

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 Collection of Cess/Surcharge

Cess is levied by government for a specific purpose, and the proceeds are required to be kept in a separate fund, with distinct accounting to ensure that it is incurred on the specific purpose. The details of collection of various cess/surcharge and transfer to respective funds is given in the Table 4.1 below:

Table 4.1: Position of collection of cess and transfer to the fund

(₹ in crore)

S. No.	Name of Cess	Opening Balance of un-transferred amount	Cess/Surcharge Collected during the year 2021-22	Total (3+4)	Amount transferred to the fund during 2021-22	Closing Balance of Un-transferred Amount (5-6)
1	2	3	4	5	6	7
1.	Petrol and Diesel cess	4,562.43	1,260.25	5,822.68	2,290.70	3,531.98
2.	Surcharge for conservation and propagation of cow and its progeny	1,115.02	899.56	2,014.58	647.14	1,367.44
3.	Water Conservation cess	934.17	249.19	1,183.36	196.37	986.99
4.	Building and Other Construction Workers' Welfare cess	367.30	500.87	868.17	367.55	500.62
5.	Infrastructure Development cess	691.43	418.57	1,110.00	729.88	380.12
	Total	7,670.35	3,328.44	10,998.79	4,231.64	6,767.15

Source: Finance Accounts, GoR

As seen from the above table, the State Government short transferred ₹6,767.15 crore in five Reserve funds/Deposit funds upto 31 March 2022 in violation of rules. During 2021-22, against the Cess collection in respect of five cess of ₹ 3,328.44 crore, the state Government transferred an amount of ₹ 4,231.64 crore (including a portion of opening balance of ₹ 903.20 crore) resulting in overstatement of Revenue Deficit and Fiscal Deficit by ₹ 903.20 crore. Further, during the current year, the State Government collected ₹ 1,649.62 crore in respect of three out of Five Cess viz., (i) Surcharge for

conservation and propagation of cow and its progeny, (ii) Water conservation Cess and (iii) Building and other construction workers' welfare cess) and transferred only ₹ 1,211.06 crore. This resulted into short transfer of ₹ 438.56 crore in case above three cess resulted in deferring the liability to future years.

4.2 Off Budget Borrowings of the State Government

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 borrowings by the State Government as per the Constitutional provision, 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. Such borrowings are subsequently repaid by the Government and ultimately turn out to be the liability of the State Government. Such borrowings are termed as off budget borrowings as these borrowings are not included in the budget and remain outside legislative control.

Some instances noticed in Rajasthan are discussed below:

(1) The Finance Department, Government of Rajasthan (GoR) informed (June 2022) that since 2011-12, the State Government had given guarantees with respect to loans 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. Out of the guarantee ceiling of ₹ 3,948.66 crore provided by GoR, the Zila Parishads had availed total guarantees of ₹ 3,624.48¹ crore till 2021-22. It was found that the State Government has been repaying the principal and interest against these loans. Audit scrutiny revealed that during 2021-22, ₹ 432.78 crore (₹ 291.97 crore on account of principal and ₹ 140.81 crore as interest) was transferred by GoR in Personal Deposit Accounts of 31 ZPs, for payment of principal and interest on loans raised by them from HUDCO for CMBPL Awas Yojana.

During 2021-22, the opening outstanding balance of off budget borrowing against guarantees was ₹ 1,804.41 crore and out of which ₹ 291.97 crore were cleared, leaving a balance of ₹ 1,512.44 crore outstanding at the end of 2021-22.

(2) Audit also found that the State Government has given guarantee to Rajasthan Minority Finance and Development Co-operative Corporation Limited for repayment of loans obtained from National Minority Finance and Development Corporation. Out of the guarantee ceiling of ₹ 135 crore provided by GoR, the Rajasthan Minority Finance and Development Co-operative Corporation Limited availed total guarantee of ₹ 99.60 crore till 2021-22. During the year, repayment of loan of ₹ 31.13 crore was made leaving a balance of ₹ 68.47 crore. The Corporation intimated (13 September 2022) that ₹ 30.00 crore had been received as Grant in Aid from the State Government for repayment of loans and remaining loan has been repaid from its own sources.

Year-wise position of outstanding balances of off budget borrowing trend with GSDP is shown in table below:

1. 2011-12: ₹945.37 crore, 2012-13: ₹840.19 crore, 2013-14: ₹958.51 crore, 2014-15: ₹600.64 crore, 2015-16: ₹160.52 crore, 2016-17: ₹61.34 crore, 2017-18: ₹6.34 crore, 2018-19: ₹1.16 crore, 2019-20: 'Nil', 2020-21: ₹50.41 crore and 2021-22: 'Nil' (no guarantee was availed during 2021-22)

Table 4.2: Trend of off budget borrowings

(₹ in crore)				
S. No	Year	Amount	GSDP	per cent of GSDP
1.	2019-20	2,901.54	9,99,050	0.29
2.	2020-21	1,804.41	10,13,323	0.18
3.	2021-22	1580.91*	11,96,137	0.13

* (i) 'Various *Zila Parishads*' on behalf of the State Government where the principal and interest are to be serviced out of the State budget: ₹1,512.44 crore; and (ii) Rajasthan Minority Finance and Development Co-operative Corporation Limited: ₹68.47 crore.

From the table, it can be seen that the outstanding off budget borrowings are 0.13 per cent of GSDP (₹ 11,96,137 crore) at the end of March 2022.

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 money realised or realisable under the Act and all money otherwise received by the PRI, such as grants received from Central Finance Commission and State Government as part of the State Finance Commission award and its own revenue, which includes tax and non-tax receipt of a panchayat. Similarly, Section 79 of Rajasthan Municipal Act 2009 envisages that the Municipal Fund is to be held by the Municipality. All money realised or realisable under this act and all money otherwise received by the Municipality are kept in the Municipal Fund under the Major Head 8448- Deposits of Local Funds-102-Municipal Funds.

The position of local funds of PRIs and Municipal fund as on 31 March 2022 for the last five years is given in the following **Table 4.3**.

Table 4.3: Deposit of Local Funds

(₹ in crore)						
S. No.	Name of Funds	Year	Opening Balance	Receipt	Expenditure	Closing Balance
1	Zila Parishad Fund (8448-109-03)	2017-18	1,683.32	2,220.82	2,032.13	1,872.01
		2018-19	1,872.01	1,781.83	2,144.98	1,508.86
		2019-20	1,508.86	1,198.28	1,407.07	1,300.07
		2020-21	1,300.07	1,318.54	1,128.13	1,490.48
		2021-22	1,490.48	2,327.99	1,951.25	1,867.22
2	Panchayat Samiti Fund (8448-109-02)	2017-18	1,280.05	1,599.99	1,430.26	1,449.78
		2018-19	1,449.78	1,776.44	1,762.27	1,463.95
		2019-20	1,463.95	3,205.03	3,496.43	1,172.55
		2020-21	1,172.55	1,797.45	1,545.79	1,424.21
		2021-22	1,424.21	2,640.36	2,210.78	1,853.79
3	Municipal Fund (8448-102)	2017-18	1,418.12	2,351.12	2,117.23	1,652.01
		2018-19	1,652.01	2,527.25	2,775.08	1,404.17
		2019-20	1,404.17	2,874.08	2,835.52	1,442.73
		2020-21	1,442.73	4,591.66	3,614.48	2,419.91
		2021-22	2,419.91	4,662.10	4,492.33	2,589.68

Source: Finance Accounts and information provided by Office of the AG (A&E).

It was observed that during 2017-22, huge balances were lying in ZP fund, PS funds and Municipal Fund pending utilisation. The closing balance in these funds during 2021-22 was ₹ 1,867.22 crore, ₹ 1,853.79 crore and ₹ 2,589.68 crore respectively.

4.4 Delay in submission of Utilisation Certificates

Rule 68(i) of General Financial and Accounts Rules (GF&AR), 2012 prescribes that all financial sanctions if issued by Administrative Department within its own financial power shall be communicated directly to the Accountant General by specifying the powers under which the same has been issued. Rules 284 & 286 of General Financial and Accounts Rules (GF&AR), 2012 prescribe that Utilisation Certificates (UCs) of grants provided for a specific purpose should be obtained by the departmental officers from the grantees and after verification should be forwarded to the Accountant General (A&E) within one year from the date of their sanction unless specified otherwise. In Rajasthan, the Grant-in-Aid (GIA) by the State Government is divided in three object heads (i) 12-Grant-in-Aid (non-salary); (ii) 92-Grant-in-Aid (salary) and (ii) 93-Grant-in-Aid for creation of Capital Assets.

During the year 2020-21, Government of Rajasthan released GIA of ₹ 39,744.68 crore, of which ₹ 34,071.30 crore were released under object head 12 (Grant-in-aid non-salary) and ₹ 989.72 crore under object head 93 (Grant-in-Aid for creation of Capital Assets).

Audit scrutiny revealed that various departments did not submit 770 UCs aggregating to ₹1,833.21 crore pertaining to the period 2010-11 to 2020-21 to the office of the AG (A&E) as on 31 March 2022. Out of the total outstanding UCs, 336 UCs amounting to ₹ 504.84 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.

Table 4.4: Age-wise position of UCs

(₹ in crore)

S. No.	Year	Opening Balance		Addition of pending UCs during the year		Clearance during the year		Due for submission	
		Number	Amount	Number	Amount	Number	Amount	Number	Amount
1.	2019-20	195	5.98	808	970.43	233	35.80	770	940.61
2.	2020-21	770	940.61	1,364	2,392.01	1297	1,219.17	837	2,113.45
3.	2021-22	837	2,113.45	962	3,634.38	1029	3,914.62	770	1,833.21

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

Table 4.5: Year-wise break up of outstanding UCs

(₹ in crore)

S.No.	Year*	Number of UCs	Amount
1.	2011-12	5	0.03
2.	2012-13	5	0.04
3.	2013-14	6	0.03
4.	2017-18	7	0.04
5.	2018-19	87	2.00
6.	2019-20	19	6.28
7.	2020-21	69	269.75
8.	2021-22	572	1,555.04
	Total	770	1,833.21

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

*The year here relates to 'Due year' i.e. after 12 months of actual drawal.

As per information provided by the office of the AG (A&E), out of the pending 770 UCs till March 2022, 528 UCs have been received by September 2022 from various departments. Almost 98.60 per cent of the amount of outstanding UCs pertained to Education Department (47 UCs: ₹ 375.41 crore), Animal Husbandry Department, (8 - UCs: ₹ 102.39 crore), Urban Local Bodies (14 UCs: ₹ 69.71 crore) and Medical and Public Health Department (19 UCs: ₹ 62.22 crore). The Department-wise break up of outstanding 242 UCs as on 30 September 2022 is summarized below in Table 4.6.

Table 4.6: Department-wise position of outstanding UCs

(₹ in crore)			
S.No.	Name of the Department/Head	No. of UCs	Amount
1.	Education	47	375.41
2.	Animal Husbandry	8	102.39
3.	Panchayati Raj	15	3.62
4.	Sports & Youth Affairs	3	0.26
5.	Medical and Public Health	19	62.22
6.	Urban Local Bodies	14	69.71
7.	Art and Culture	16	0.96
8.	Science and Technology	119	3.30
9.	Devasthan	1	0.50
	Total	242	618.37

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

The Science and Technology Department intimated (June 2022) that efforts are being made to obtain UCs of outstanding amount from subordinate offices and new grants had not been released to 145 institutions where UCs were pending. Reply on outstanding UCs related to other departments is awaited (October 2022).

According to the information collected from the Departments by Audit, UCs for the GIA received under various schemes during the period 2015-16 to 2021-22 were pending from some of the departments. The department-wise status of outstanding UCs is summarized below in Table 4.7.

Table 4.7: Details of outstanding UCs from Departments

(₹ in crore)							
S. No.	Name of Department	Period	Scheme	Grant-in-aid released	UCs received against Expenditure	Outstanding UCs	
1.	Local Self Government	2015-16 to 2020-21	Basic grants under V th SFC	4,332.83	3,013.47	1,319.36	
			Performance grants under V th SFC	142.46	52.67	89.79	
			Basic grants under XIV th FC	3,610.51	2,691.29	919.22	
			Performance grants under XIV th FC	378.65	222.08	156.57	
			PM Aawas Yojana (Urban)	229.19	189.58	39.61	
		Total (A)			8,693.64	6,169.09	2,524.55
		2014-15 to 2021-22	Deendayal Antyodaya Yojna - National Urban Livelihood Mission	137.65	-	137.65	
		Total (B)			137.65	-	137.65
Total (A+B)			8,831.29	6,169.09	2,662.20		
2.	Panchayati Raj	2015-16 to 2018-19	SFC-V	9,106.00	8,180.96	925.04	
			XIV th FC	7,921.98	7,464.18	457.80	
		Total					1,382.84
		Grand Total					4,045.04

Source: Information provided by the concerned departments.

As can be seen from the above table, in addition to the outstanding UCs for ₹ 618.37 crore depicted in Tables 4.6, UCs for ₹ 4,045.04 crore were also outstanding.

However, this information was not available with the office of the AG (A&E) as the departments did not provide the required information regarding sanctions and UCs to AG (A&E) in contravention of provisions of rules 68 (i), 284 and 286 of GF&ARs. The pendency also reflects inadequate financial reporting as huge amount of grants provided for implementation of the programmes have been parked with the departments and have not been properly reported and accounted for.

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. Finance Department intimated (October 2022) that directions have been issued to all the concerned departments to furnish the UCs expeditiously.

4.4.1 Recording of Grantee Institution as 'Others'

Regulation 88 of the Regulations on Audit and Accounts (Amendment) 2020 provides that Governments and Heads of the Departments which sanction grants and/or loans to the bodies or authorities shall furnish to the audit office by end of July every year a statement of such bodies and authorities to which grants and/or loans aggregating ₹ 10 lakh or more were paid during the preceding year indicating (a) the amount of assistance; (b) the purpose for which the assistance was sanctioned; and (c) the total expenditure of the body or authority.

The State Government sanctions GIA to various bodies and authorities. It is essential that the Government provides the details and nature of the Grantee Institution to which it is providing funds in the interest of transparency of accounts.

As per Finance Accounts 2021-22 of GoR, GIA constituted 20.94 *per cent* of the total expenditure of the State and during the year, out of the total GIA of ₹49,126.65 crore, an amount of ₹14,537.75 crore (29.59 *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	2017-18	2018-19	2019-20	2020-21	2021-22
1.	Total grant	34,985.10	34,862.21	41,024.82	39,744.68	49,126.65
2.	Others	9,761.88	10,025.04	10,222.30	12,431.88	14,537.75
3.	Percentage of 'Others' to Total grant	27.90	28.76	24.92	31.28	29.59
4.	Total Expenditure of State	1,67,799	1,87,524	1,93,458	1,94,071	2,34,563
5.	Percentage of total grant to total expenditure of State	20.85	18.59	21.21	20.48	20.94

Source: Finance Accounts.

The above table indicates that the percentage of total grants to total expenditure ranged from 18.59 *per cent* to 21.21 *per cent* during the period 2017-18 to 2021-22. Further, grant given to 'Others' ranged between 24.92 *per cent* to 31.28 *per cent* of the total GIA during the period 2017-18 to 2021-22. Thus, GIA to Institutions of the type 'Others' constitutes a significant portion of the total grants and total expenditure of the State. The absence of details of grantees adversely affects the transparency of accounts and monitoring of UCs against these GIA.

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 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. Rule 220(1) further provides for submission of DC bills not later than a period of three months² from the drawal of funds through AC bills.

Audit observed that the State Government did not furnish DC bills in respect of 89 AC bills amounting to ₹ 33.19 crore, as on 30 June 2022 as per details given in Table 4.9 below:

Table 4.9: year-wise progress in submission of DC bills against AC bills

Year	Opening balance		Addition		Clearance		Closing balance	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Upto 2020-21	202	55.49	407	34.63	492	58.75	117	31.37
2021-22	117	31.37	505	58.50	533	56.68	89	33.19

Source-Finance accounts

Out of 89 pending DC bills till June 2022, 58 DC bills have been received by September 2022 from various departments. Age-wise details of the 31 outstanding DC bills are given in the following Table 4.10.

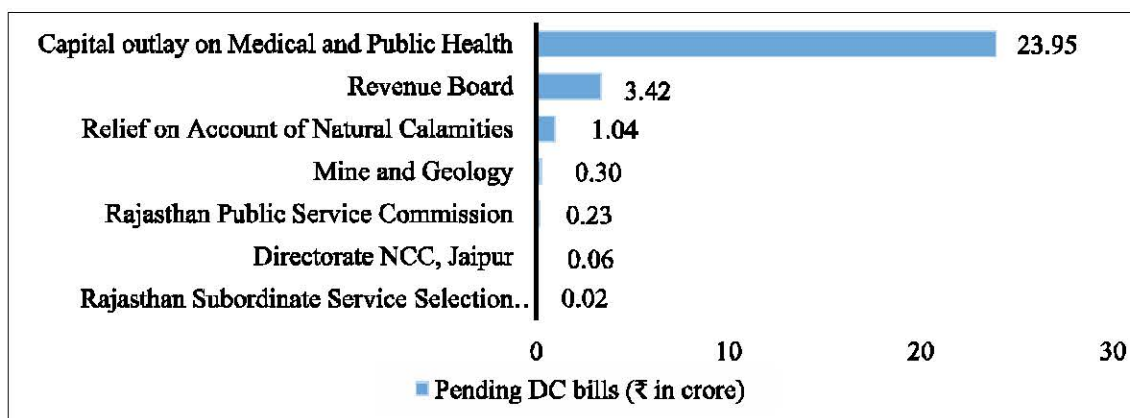
Table 4.10: Age-wise position of pending DC bills

S.No.	Age	No. of pending DC bills	Amount
			(₹ in crore)
1.	Between 20 years to 32 years	4	0.01
2.	Between 11 years to 15 years	1	2.92
3.	Between 5 years to 10 years	2	1.06
4.	Between 1 year to 5 years	3	8.34
5.	Between 0 to 1 year	21	16.71
	Total	31	29.04

As is evident from the table above, 5 bills amounting to ₹ 2.93 crore were pending from 11 to 32 years and 5 bills amounting to ₹ 9.40 crore were pending from one to 10 years.

Major Head wise details of pending AC bills as well as amount outstanding for the period upto September 2022 are presented in the following Chart 4.1 and detailed in Appendix 4.1.

² Except in case of purchase of machinery/equipment 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 funds through AC bills.

Chart 4.1: Department/Head wise position of pending DC Bills**(i) Non-submission of DC bills**

Audit noticed that 10 AC bills drawn up to March 2021 remained unadjusted despite lapse of period ranging from 1 to 32 years

(ii) Delay in submission of Detailed Contingent Bills

Rule 8(2) of 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.

Audit noticed significant delays in furnishing DC bills in 311 cases during the year 2021-22 (upto June 2022) in contravention of Rule 220 (1) of GF&AR. Some cases involving significant delays are given in Table 4.11.

Table 4.11: Quantum of delay in submission of DC bills

S. No.	Name of office	No. of DC bills submitted with delay	Period of delay (in months)
1.	Principal and Additional Principal, SP Medical College, Bikaner	1	33
2.	NCC Directorate, Jaipur	2	20 to 28
3.	Revenue Board, Ajmer	1	12
4.	Commissioner, Industry Department, Jaipur	3	6 to 11
5.	State Election Commission, Jaipur	4	6 to 9
6.	Public Works Department (Building and Road),	1	6
7.	Director General of Police, Jaipur	8	33 to 76
	Total	20	

As can be seen from the table above, there were delays ranging from 6 months to 76 months in submission of DC bills, which indicates that funds were drawn without requirement for immediate payment.

Further, it was noticed in many cases that significant/ entire amount ranging from 40.29 per cent to 100 per cent was deposited back by challans while submitting DC bills. Details are given in the following Table 4.12.

Table 4.12: Details of AC bills with significant amount deposited back

(Amount in ₹)

S. No.	Head	AC Bill No	AC Bill Date	AC Bill Amount	DC Bill Amount	Amount deposited through challan	Percentage of challan amount to AC bill amount
1	2015-106-01-57	14	13-04-2021	1,16,000	-	1,16,000	100.00
2	2051-102-01-08	529	20-10-2021	3,00,000	11,409	2,88,591	96.20
3	2055-115-03	285	13-03-2019	2,61,40,000	17,09,757	2,44,30,243	93.46
4	2055-115-03-18	286	13-03-2019	1,61,97,000	13,13,650	1,48,83,350	91.89
5	2051-102-01-08	719	11-02-2021	1,00,000	16,346	83,654	83.65
6	2204-102-01-03-29	65	15-11-2021	1,49,611	50,067	99,544	66.54
7	2014-105-21-0129	189	04-02-2021	1,25,000	43,035	81,965	65.57
8	2204-102-01-03-29	53	28-09-2021	56,322	21,107	35,215	62.52
9	2014-105-21-01-29	194	08-02-2021	75,000	28,350	46,650	62.20
10	2204-102-01-02-29	97	02-03-2021	17,475	7,002	10,473	59.93
11	2012-03-108-01-28	1147	17-12-2021	1,00,000	41,244	58,756	58.76
12	2012-03-107-01-01-28	256	17-06-2021	75,000	32,100	42,900	57.20
13	2851-102-06-29	149	17-03-2021	1,49,268	72,808	76,460	51.22
14	2204-102-01-02-29	143	03-03-2021	24,433	12,628	11,805	48.32
15	2204-102-01-02-29	56	08-10-2021	2,32,957	1,21,361	1,11,596	47.90
16	2204-102-01-03-29	103	28-01-2022	74,929	39,184	35,745	47.71
17	2204-102-01-03-29	83	17-11-2021	1,21,525	64,182	57,343	47.19
18	2013-105-01-28	31429	19-03-2021	25,000	13,500	11,500	46.00
19	2055-116-01-18	421	28-03-2018	66,50,000	36,11,765	30,38,235	45.69
20	2204-102-01-02-29	59	31-08-2021	78,342	43,539	34,803	44.42
21	2051-103-01-08	313	20-10-2021	4,71,305	2,62,310	2,08,995	44.34
22	2051-103-01-08	243	18-10-2021	4,71,305	2,62,311	2,08,994	44.34
23	2051-103-01-08	267	18-10-2021	4,71,305	2,62,311	2,08,994	44.34
24	2051-103-01-08	290	18-10-2021	4,71,305	2,62,311	2,08,994	44.34
25	2051-102-01-08	905	09-03-2022	3,00,000	1,71,075	1,28,925	42.98
26	2051-102-01-08	591	09-11-2021	3,00,000	1,72,240	1,27,760	42.59
27	2051-103-01-08	534	23-12-2021	4,47,190	2,57,136	1,90,054	42.50
28	2204-102-01-03-29	49	14-09-2021	37,435	21,608	15,827	42.28
29	2051-103-01-08	560	23-12-2021	4,47,190	2,60,162	1,87,028	41.82
30	2052-090-01-01-05	33055	24-01-2022	30,000	17,500	12,500	41.67
31	2245-02-282-07-01-22	5010	10-05-2021	1,00,000	59,493	40,507	40.51
32	2515-800-01-02-57	29	11-12-2021	1,13,746	67,917	45,829	40.29

Significant/entire amount being deposited through challan indicates that funds were drawn through AC bills without proper assessment of the actual requirement.

4.6 Personal Deposit Accounts

Personal Deposit (PD) Account is opened with the concerned treasury under the deposit head of the Public Account. Such accounts are maintained as a bank account in treasury.

Rule 260(1) of GF&AR, GoR 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.

Status of PD Accounts in Rajasthan

Status of funds lying in PD Accounts on the last day of the financial year during the period 2017-22 is given in **Table 4.13**.

Table 4.13: Parking of funds in Personal Deposit Accounts during 2017-22**(₹ in crore)**

S.No.	Year	No. of PD Accounts at the end of the year			Closing Balance
		Operative	Inoperative	Total	
1.	2017-18	1,646	20	1,666	9,538.57
2.	2018-19	1,863	36	1,899	13,325.59
3.	2019-20	1,845	55	1,900	16,289.07
4.	2020-21	1,895	33	1,928	14,382.95
5.	2021-22	2,001	52	2,053	18,220.62

Source: Information provided by Office of the Accountant General (A & E), Rajasthan.

It can be seen from the table that the closing balances under PD Accounts have increased from ₹ 9,538.57 crore in 1,666 PD Accounts in 2017-18 to ₹ 18,220.62 crore in 2,053 PD Accounts in 2021-22.

The status of the PD Accounts of the State Government as on 31st March 2022 is given in the **Table 4.14** below:

Table 4.14: Status of Personal Deposit Accounts as on 31 March 2022**(₹ in crore)**

No. of PD Accounts (as on 01 April 2021)		Addition during the year		Closed/withdrawal during the year		No. of PD Accounts (as on 31 March 2022)	
No.	Amount	No.	Amount	No.	Amount	No.	Amount
1,928	14,382.95	152	59,749.52	27	55,911.85	2,053	18,220.62

Source: Information provided by Office of the Accountant General (A & E), Rajasthan.

The unspent balances of ₹ 18,220.62 crore in 2,053 PD accounts includes 26 PD Accounts (each having balances of ₹ 100 crore and above), in which a sum of ₹ 12,931.92 crore i.e. 70.9 per cent of total unspent balance (₹ 18,220.62 crore) is lying, as given in **Appendix 4.2**. Further, PD Accounts held by various Drawing & Disbursement Officers (DDOs) of the State Government revealed that 50 Accounts had “nil” balances during the year, Details of these PD Accounts and DDOs are given in **Appendix 4.3**. Age-wise details of PD accounts and their balances are given in the **Table 4.15** below:

Table 4.15: Age-wise details of PD accounts as on 31st March 2022**(₹ in crore)**

S.No.	Age bracket	Number of PD accounts	Amount as on 31 March 2022
1.	0-1 Year	150	794.82
2.	1-3 Year	108	502.93
3.	3-5 Year	395	3,078.75
4.	5-10 Year	215	2,015.81
5.	More than 10 Year	989	9,978.85
6.	Details not available	196	1,849.46
	Total	2,053	18,220.62

Source: Information provided by Office of the Accountant General (A&E), Rajasthan.

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. Rule 264(2) of GF&AR provides that payments will not be permitted by Treasury Officer from a PD Account, which has not been operated continuously, for preceding five financial years and which have been closed with the sanction of Finance Department. Further, PAC in their 42nd Report (15th Assembly) recommended to follow the provisions of Rajasthan Treasury Rules, 2012 regarding balances in inoperative PD accounts.

Review of PD Account of various departments revealed that as of 31 March 2022, total 52 PD Accounts having balance of ₹16.30 crore remained inoperative for the last five years (2017-22), out of which 7 inoperative PD accounts had nil balance for the last five years. The current status of these PD accounts have not been intimated by the respective Departments though asked for (October 2022). Details of these PD Accounts are mentioned in **Appendix 4.4**.

Non-closure of PD Accounts despite remaining inoperative for five years was in contravention of the provisions 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 and non-adherence to PAC recommendations in this regard. The State Government needs to fix responsibility for these inoperative accounts and take corrective action for closure of such inoperative accounts.

Single Nodal Account for Centrally Sponsored Schemes

Rule 232(v) of General Financial Rules, 2017 prescribes the release of funds to the State Governments and monitoring utilization of funds through Public Financial Management System (PFMS)³. Therefore, it was decided by the GoI (March 2021) that following procedure would be followed by all the States regarding release and proper utilization of funds under CSS with effect from 1st July, 2021:

- Every State Government will designate a Single Nodal Agency to open a Single Nodal Account (SNA) for each CSS at the State level in a Scheduled Commercial Bank,
- The funds will be released to the States strictly on the basis of balance funds of the CSS available in the State treasury and bank account of the SNA as per PFMS or scheme specific portals fully integrated with PFMS,
- The State Government will transfer the Central share to the concerned Single Nodal Agency account within a period of 21 days of its receipt and corresponding State share should be released within 40 days, and
- The Central share shall not be diverted to the Personal Deposit (PD) account or in Fixed Deposits/Flexi-Account/Multi-Option Deposit Account/Corporate Liquid Term Deposit (CLTD) Account, etc.

3. PFMS earlier known as Central Plan Schemes Monitoring System (CPSMS), is a web-based online software application developed and implemented by the Office of Controller General of Accounts (CGA), Ministry of Finance with the objective of tracking funds released under all Plan schemes of the Government of India, and real time reporting of expenditure at all levels of Programme implementation.

Prior to implementation of SNA based CSS implementation in the State, many CSS schemes were running through designated PD accounts in which the State Government released central share along with the state share. The funds were transferred to the implementing agencies from the PD accounts. However, it was observed that funds were being parked in PD Accounts without proper utilisation and there were delays in transferring the funds to the implementing agencies which negatively impacted the timely implementation of schemes. The SNA based financial management of CSS was introduced by GOI to ensure better monitoring of available fund and timely utilisation of funds, thereby bringing more efficiency in the public expenditure management for each CSS. Finance Department, GoR intimated (29 August 2022) that SNA bank accounts of all CSS schemes had been opened in the State and these schemes has also been linked on PFMS portal.

4.7 Operation of Minor Head-800

Minor Head - 800 relating to Other Receipts or Other Expenditure is intended to be operated only when the appropriate Minor Head is not available under the Major Head. Routine operation of Minor Head - 800 is to be discouraged, as it renders the accounts opaque.

The State Government has operated this minor head extensively during the five year period 2017-2022. Instances where substantial portion (50 per cent or more) of expenditure and receipts were classified under Minor Head 800 are indicated in *Appendix 4.5*.

The extent of operation of Minor Head 800-Other expenditure and 800- Other receipts, as a percentage of total expenditure of the respective heads during 2017-22 is given in *Chart 4.2* and *Chart 4.3* respectively.

Chart 4.2: Operation of Minor Head 800-Other expenditure during 2017-22

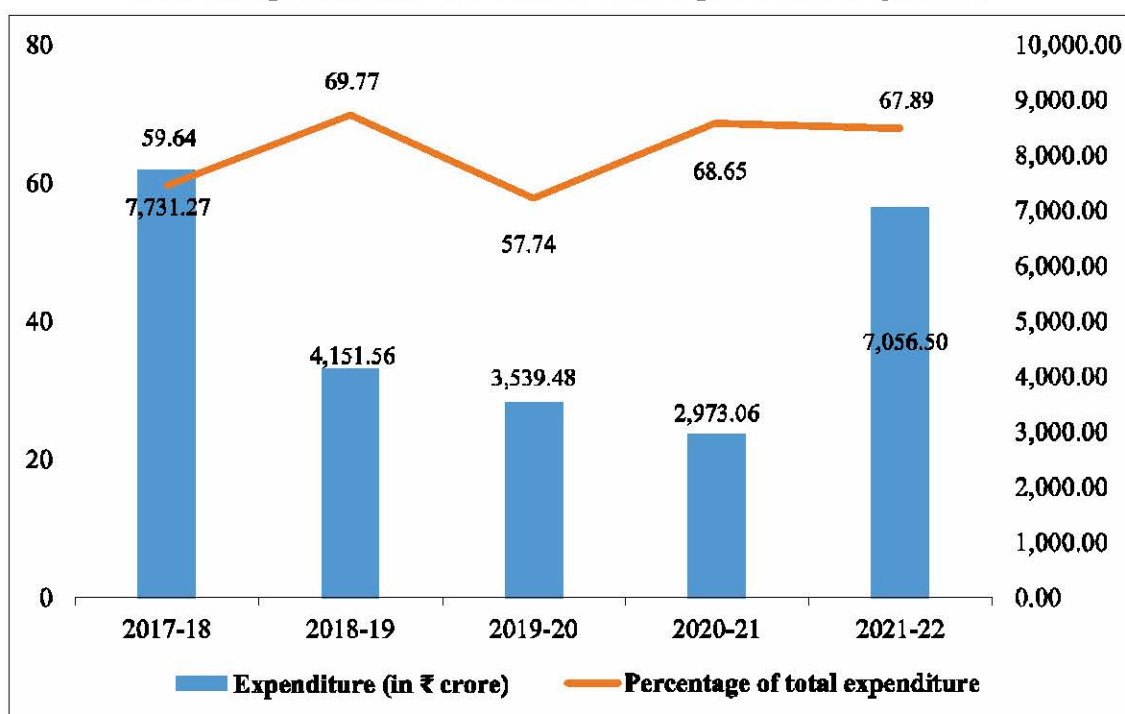
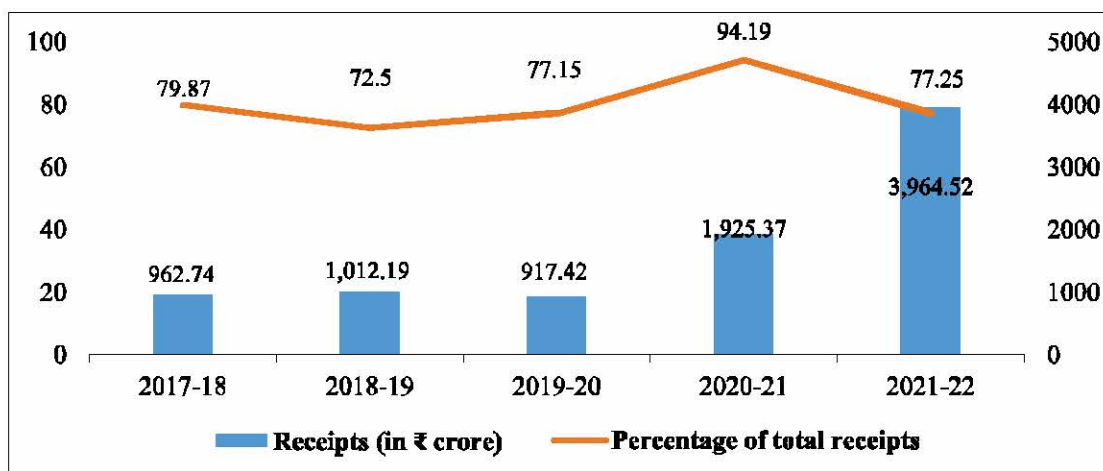


Chart 4.3: Operation of Minor Head 800-Other receipts during 2017-22



Omnibus Minor Head 800 relating to Other Receipts/ Other Expenditure is to be operated only in cases where the appropriate Minor Head has not been provided under a Major Head in the accounts. Booking under Minor Head 800 even when suitable minor head is available under the same Major Head adversely impacts the transparency of accounts and details of irregularity in provision in appropriate Minor Head are given in **Appendix 4.6**. Some instances noticed by audit are detailed below:

- i) In three instances related to maintenance and repairs/ road works, the State government booked provision of ₹ 344.66 crore under the head 800-Other expenditure whereas appropriate heads viz: 105-maintenance and 337- Roads works were available under Major Head 3054 in list of major and Minor heads.
- ii) In five instances, the State Government booked ₹ 2,192.30 crore on account of road construction works/ District roads/ Urban Roads and Rural Roads etc under the other head-800 (Other Expenditure) whereas appropriate heads viz: 337 Road works was available under Major Head 5054.
- iii) In one instance, construction and repairs and maintenance works related to four smart cities was booked under the head 800-Other expenditure whereas appropriate head viz: 051-Construction and 053-Repairs and maintenance were available under the Major Head 2217.

4.8 Outstanding balances under major Suspense and DDR heads

The transactions relating to 'Suspense' and 'Remittance' heads are intended to record all merely adjusting heads. Certain intermediary/adjusting Heads of Accounts known as 'Suspense Heads' are opened in Government Accounts to reflect transactions of receipt and payments which cannot be booked to a final Head of Account due to lack of information such as non-furnishing of Schedule of Settlement by the Treasuries/Pay and Accounts Officers, non-receipt of clearance memos from RBI, non-receipt of vouchers, etc. These Heads of Accounts are finally cleared by minus debit or minus credit when the accounts under them are booked to their respective final Heads of Account. If these amounts are not cleared, the balances under suspense heads get

accumulated and does not provide a correct picture of the Government's receipts and expenditure.

Remittances embrace all transactions which are adjusting Heads of Account and the debits or credits under these heads are eventually cleared by corresponding credit or debit within the same or in another circle of accounting.

The status of the balances under suspense and remittance heads for the last three years is given in the **Table 4.16** below.

Table 4.16: Balances under Suspense and Remittance Heads

								(₹ in crore)	
S. No.	Minor Head	2019-20		2020-21		2021-22			
	Major Head 8658 - Suspense								
		Dr.	Cr.	Dr.	Cr.	Dr.	Cr.		
1.	101 - PAO suspense	168.25	48.83	143.76	8.04	103.83	9.79		
	Net	Dr. 119.42		Dr. 135.72		Dr. 94.04			
2.	102 - Suspense Account-Civil	0.38	76.18	6.69	111.49	0.41	100.24		
	Net	Cr. 75.80		Cr. 104.80		Cr. 99.83			
3.	106 - Telecommunication Accounts Office Suspense	-*	-	-*		-*			
	Net	Dr.-*		Dr.-*					
4.	109 - Reserve Bank Suspense - Headquarters	-#	-@	-#		-#			
	Net	Dr. -\$		Dr. #					
5.	112 - Tax Deducted at Source (TDS) Suspense	-	42.98	-	136.75	-	26.62		
	Net	Cr. 42.98		Cr. 136.75		Cr. 26.62			
6.	123 - A.I.S Officers' Group Insurance Scheme	-	0.17	-	0.17	-	0.19		
	Net	Cr. 0.17		Cr. 0.17		Cr. 0.19			
7.	129 - Material Purchase Settlement Suspense Account	-	(-) 3.27	-	(-) 3.50	-	(-) 3.50		
	Net	Cr. (-) 3.27		Cr. (-) 3.50		Cr. (-) 3.50			
8.	139 - GST-Tax Deducted at Source Suspense	-	33.62	-	52.70	-	54.18		
	Net	(Cr.) 33.62		Cr. 52.70		Cr. 54.18			
	Net Total	(Cr.) 29.88		(Cr.) 155.20		(Cr.) 83.28			
	Major Head 8782-Cash Remittances								
9.	102 - P.W. Remittances	27.98	30.57	26.47	28.78	26.46	28.82		
	Net	Cr. 2.59		Cr. 2.31		Cr. 2.36			
10.	103 - Forest Remittances	0.05	0.13	0.05	0.13	0.04	0.01		
	Net	Dr. 0.08		Cr. 0.08		Dr. 0.03			
11.	108 - Other Departmental Remittances	0.03	-	0.03	-	0.03	-		
	Net	Dr.0.03		Dr. 0.03		Dr. 0.03			
12.	129 - Transfer within Indira Gandhi Nahar Project	77.41	76.67	77.41	76.67	0.74	-		
	Net	Dr.0.74		Dr. 0.74		Dr. 0.74			
	Net Total	(Cr.) 1.74		(Cr.) 1.62		(Cr.) 1.56			

* ₹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 credit balance decrease by ₹ 71.92 crore from 2020-21 to 2021-22.

Adverse balances under DDR Heads

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

As of 31 March 2022, there were 57 cases⁴ of adverse balances under Debt, Deposit and Remittances (DDR) heads under 11 Major Heads amounting to ₹ 4,182.71 crore. The adverse balances were mainly under Pension Funds of employees of Municipal Councils/Municipalities (₹ 2,803.44 crore). Adverse balances under these DDR heads 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 2021-22, 100 per cent reconciliation of (i) total expenditure of ₹ 2,91,191.02 crore and (ii) total receipts of ₹ 2,87,688.38 crore by 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 Government Account, which includes inter government monetary settlements advised to the Reserve Bank of India upto 15 April 2022. There was a net difference of ₹ 7.31 crore (Dr.) between the figures as reflected in the accounts [₹ 281.72 crore (Dr.)] and that intimated by the Reserve Bank of India [₹ 289.03 crore (Cr.)]. Amount of ₹ 3.49 crore (Dr.) has been reconciled and cleared. A net difference of ₹ 0.06 crore (Cr.) is still outstanding and under reconciliation (June 2022).

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 President of India has so far notified three Indian Government Accounting Standards

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4. Loan for Food Storage and Warehousing (One case: only ₹ 0.03 crore); Loans for Road Transport (One case: only ₹ 200); Loans for General Economic Services (One case: only ₹ 7000); Loans to Government Servants etc. (45 cases: ₹ 2.87 crore); State Provident Funds (One case: ₹ 0.01 crore); Insurance and Pension Funds (One case: ₹ 2,803.44 crore); General and Reserve Funds (One case: ₹ 1,372.76 crore); Civil Deposits (One case: only ₹ 10); Deposits for Local Funds (One case: ₹ 0.01 crore); Cash Remittance and adjustments between officers rendering accounts to the same officers (Two cases: ₹ 0.09 crore) and Suspense Account (Two cases: ₹ 3.50 crore).

(IGAS). The following **Table 4.17** provides the position of compliance with these three Accounting Standards.

Table 4.17: 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. Further, non-compliance of classification of Grant-in-aid as revenue expenditure has been discussed para 3.5.4	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 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 drawl/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 745 cases of misappropriation (299) and theft/loss (446) of the Government money across various departments amounting to ₹ 118.50 crore up to 31st March 2022 on which final action is pending till the end of 30th June 2022. Details are given in the **Table 4.18** below:

Table 4.18: Pending cases of Misappropriation, Losses, and Theft etc.

(₹ in crore)

S.No.	Name of Department	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)		Recovery of the amount pending due to pending Judicial Proceedings)	
				Number of cases	Amount	Number of cases	Amount	Number of cases	Amount
1.	Works ⁵	248	9.66	60	4.53	171	3.41	17	1.72
2.	Education ⁶	149	51.69	46	41.40	74	8.91	29	1.38
3.	RD & PRD	118	23.54	97	20.64	18	1.35	3	1.55
4.	Medical ⁷	68	7.52	41	5.12	6	0.97	21	1.43
5.	Revenue ⁸	58	12.98	40	5.05	11	7.63	7	0.30
6.	LSG	8	0.45	1	0.03	7	0.42	0	0.00
7.	Miscellaneous ⁹	96	12.66	29	1.84	54	9.60	13	1.22
	Total	745	118.50	314	78.61	341	32.29	90	7.60

The Department-wise break up of pending cases is given in *Appendix 4.7*.

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 4.19**.

Table 4.19: Reasons for outstanding cases of misappropriations, losses, theft etc.

S. No	Reasons for the delay/outstanding cases	Number of cases	Amount (₹ in crore)
1.	Awaiting departmental action	314	78.61
2.	Awaiting orders for recovery	306	31.65
3.	Awaiting orders for write-off	35	0.64
4.	Pending due to judicial proceedings	90	7.60
	Total	745	118.50

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 745 cases, 341 (306+35) cases amounting to ₹ 32.29 crore were

5. **Works Departments:** PWD, Irrigation, GWD, IGNP, Forest and PHED.
6. **Education Departments:** Primary, Secondary, Literacy & Continuing Education, College, Sanskrit Education, RSERT Udaipur, Polytechnic College, DIET, Samgra Shiksha Abhiyan, Teachers Training Institute and ITI.
7. **Medical Departments:** Medical & Health, Janani Surksha Yojana (Parivar Kalyan), Medical College, Family Welfare, Ayurveda, IEC, NHRM, ESIC and RMCL.
8. **Revenue Departments:** Land, Transport, Mines, Stamps & Registration, Commercial Tax, State Excise and Colonization.
9. **Miscellaneous Departments:** Devsthan, Rajasthan Khadi and Village Industries Board, Industry, Food and Civil Supply, Labour, Printing and Stationery, RPSC, Sainik Welfare Board, Social Welfare, Tourism, DTA, RCDF, Vishram Bhawan, SIPP, Minority, Jail, Justice, Police, Relief, Women & Child Welfare, Archaeology, Museum, Secretariat, Prosecution, Horticulture, Watershed Development & Soil Conservation, State Lottery (DTA (Small Savings)), Environment, Sanitation Water & Community Health Project, RSSCL, Information & Public Relation, TAD and Animal Husbandry.

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.

4.13 Excess/short payment of pension

Failure of the treasury to exercise prescribed checks

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 2021 to March 2022) of records of 10 Banks, Directorate of Pension and Pensioners' Welfare, 33 Treasuries and 112 Sub-Treasuries revealed that irregular and excess payments of pension/family pension were made to 256 pensioners amounting to ₹ 107.73 lakh and short payments of pension aggregating to ₹ 34.90 lakh were made to 40 pensioners.

Finance (Treasury and Account) Department intimated (September 2022) that against the excess payment, an amount of ₹ 58.49 lakh has been recovered and an amount of ₹ 21.83 lakh has been paid to pensioners in cases of short payments of pension. The details are given in *Appendix 4.8*.

Cases of excess/ short payment of pension/ family pension to pensioners have also been mentioned in the earlier Audit Reports for the years 2013-14 to 2020-21. The instructions/direction (April 2014/February 2017) of the Finance Department, GoR and recommendation of the Public Account committee (PAC) (February 2018) regarding avoiding such irregularities in payment of pensions in future were not followed scrupulously, which resulted in recurrence of instances of excess/ short payment of pensions.

4.14 Submission of Accounts/Separate Audit Reports of Autonomous Bodies

The audit of accounts of 44 autonomous bodies/authorities¹⁰ 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 June 2022, accounts of all the 44 autonomous bodies/authorities have been received up to 2020-21 except accounts of CAMPA for the years 2016-17 to 2020-21 and Building and Other Construction Workers Welfare Board (BOCW) for the years 2019-20 and 2020-21. Adverse opinions were given in case of one body as detailed in **Table 4.20** below:

10. Rajasthan Khadi and Village Industries Board; Rajasthan State Human Rights Commission; Rajasthan Building and other Construction Workers Welfare Board (BOCW), Jaipur; Rajasthan Electricity Regulatory Commission; Rajasthan Real Estate Regulatory Authority (RERA); State Compensatory Afforestation Management and Planning Authority (CAMPA); Rajasthan State Legal Services Authority (02) and District Legal Services Authorities (36).

Table 4.20: Cases of adverse opinion

Body /Authority	Type of opinion given	Reason
Rajasthan Khadi and Village Industries Board, Rajasthan (Accounts of 2019-20)	Not true and fair view	Due to impact of comments, assets were overstated by ₹10.42 crore and liabilities were overstated by ₹93.19 crore. Excess of income over expenditure was overstated by ₹1.23 crore which resulted in conversion of surplus of ₹0.77 crore shown in accounts into deficit of ₹ 0.46 crore.

4.15 Follow up action on State Finances Audit Reports

SFAR 2020-21 was presented in State Legislature in September 2022. PAC has discussed and made recommendations on the SFARs up to the year 2017-18 (September 2022). PAC discussed one para related to two departments (Finance and Information Technology & Communication Department) of the report for the year 2017-18 during the period April 2021 to March 2022. 11 paras related to the Reports for the year 2018-19 and 2019-20 are pending for discussion. These paras pertain to Major project/policy initiatives and the status of action taken on Budget Speech, Review of selected grants, deposit of local funds, Delay in furnishing Utilisation Certificates, Personal Deposit Accounts, Submission of Accounts/Separate Audit Reports of Autonomous Bodies, Departmental Commercial Undertakings/ Corporations/Companies and Misappropriations, Losses, Thefts, etc.

A review of the outstanding ATNs on paras revealed that two ATNs on paras pertaining to SFAR 2019-20 are pending from the two departments (Public Health and Engineering Department and Rural Development Department) as on 30th September 2022.

4.16 Conclusion

State Government short transferred ₹ 6,767.15 crore in five Reserve funds/Deposit funds upto 31 March 2022 in violation of rules.

Non-submission of 770 Utilisation Certificates amounting to ₹ 1,833.21 crore within 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. Departments did not provide the required information regarding sanctions and UCs to AG (A&E) in contravention of GF&ARs.

AC bills remained unadjusted despite lapse of substantial period and significant/entire amount being deposited back through challan indicates that funds were drawn through AC bills without proper assessment of the actual requirement.

Non-transfer of unspent balances of ₹ 18,220.62 crore lying in 2,053 PD accounts to consolidated fund of the state entails the risk of misuse of public funds, fraud and misappropriation. Non-closure of 52 PD Accounts despite remaining inoperative for

five years was in contravention of the provisions of GF&ARs and Rajasthan Treasuries Rules and indicates lack of monitoring at the level of treasuries.

The booking of large amounts under the Minor Head 800-Other Expenditure/Receipts affects the transparency in financial reporting. Even when suitable minor head is available under the same Major Head, booking under Minor Head 800 adversely impacts the transparency of accounts.

4.17 Recommendations

- The State government may ensure prompt transfer of receipts to the statutory Reserve Funds/ Deposits Funds to achieve the intended objectives of the funds and correct depiction of financial position of the state government.
- State Government needs to institute a rigorous monitoring mechanism to ensure that the Departments comply with the prescribed rules and procedures with regard to submission of Utilisation Certificates.
- 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 booked under the appropriate heads of account.
- 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.