

Chapter 4

Quality of Accounts and Financial Reporting Practices

Chapter 4: Quality of Accounts and Financial Reporting Practices

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

This chapter provides an overview and status of the State Government's compliance with various financial rules, procedures and directives as well as the timeliness and quality of reporting on the status of such compliance during the year 2020-21.

4.1 Loans of State Government not credited to Consolidated Fund

4.1.1 Off-budget borrowings

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

Funds for State Plan programmes are expected to be met out of resources mobilised by these Companies/Corporations outside the State budget. But in reality, the borrowings of these concerns ultimately turn out to be the liabilities of the State Government termed as 'Off-budget borrowings' and the Government has to repay the loans availed of by these Companies/Corporations including interest through regular budget provision under the capital account.

The entity-wise position of off-budget borrowings as on 31 March 2021 is shown in **Table 4.1**.

Table 4.1: Entity-wise status of off-budget borrowings as on 31 March 2021

(₹ in crore)

Name of the Company/Corporation	Outstanding off-budget borrowings	Repayment during the year	
		Principal	Interest
Goa State Infrastructure Development Corporation Limited (GSIDC)	605.12	123.26	67.29
Sewerage and Infrastructural Development Corporation of Goa Limited (SIDCGL)	183.43	29.18	22.92
Total	788.55	152.44	90.21

(Source: Information furnished by the concerned Corporations)

The State Government repaid loan instalments of ₹ 242.65 crore including interest amounting to ₹ 90.21 crore from the capital account. Thus, the capital

expenditure of the State during 2020-21 included interest expenditure of ₹ 90.21 crore on off-budget borrowings.

Further, taking into account the off-budget borrowings of the State, the total outstanding debt at the end of March 2021 worked out to ₹ 27,310 crore against ₹ 26,521 crore as per the Finance Accounts. The ratio of total outstanding debt to GSDP¹ was, thus, 32.48 *per cent* at the end of the year, which was higher than the target of 25 *per cent* fixed under Goa FRBM (First Amendment Act), 2014.

4.2 Funds transferred directly to State implementing agencies

The Central Government transfers a sizeable quantum of funds directly to the State implementing agencies² for implementation of various schemes/programmes in the social and economic sectors. As the funds are not routed through the State budget/State treasury system, the Finance Accounts of the State do not capture these funds and to that extent, the State's receipts and expenditure as well as other fiscal variables/parameters derived from them do not reflect the complete picture.

With effect from 01 April 2014, GoI decided to release all assistance for Centrally Sponsored Schemes/Additional Central Assistance directly to the State Governments and not to the State implementing agencies. In Goa, however, Central funds of ₹ 1,704.07 crore were transferred directly to the State implementing agencies during 2020-21. Major schemes receiving direct transfers of Central funds were: Integrated Development of Tourist Circuits around Specific Themes (Swadesh Darshan) (₹ 59.23 crore), Promotion of Electronics and IT Hardware Manufacturing (₹ 21.11 crore), National AIDS and STD Control Programme (₹ 8.26 crore).

4.3 Delay in submission of utilisation certificates

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

At the end of 2020-21, 10,835 UCs aggregating ₹ 1,758.68 crore were outstanding against grants disbursed up to 2019-20. Department-wise break-up of outstanding UCs is given in **Appendix 4.1** while the age-wise pendency has been summarised in the **Table 4.2**.

¹ As per Department of Expenditure, GoI letter dated 10 December 2021, borrowings under the special window shall not be treated as debt of the State for any norms which may be prescribed by the Finance Commission. Hence, the back-to-back loans of ₹ 840 crore *in-lieu* of shortfall in GST compensation has not been considered as public debt/total outstanding liabilities of the State Government.

² State implementing agencies are organisations/institutions including non-Governmental organisations and Central autonomous bodies authorised by the State Government to receive funds from the GoI for implementation of specific programmes in the State.

Table 4.2: Age-wise status of outstanding UCs as of 31 March 2021

Sr. No.	Range of delay (in years)	Utilisation certificates outstanding	
		No. of UCs	Amount (₹ in crore)
1.	1-3	3318	825.30
2.	3-5	1286	257.78
3.	5-7	1234	220.47
4.	7 and above	4997	455.13
Total		10835	1758.68

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

Of the total outstanding UCs, 3,318 UCs (31 per cent) amounting to ₹ 825.30 crore (47 per cent) were outstanding from one to three years while 7,517 UCs (69 per cent) involving ₹ 933.38 crore (53 per cent) were pending for more than three years.

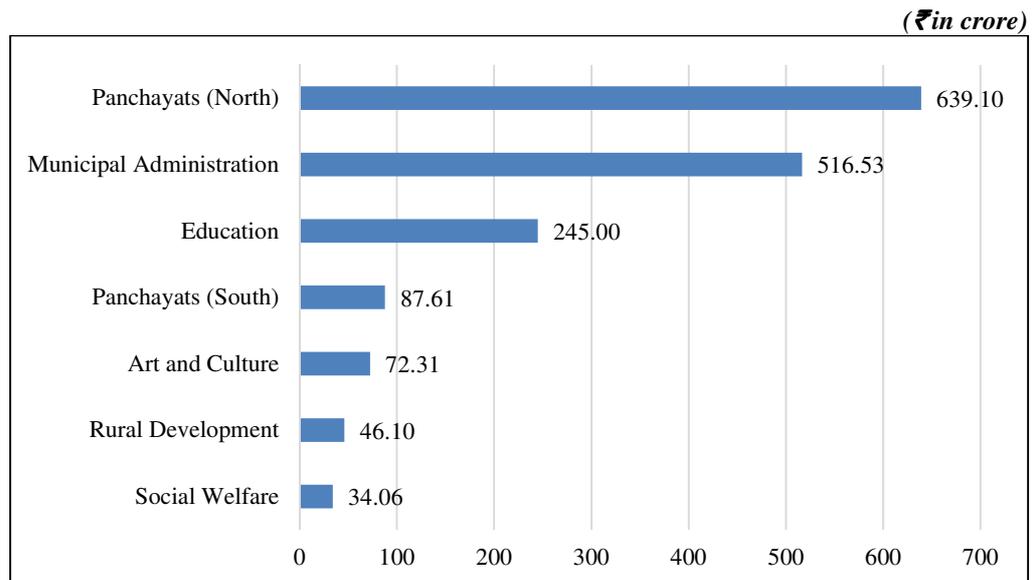
Table 4.3: Year-wise break up of outstanding UCs

Year	Number of UCs	Amount (₹ in crore)
Up to 2012-13	4997	455.13
2013-14	651	123.84
2014-15	583	96.63
2015-16	597	100.31
2016-17	689	157.47
2017-18	943	357.36
2018-19	1224	180.79
2019-20	1151	287.13
Total	10835	1758.68

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

Major cases of non-submission of UCs pertained to Directorate of Panchayats (North) (30 per cent), Directorate of Panchayats (South) (26 per cent) and Directorate of Education (11 per cent).

Chart 4.1: Departments with highest outstanding UCs in terms of money value



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

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

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

4.4 Abstract Contingent bills

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

Details of submission of DC Bills against AC Bills drawn up to March 2021 are given in **Table 4.4**.

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

(₹ in crore)

Year	AC Bills drawn		DC Bills received		Outstanding AC Bills	
	No. of Bills	Amount	No. of Bills	Amount	No. of Bills	Amount
Up to 2018-19	10169	4109.86	9980	4070.25	189	39.61
2019-20	877	827.45	775	789.01	102	38.44
2020-21	527	782.91	395	674.92	132	107.99
Total	11573	5720.22	11150	5534.18	423	186.04

(Source: Finance accounts of the State)

As may be seen from the table above, the Departments had drawn 527 AC Bills for an amount of ₹ 782.91 crore in 2020-21 and submitted 395 DC Bills for an amount of ₹ 674.92 crore. Thus, 132 DC Bills amounting to ₹ 107.99 crore remained unadjusted as of 30 June 2021. There was, therefore, no assurance that the expenditure of ₹ 107.99 crore had actually been incurred during the financial year for the purpose for which it was sanctioned/authorized by the Legislature. This is a possible overstatement of expenditure in the year 2020-21.

In addition, 189 DC Bills amounting to ₹ 39.61 crore for the years up to 2018-19 and 102 DC Bills amounting to ₹ 38.44 crore for the year 2019-20 were yet to be submitted by the Departments. Thus, at the end of March 2021, 423 DC Bills amounting to ₹ 186.04 crore was pending settlement. Further, of the 527 AC bills amounting to ₹ 782.91 crore drawn during the year 2020-21, 59 AC bills amounting to ₹ 99.98 crore (13 per cent) were drawn in March 2021.

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

Table 4.5: Age-wise status of outstanding DC Bills as of 31 March 2021

Sr. No.	Range of delay (in years)	Outstanding DC Bills	
		Number	Amount (₹ in crore)
1.	1 to 3 years	259	156.07
2.	3 to 5 years	61	19.02
3.	5 to 7 years	52	6.20
4.	7 years and above	51	4.75
	Total	423	186.04

Year-wise details of outstanding DC Bills are shown in **Table 4.6**:

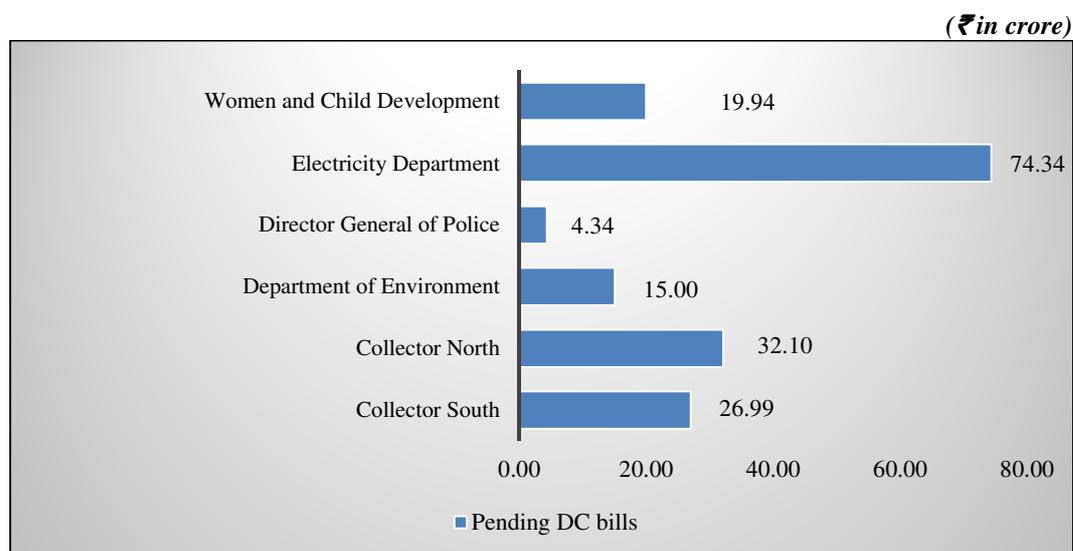
Table 4.6: Year-wise details of outstanding DC Bills

Year	Outstanding DC Bills	Amount of DC Bills (₹ in crore)
Up to March 2011	40	1.41
2011-12	11	3.34
2012-13	10	0.67
2013-14	20	0.29
2014-15	22	5.24
2015-16	18	0.34
2016-17	28	15.91
2017-18	15	2.77
2018-19	25	9.64
2019-20	102	38.44
2020-21	132	107.99
Total	423	186.04

(Source: Information furnished by Directorate of Accounts)

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

Chart 4.2: Departments with highest outstanding DC Bills in terms of money value



(Source: Information furnished by Directorate of Accounts)

Major defaulting Departments that did not submit DC Bills were: Electricity Department (₹ 74.34 crore), Collector North (₹ 32.10 crore), Collector South (₹ 26.99 crore) and Women and Child Development (₹ 19.94 crore).

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

Recommendation 1: The State Government may ensure timely submission of Utilisation Certificates by the Departments in respect of grants released for specific purposes. Further, non-adjustment of advances drawn on Abstract Contingent Bills may be closely monitored by the DDOs for ensuring timely submission of Detailed Contingent Bills.

4.5 Personal Deposit Accounts

Personal Deposit (PD) Accounts/Personal Ledger Accounts (PLA) are deposit accounts kept in treasuries in the name of the Administrators³ of the accounts. The money is placed under 8443-Civil Deposits, 106-Personal Deposit. These Accounts can be opened with the approval of the Finance Department.

As per Rule 179 to 182 of Receipts and Payments Rules, 1997, Government of Goa, the administrators are entitled to credit receipts into and effect withdrawals directly from the treasury account for a specific purpose. The administrators thereof shall only be Government Officers acting in their official or any other capacity. Every PD/PL Account so authorised to be opened will form part of the Government Account under the Public Account.

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

The year-wise position of PD/PL Accounts from 2018-19 to 2020-21 is given in **Table 4.7**.

Table 4.7: Year-wise details of PD/PL Accounts during 2018-21

(₹ in crore)

Year	Opening balance	Receipts	Disbursements	Closing balance
2018-19	84.69	107.55	83.47	108.77
2019-20	108.77	51.17	37.34	122.60
2020-21	122.60	52.93	56.54	118.99

(Source: Information furnished by Directorate of Accounts)

³ PD Account holders

During 2020-21, ₹ 6.32 crore was transferred to PD Accounts from the Consolidated Fund of the State, and ₹ 46.61 crore was credited through challans. Thus, additions during the year were ₹ 52.93 crore. The balances in PD Accounts (₹ 118.99 crore) have not been reconciled with the Administrators of Accounts.

Inspection of two treasuries and nine Sub treasury offices conducted by the Directorate of Accounts in respect of transactions for the year 2020-21 revealed that 26 PD Accounts of 23 Administrators with a balance ₹ 0.44 crore was lying inoperative for more than three years. If PD Accounts are inoperative for more than a year, they need to be reviewed by the Finance Department. However, existence of large number of inoperative PD Accounts for long periods indicates that the Finance Department is not reviewing them periodically.

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

Recommendation 2: The Finance Department may review all the PD Accounts to ensure that amounts unnecessarily lying in these Accounts are immediately remitted to the Consolidated Fund.

4.6 Booking under Minor Head ‘800- Other Expenditure’

The omnibus Minor Head 800 is intended to be operated when the appropriate minor head has not been provided in the accounts. Audit scrutiny revealed that the State Government has operated this minor head extensively under the expenditure head during the five-year period (2016-21). The amounts booked under this minor head are given in **Table 4.8**.

Table 4.8: Booking under Minor Head 800-Other Receipts/Other Expenditure during 2016-21

Year	Expenditure under Minor Head 800 (₹ in crore)	As percentage of total expenditure	Receipts under Minor Head 800 (₹ in crore)	As percentage of total receipts
2016-17	3328.20	31.67	418.45	4.37
2017-18	3820.68	30.15	352.80	3.18
2018-19	4039.50	30.52	656.62	5.73
2019-20	4117.84	30.97	386.46	3.42
2020-21	4079.61	28.96	384.91	3.69

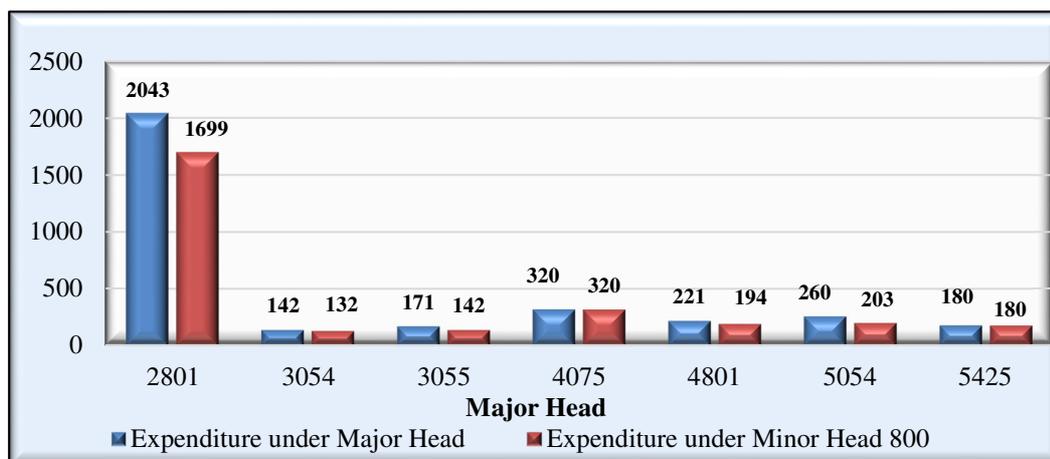
(Source: Finance Accounts of the State for the respective years)

Finance accounts 2020-21 of Government of Goa disclosed that expenditure aggregating ₹ 4,079.61 crore, constituting 28.96 per cent of the total expenditure, was classified under Minor Head ‘800-Other Expenditure’ in 63 major heads under revenue and capital sections.

Cases where expenditure of more than ₹ 100 crore was booked under Minor Head 800 under a particular Major Head is shown in Chart 4.3.

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

(₹ in crore)



(Source: Finance Accounts of the State)

As may be seen from Chart 4.3, in two Major Heads – 4075 (‘Other Miscellaneous General Services’) and 5425 (‘Capital outlay on other Scientific and Environmental Research’), entire expenditure of ₹ 320 crore and ₹ 180 crore was booked under omnibus Minor Head 800.

Further, in case of Major Head – 4075 (‘Other Miscellaneous General Services’), the State Government booked ₹ 320 crore under Minor Head 800 – ‘Contribution to Goa State Infrastructure Development Corporation’ (GSIDC). However, it is pertinent to mention that GSIDC is a Special Purpose Vehicle (SPV) formed by the State Government for speedy implementation of infrastructural projects, such as, roads, bridges, fly-overs, bus-stands, hospitals, tourism related projects *etc.* Therefore, contribution to GSIDC could have been booked under Minor Heads like, 051 (Construction), 201 (Land acquisition), 101 (Bridges), 337 (Road works), 106 (General Pool Accommodation) as the case may be, instead of booking the expenditure under omnibus Minor Head 800.

Similarly, revenue receipts aggregating ₹ 384.91 crore, constituting 3.69 per cent of total revenue receipts, was classified under omnibus Minor Head ‘800-Other Receipts’ in 39 major heads under revenue section.

The only case of receipt of more than ₹ 100 crore classified under Minor Head-800 was under Major Head 0070-60 – Fees towards Casino Operations (₹ 142.40 crore).

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

Recommendation 3: The State Government may avoid booking receipts/expenditure under Omnibus Minor Head – 800 and identify appropriate heads of account to facilitate transparency in financial reporting.

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

Suspense Head is intended for temporary accommodation of transactions affecting the balances of the State, pending final adjustments on receipt of debits and credits.

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

Finance Accounts reflect the net balances under suspense and remittance heads. The outstanding balances under these heads are worked out by aggregating the outstanding debit and credit balances separately under various heads. Non-clearance of outstanding balances under these heads affects the accuracy of receipt/expenditure figures and balances under different heads of Accounts (which are carried forward from year to year) of the State Government

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

Table 4.9: Balances under Suspense and Remittance Heads

(₹ in crore)

Name of Minor Head	2018-19		2019-20		2020-21	
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
101 - Pay and Accounts office Suspense	487.21	448.17	490.66	497.56	495.79	496.04
Net	Dr. 39.04		Cr. 6.90		Cr. 0.25	
102 - Suspense Account (Civil)	43.95	43.16	44.64	44.23	44.92	45.22
Net	Dr. 0.79		Dr. 0.41		Cr. 0.30	
107 – Cash Settlement Suspense Account	479.95	288.82	492.34	289.02	524.54	289.02
Net	Dr. 191.13		Dr. 203.32		Dr. 235.52	
109 - Reserve Bank Suspense – Head Quarters	(-7.62)	(-1.18)	(-3.42)	(-1.27)	(-4.58)	(-1.19)
Net	Cr. 6.44		Cr. 2.15		Cr. 3.39	
110 - Reserve Bank Suspense – Central Accounts Office	4062.79	3272.61	4073.09	3272.69	4076.32	3273.62
Net	Dr. 790.18		Dr. 800.40		Dr. 802.70	
112 – Tax Deducted at Source	4.79	22.63	4.86	15.24	20.91	38.34
Net	Cr. 17.84		Cr. 10.38		Cr. 17.43	
129 – Material Purchase Settlement Suspense A/c	...	34.76	...	34.76	...	34.76
Net	Cr. 34.76		Cr. 34.76		Cr. 34.76	
Total Net	Dr. 962.10		Dr. 949.94		Dr. 982.09	

(Source: Finance Accounts of the State)

The gross figures under major suspense and remittance heads shows that the aggregate net balance under Major Head 8658 - Suspense Accounts was ₹ 982.09 crore (Dr.) in 2020-21, which was not booked under the relevant heads of account, thus, rendering the net expenditure figures mentioned in the Finance Accounts non-transparent to that extent.

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

This head is intended for settlement of transactions between the Director of Accounts and various Pay and Accounts Officers. Outstanding debit balance under this head would mean that payments were made by the Director of Accounts, which were yet to be recovered. Outstanding credit balance would mean that payments have been received by the Director of Accounts on behalf of a Pay and Accounts Officer, which were yet to be paid. During 2020-21, the net credit balance under this head was ₹ 0.25 crore.

Suspense Account-Civil – (Minor Head 102)

This minor head is operated by the Director of Accounts to provisionally accommodate the differences noticed in the transactions which cannot be taken to the final head of expenditure/receipt accounts for want of certain information/documents viz., challans, vouchers etc. Receipts are credited and expenditure is debited to this account and cleared on receipt of required information by minus credit and minus debit respectively. The net credit balance under this head was ₹ 0.30 crore at the end of 2020-21.

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

This minor head is intended to accommodate receipts on account of income tax deducted at source. Receipts on account of TDS are credited to Major Head 8658 - Suspense Accounts under Minor Head 112 - TDS Suspense. These credits are to be cleared by the end of each financial year and credited to the Income Tax Department. There was an outstanding credit balance ₹ 17.43 crore as on 31 March 2021 under this head which was yet to be credited to Income Tax Department.

4.8 Non-reconciliation of departmental figures

To exercise effective budgetary control over receipts/expenditure and to ensure accuracy in accounts, all controlling officers are required to reconcile every month, the receipts and expenditure recorded in their books with the figures accounted for by the Directorate of Accounts.

Non-reconciliation dilutes the assurance that all the receipts/expenditure have been taken to the correct Head of Account. Failure to exercise this check might result in misclassification and incorrect booking of receipts and expenditure in the accounts, raising concerns about accuracy of accounts. It also is a reflection of weak internal controls within the Government.

Timely reconciliation enables the controlling officers of departments to exercise effective control over expenditure, to keep it within the budget grants and to ensure accuracy of their accounts. The Public Accounts Committee in its 48th Report (1992) recommended punitive action against erring Budget Controlling Authorities (BCAs). Even though non-reconciliation of departmental

expenditure was pointed out regularly in the Audit Reports, lapses on the part of controlling officers in this regard persisted during 2020-21 as well.

During 2020-21, 30 out of 89 BCAs did not carry out any reconciliation in respect of 2,111 units under their control for expenditure involving ₹ 4,941.56 crore. Of the 59 BCAs who carried out reconciliations, four carried out reconciliations only for part of the year in respect of 276 units under their control involving ₹ 271.05 crore. Details of seven major BCAs (out of 30) who did not reconcile their expenditure (₹ 4,449.53 crore) are indicated in **Table 4.10**.

Table 4.10: Major Budget Controlling Authorities who did not reconcile their expenditure

(₹ in crore)

Sr. No.	Budget Controlling Authorities who did not reconcile their expenditure	Amount not reconciled
1.	School Education	1380.47
2.	Public Works Department	1309.03
3.	Goa Medical College	536.82
4.	Higher Education	371.43
5.	Water Resources	320.29
6.	Director of Women and Child Development	295.45
7.	Director of Panchayats	236.04
	Total	4449.53

(Source: Directorate of Accounts)

Similarly, 28 out of 89 BCAs did not carry out any reconciliation in respect of units under their control for receipts involving ₹ 5,330.27 crore. Of the 61 BCAs who carried out reconciliations, three carried out reconciliations only for part of the year in respect of units under their control involving ₹ 5.08 crore. Details of five major BCAs (out of 28) who did not reconcile their receipts (₹ 5,168.45 crore) are indicated in **Table 4.11**.

Table 4.11: Major Budget Controlling Authorities who did not reconcile their receipts

(₹ in crore)

Sr. No.	Budget Controlling Authorities who did not reconcile their receipts	Amount not reconciled
1.	Commercial Tax	4692.01
2.	Public Works Department	172.07
3.	Home	142.40
4.	Water Resources	123.29
5.	Panchayats	38.68
	Total	5168.45

(Source: Directorate of Accounts)

Recommendation 4: The Budget Controlling Authorities may regularly reconcile their receipts and expenditure with the Directorate of Accounts to maintain consistency in the figures reported in the Annual Accounts and that of the Departments.

4.9 Compliance with Accounting Standards

As per article 150 of the Constitution, the President of India may, on the advice of the CAG, prescribe the form of accounts of the Union and of the States. The CAG has set up a Government Accounting Standards Advisory Board (GASAB) in 2002 for formulating standards for Government accounting and financial reporting, in order to enhance accountability mechanisms. On the advice of the CAG, the President of India has so far notified three Indian Government Accounting Standards (IGAS). The following **Table 4.12** provides the position of compliance with these three Accounting Standards.

Table 4.12: Compliance with Accounting Standards

Sr. No.	Accounting Standards	Essence of IGAS	Compliance by State Government	Impact of deficiency
1.	IGAS-1: <i>Guarantees Given by the Government – Disclosure requirements</i>	This standard requires the Government to disclose the maximum amount of guarantees given during the year in its financial statements along with additions, deletions, invoked, discharged and outstanding guarantees at the end of the year.	Partly complied	Sector-wise and class-wise details have not been disclosed in the Finance Accounts
2.	IGAS-2: <i>Accounting and Classification of Grants-in-Aid (GIA)</i>	As per IGAS-2, expenditure relating to GIA should be classified as revenue expenditure even if it involves creation of assets, except in cases specifically authorised by the President on the advice of the CAG.	Complied	-
3.	IGAS-3: <i>Loans and Advances made by Government</i>	It is related to recognition, measurement and valuation and reporting in respect of loans and advances made by the Government in its financial statements to ensure complete, accurate and uniform accounting practices and also to ensure adequate disclosure on loans and advances made by the Government.	Complied	-

(Source: Finance accounts of the State)

4.10 Submission of Accounts/Separate Audit Reports of Autonomous Bodies

Several autonomous bodies have been set up by the State Government in the fields of education, irrigation, housing *etc.* Of these, audit of accounts of 14 bodies in the State have been entrusted to the CAG. These bodies are audited by the CAG for verification of their accounts, financial transactions, operational activities, internal management and financial control system and procedures.

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

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

Submission of accounts for audit		Presentation of Report in Legislature	
Delay (in months)	No. of autonomous bodies	Delay (in years)	Number of autonomous bodies
0-3	Nil	0-1	08
3-6	01	1-3	Nil
6-9	03	3-5	05
9-25	03	5 years and above	01
25 months and above	06	-	-

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

There were 48 accounts pertaining to various periods pending submission by 14 autonomous bodies. Submission of accounts of 14 autonomous bodies was delayed by five to 141 months while presentation of one out of 14 accounts in the State Legislature was delayed by more than five years.

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

4.11 Departmental Commercial Undertakings/Corporations/Companies

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

Heads of departments in the Government have to ensure that the undertakings prepare such accounts and submit the same to the Accountant General for audit within a specified timeframe. As of October 2021, there were two such undertakings⁴, one of which had heavy arrears in accounts. Department-wise position of arrears in preparation of *proforma* accounts and investments made by the Government in these two undertakings is given in **Table 4.14**.

⁴ River Navigation Department and Electricity Department

Table 4.14: Position of arrears as on 31 October 2021 in preparation of Proforma Accounts

Department	No. of undertakings under the department	Name of undertaking	Year up to which accounts finalised	Investment as per last accounts (₹ in crore)
Inland Water Transport	1	River Navigation Department	2005-06	108.29
Power	1	Electricity Department, Government of Goa	2018-19	1650.12
Total				1758.41

(Source: Information furnished by concerned departments)

Submission of Accounts by State Public Sector Enterprises

Need for timely submission

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

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

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

Timeliness in preparation of accounts by Government companies

As of 31 March 2021, there were 14 Government companies under the purview of CAG's audit. Of these, accounts for the year 2020-21 were due from 12 companies. A total of 12 Government companies submitted their accounts of previous years for audit by the CAG on or before 31 October 2021. Details of arrears in submission of accounts by Government companies are shown in **Table 4.15**.

Table 4.15: Arrears in submission of accounts by Government Companies

Particulars		Government companies
Total number of companies under the purview of CAG's audit as on 31.03.2021		14
Less: Companies from which accounts for 2020-21 were not due		02
Number of companies from which accounts for 2020-21 were due		12
Number of companies which presented the accounts for CAG's audit by 31 October 2021		12 ⁵
Number of accounts in arrears		42
Break- up of arrears	(i) Under liquidation	03
	(ii) Defunct	01
	(iii) First accounts not submitted	00
	(iv) Others	38
Age-wise analysis of arrears against 'Others' category	One year (2020-21)	06
	Two years (2019-20 and 2020-21)	00
	Three years and more	32

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

The details of 11 companies whose accounts were in arrears (total 38) as on 31 March 2022 are shown in **Appendix 4.3**.

Timeliness in preparation of accounts by statutory corporations

The CAG is the sole auditor for the two statutory corporations viz., Goa Industrial Development Corporation (GIDC) and Goa Information Technology Development Corporation (GITDC). GIDC's accounts for the year 2020-21 had been audited (April 2022), while GITDC⁶ did not finalise any accounts since its inception in 2006-07.

Recommendation 5: The State Government may evolve a system to expedite the process of compilation and submission of annual accounts by autonomous bodies and Government companies/corporations, for timely assessment of their financial position.

4.12 Misappropriations, losses and defalcations

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

The State Government reported 23 cases of misappropriation, defalcation *etc.* involving Government money totaling ₹ 31.56 lakh up to December 2021 on which final action was pending. The department-wise/age-wise break-up of pending cases is given in **Appendix 4.4**.

⁵ Accounts received for audit during period from 01 November 2020 to 31 October 2021

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

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

Table 4.16: Profile of misappropriation

Age profile and nature of pending cases			
Range in years	No. of cases	Amount involved (₹ in lakh)	Nature/characteristics of the cases
0-5	07	8.88	Misappropriation of cash/stores
5-10	07	10.08	
10 years and above	09	12.60	
Total	23	31.56	

(Source: Information furnished by concerned departments)

Of the 23 cases, 13 cases pertained to Directorate of Panchayats, Panaji. Out of these 13 cases, two cases amounting to ₹ 3.44 lakh were pending for more than 10 years.

The reasons for pendency of 23 cases are classified under three categories, as listed in **Table 4.17**.

Table 4.17: Reasons for outstanding cases of misappropriation

Reasons for delay/outstanding pending cases	No. of cases	Amount (₹ in lakh)
Departmental action started but not completed	18	23.46
Pending in courts of law	04	04.94
Awaiting orders for recovery/write-off	01	03.16
Total	23	31.56

(Source: Information furnished by concerned departments)

4.13 Follow-up Action on State Finances Audit Report

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

4.14 Conclusion

- During 2020-21, 29 *per cent* of the total expenditure of the State Government was classified under Minor Head 800 – Other Expenditure. Indiscriminate booking under omnibus Minor Head 800 – Other Expenditure not only affected transparency in financial reporting but also prevented proper analysis of allocative priorities and quality of expenditure.
- Utilisation Certificates (UCs) aggregating ₹ 1,758.68 crore were outstanding against grants disbursed up to 2019-20. Similarly, Abstract Contingent (AC) Bills amounting to ₹ 186.04 crore were also pending due to non-submission of Detailed Contingent (DC) Bills. Non-submission of UCs and DC Bills by the departments for funds drawn for specific purposes violated the prescribed financial rules and Government directives.

- Non-reconciliation of receipts and expenditure booked by the Controlling Officers of the State with the figures of the Directorate of Accounts reflected poorly on the internal control system within the Government and raised concerns about accuracy of accounts.
- Fourteen autonomous bodies, which fell within the ambit of CAG's audit, had arrears of accounts ranging from five to 141 months. At the end of March 2022, 38 accounts of 11 companies were in arrears *i.e.* these were pending submission to CAG for audit.

Panaji
The 30 December 2022


(ANITHA BALAKRISHNA)
Accountant General, Goa

Countersigned

New Delhi
The 03 January 2023


(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

