCTD
1	4216.80.201	300200	302600	Investment adopted from CGA during the year 1994-95.
2	4425.00.107	10940	23038	Investment adopted from CGA during the year 1993-94, investment during 1994-95 and disinvestment during 1995-96 and 2006-07.
3	4425.00.108			
4	4425.00.200			
5	4853.60.190	31800	00	Merger of Delhi State Mineral Development Corporation with Delhi State Industrial Infrastructure Development Corporation in July 2007.
6	5452.80.190	243181	62825	Difference amount pertains to Capital expenditure on account of tourism infrastructure.

The reasons are not satisfactory as the amount under investment heads in Statement-11 should match with the cumulative amount of investments shown in the Statement-12. Efforts may be made to reconcile the figures.

(iii) As per Section 1 of the Statement No.16– Loans and Advances made by GNCTD, the minor heads 201, 202, 203 and 204 below the major head ‘7610-Loans to Govt. servants’ and ‘6401-105-Loans for Crop Husbandry-Manures and Fertilisers’ are continuing to show adverse (minus) balance.

The Principal Accounts Office stated (November 2021) that the concerned PAOs are being directed to identify the misclassification and account for the same in the appropriate head of Account.

(iv) As per disclosure given with Statement no. 16, loans earliest granted by the Government to Delhi Scheduled Caste Financial Development Corporation was ₹ 1356.94 lakh in 1987-88 and ₹ 436.34 lakh in 1998-99 to Delhi State Civil Supply Corporation Limited. Audit observed that after a lapse of nearly 30 years, the terms and conditions of loans are yet to be settled.

The matter was reported to the Finance Department in October 2021 but their reply is still awaited (December 2021).

(v) As per disclosure given with the Statement no. 16 under the head 'Fresh loans and advances made during the year to the loanee entities from whom repayments of loans are in arrears', loans were given to Delhi Jal Board, Delhi Urban Shelter Investment Board and Delhi Khadi and Village Industries Board for water supply, sanitation, construction of houses for weaker section and implementation of scheme. Audit noted that the earlier period in which the loans were given to these agencies ranged between 1998-99 and 2011-12 for which the repayments are yet to be received.

The Finance Department should specify the reasons for disbursing loans to the defaulting entities and efforts made to effect the recoveries.

The matter was reported to the Finance Department in October 2021, their reply is still awaited (December 2021).

4.8 Voucher Audit irregularities

For the audit of vouchers, three Pay and Accounts offices i.e. PAO VI, IX and XII were selected out of a total of 23 PAOs . PAO wise major audit observations are as under:

PAO-VI (Urban Development Department)

(i) Misclassification within object heads under the same section of grant

Rule 8 of Delegation of Financial Power Rules prescribes standard primary units of appropriation with the description/definitions of the purpose of classification of expenditure. It also specifies the object heads and their descriptions specifying the details of expenditures to be booked under a particular Object Head.

During test check of vouchers, Audit noted that 43 cases amounting to ₹ 2.71 crore were booked under incorrect object heads. Specific instances include seven case amounting to ₹ 0.86 crore were to be classified under object head '02-wages' but were wrongly classified under the other object heads- salaries, office expenses and other charges.

(ii) Payment without proper sanctions orders

As per para 4.1.2 of Civil Account Manual, it is the duty of the Pay and Accounts Officer to see that the incurring of expenditure from the Consolidated Fund of India is governed by essential conditions which *inter alia* includes that there exists sanction, either special or general, accorded by the competent authority authorizing expenditure.

However, test check of vouchers revealed the deficiencies in the following vouchers/bills as given in **Table 4.10**:

Table 4.10: Instances where payment was made without sanction orders

Sl. No.	Token No.	Bill No.	Date	Amount (in ₹)	Detail of expenditure	Classified under Object head	Remarks
1	12875	MB-2198	01/02/2021	14,330	Medical Bill	06-Medical treatment	Sanction orders not available
2	13166	CB-760	10/02/2021	1,30,161	Reimbursement of peon cum home orderly allowance	13-Office expenses	Sanction was issued under object head 01-Salary
3	7428	MB-1035	08/10/2020	58,169	Medical Bill	06-Medical treatment	Sanction order not available
4	8675	82	23/11/2020	20,15,000	Release of funds for execution of works under the MLALAD Scheme	53-Major works	Sanction issued for M.H.-4271 instead of M.H.-4217
5	17000	462	28/03/2021	34,59,000	Release of funds for execution of works under the MLALAD Scheme	53-Major works	Sanction issued for M.H.-4271 instead of M.H.-4217

PAO-IX (Department of Education)**(i) Misclassification within object heads under the same section of grant**

Audit noted that in 20 vouchers amount of ₹ 8.66 crore was booked under incorrect object heads in violation of Rule 8 of Delegation of Financial Power Rules.

Specific instances include four cases amounting to ₹ 93.84 lakh, ₹ 7.17 lakh, ₹ 741.23 lakh and ₹ 6.48 lakh were to be classified under object head '01 - Salaries' and '02-Wages' but were wrongly classified under the object heads- 'Wages', 'Salaries' and 'Office expenses'.

(ii) Payment without proper sanctions orders

Test check of vouchers revealed the deficiencies in the following vouchers/bills as given in **Table 4.11**:

Table 4.11: Instances where payment was made without sanction orders

Sl. No.	Token No.	Bill No.	Date	Amount (in ₹)	Detail of expenditure	Classified under object head	Remarks
1	35243	PB-154	04/03/2021	2,84,338	Salary of contractual staff	02- Wages	Sanction orders not available
2	21639	CB-324	18/11/2020	1,97,692	Purchasing of consumable items	21-Supply & material	-do-
3	37396	ACB-1464	18/03/2021	4,50,000	State Teachers Awards Function	05-Rewards	-do-
4	1155	PB-009	09/04/2020	1,52,709	Salary of contractual staff	02- Wages	Income tax not deducted
5	14604	PB-168	17/09/2020	8,27,352	Salary of staff	01-Salaries	Smt. Renu's GPF/NPS not deducted

PAO-XII (Public Works Department)

(i) Booking of expenditure in not existing Sub-Major head/ Minor head by the DDO

Audit noted that various DDOs of Public Works Department are booking their establishment expenditure in 'Sub-Major Head-00/Minor Head-095' which does not exist under the Major Head 2059. As per List of Major and Minor Heads of accounts, Minor Head '095- Directorate of Accounts and Treasuries' is only available under the Major Head '2054- Treasury and Accounts Administration'. Although, the PAO is booking the expenditure in concerned expenditure head but classification in the Vouchers has not been changed. DDOs are continuously submitting the vouchers with the wrong classification and no efforts are being made by the PAO to change the classification in the forthcoming vouchers.

It could not be ascertained in audit, how the monthly accounts have been reconciled, when the DDOs are submitting the vouchers with wrong classification.

Hence, PAO may advise the DDOs to mention proper classification of Head of Account under which expenditure is to be booked in order to rule out any possibility of wrong classification from the respective DDOs.

(ii) Expenditure on salary of Work Charged Staff wrongly booked under Salary head instead of specifically assigned Minor head for work charged staff

Work-charged establishment means that establishment whose pay and allowances etc. are directly chargeable to 'Works'. Work-charged (WC) Staff is employed on the actual execution of a specific work, sub-works of a specific work, etc. The cost of work-charged establishment should invariably be shown as a separate sub-head of the estimate for a work. In other respects, the work-charged staff is comparable to the regular categories

Moreover, List of Major and Minor Heads of accounts (LMMH) provides that Minor head '053- Maintenance and Repairs' are to be divided into the following sub-heads:-

- (i) Work Charged Establishment
- (ii) Other maintenance expenditure

Thus, the expenditure incurred on WC staff should be booked in the Sub-head under the Minor Head – 'Maintenance and Repair 053'.

Audit noted that the salary, bonus, etc., paid to work charged staff (Khalasi, Beldar, etc.) has been booked under the regular salary head by the various DDOs of Public Works Department instead of the sub-head under Minor head '053- Maintenance and Repairs'. Audit also verified from the Compact software of PAO and found that the PAO is also booking such expenditure in regular salary head of account i.e. 2059800018800-01(Object head - Salary).

Thus, it is evident that the expenditure on WC staff is being wrongly classified and booked under the regular salary head. Necessary measures may be taken to rectify the classification.

(iii) Head of account not mentioned in the vouchers submitted by the DDOs

Test check revealed that in four vouchers Head of Account has not been mentioned by the DDOs while submitting them to PAO and these vouchers have been passed by the PAO without raising any objection. Possibility of wrong classification by the DDO could not be ruled out in such cases.

Hence, PAO should instruct the DDOs to mention proper classification of Head of Account under which expenditure is to be booked in order to rule out any possibility of wrong classification from DDOs.

(iv) Declaration regarding 'Admissibility of Bonus' found missing in the vouchers.

As per Annexure to O.M no. 7/24/2007-E-III(A) dated 21.10.2020 issued by Department of expenditure, MoF, GOI, those employees who have completed six months of continuous service and being in service as on 31 March 2020 were eligible for the ad-hoc bonus and there should not be any break in the service during the period in consideration. In this regard the DDO had to attach a declaration with the vouchers relating to the payment of ad-hoc bonus that all the employees to whom the payment of bonus is being made, have completed six months of service and there is no break in the service during the period under consideration.

Test check by Audit revealed that in 16 cases vouchers relating to the payment of ad-hoc bonus, such declaration was not found attached though the payment was made. As a result, Audit could not ascertain whether the employees to whom payment is made, were actually eligible for the ad-hoc bonus or not.

4.9 Recommendations

- (i) The Government should ensure timely submission of utilisation certificates by the departments in respect of the grants released for specific purposes. GNCTD may review pendency of UCs before release of fresh grants or subsidy or any other financial support to defaulting grantees.
- (ii) The Government should carry out adjustment of Abstract Contingent bills within stipulated period, as required under the Rules. GNCTD should fix responsibility of DDOs who have not submitted Detailed Contingency bills for more than a year for advances drawn through AC bills.
- (iii) The Finance Department should conduct a comprehensive review of all items presently appearing under Minor Head 800 and ensure that all such receipts and expenditure are in future booked under the appropriate heads of account.