

*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 2021-22.

### 4.1 Funds transferred directly to State implementing agencies

The Central Government transfers a sizeable quantum of funds directly to the State implementing agencies<sup>1</sup> 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 ₹ 1,951.61 crore were transferred directly to the State implementing agencies during 2021-22. Major schemes receiving direct transfers of Central funds were Jal Jeevan Mission (₹ 22.76 crore) and Scheme for faster adoption and manufacturing of (Hybrid and) Electric Vehicles in India (₹ 23.30 crore).

### 4.2 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, these should be forwarded to Directorate of Accounts within one year from the date of their sanction, unless specified otherwise.

At the end of 2021-22, 10,534 UCs aggregating ₹ 1,971.11 crore were outstanding against grants disbursed up to 2020-21. Department-wise break-up of outstanding UCs is given in Appendix 4.1 while the age-wise pendency is summarised in Table 4.1.

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<sup>1</sup> 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 4.1: Age-wise status of outstanding UCs as of 31 March 2022**

Sr. No.	Range of delay (in years)	Utilisation certificates outstanding	
		No.	Amount (₹ in crore)
1.	1-3	1884	678.82
2.	3-5	1774	473.83
3.	5-7	1074	185.10
4.	7 and above	5802	633.36
	<b>Total</b>	<b>10534</b>	<b>1971.11</b>

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

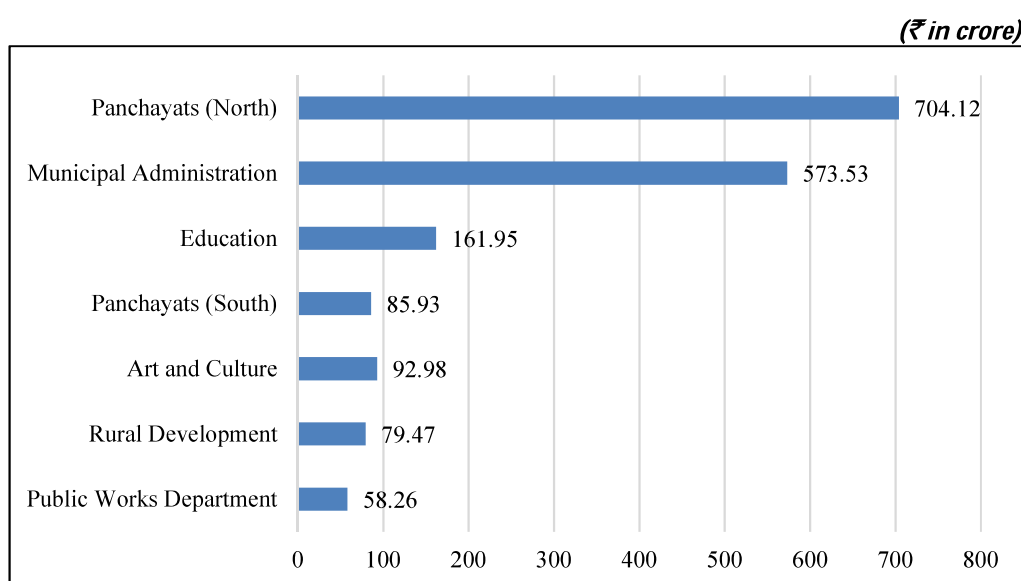
Of the total outstanding UCs, 3,658 UCs (35 *per cent*) amounting to ₹ 1,152.65 crore (58 *per cent*) were outstanding from one to five years while 6,876 UCs (65 *per cent*) involving ₹ 818.46 crore (42 *per cent*) were pending for more than five years.

**Table 4.2: Year-wise break up of outstanding UCs**

Year	No. of UCs	Amount
		(₹ in crore)
Up to 2011-12	4178	363.14
2012-13	477	78.79
2013-14	620	111.86
2014-15	527	79.57
2015-16	479	63.39
2016-17	595	121.71
2017-18	778	317.86
2018-19	996	155.97
2019-20	911	203.82
2020-21	973	475.00
<b>Total</b>	<b>10534</b>	<b>1971.11</b>

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

Major cases of non-submission of UCs pertained to Directorate of Panchayats (North) (33 *per cent*), Directorate of Panchayats (South) (25 *per cent*) and Directorate of Education (10 *per cent*).

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

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

**Directorate of Panchayats (North)**

Appendix 4.1 shows that Directorate of Panchayats (North) had the highest number of pending UCs (3,460 out of total 10,534). Scrutiny of records further revealed the following:

- Records pertaining to grants disbursed to Directorate of Panchayats (North) prior to 2015-16 were not traceable in the Directorate of Accounts, Goa.
- UCs for the period 2010-11 to 2020-21 amounting to ₹ 617 crore (out of total ₹ 704.12 crore) were pending settlement as of December 2022.
- Grants register to be maintained by the sanctioning authority in GFR 21 was not being maintained by Directorate of Panchayats (North). Hence, there was no control mechanism for monitoring grant utilisation/submission of UCs.

During the exit conference, Principal Secretary (Finance) stated that departments with high pendency of UCs would be identified by the Finance Department and action would be taken to reduce the pendency in submission of UCs.

UCs are the only mechanism for the departments to verify that the money has been utilised for the purpose for which it was given. In the absence of UCs, there is no assurance that money disbursed had been used for the intended purpose. Large number of the outstanding UCs, thus, indicated deficient monitoring and follow-up mechanism in the departments concerned and also highlighted the risk of fraud/diversion/embezzlement of funds.

**4.3 Abstract Contingent bills**

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 Directorate of Accounts within three months from the date of drawal of funds on AC bills. If previous AC bills are outstanding for over three months, proposals for drawal of further AC bills would require sanction of Finance Department.

Details of submission of DC bills against AC bills drawn up to March 2022 are given in Table 4.3.

**Table 4.3: Pendency in submission of DC bills against AC bills**

Year	AC bills drawn		DC bills received		Outstanding AC bills	
	No. of bills	Amount	No. of bills	Amount	No. of bills	Amount
Up to 2019-20	11046	4937.31	10847	4888.53	199	48.78
2020-21	527	782.91	483	775.88	44	7.03
2021-22	600	699.25	413	661.87	187	37.38
<b>Total</b>	<b>12173</b>	<b>6419.47</b>	<b>11743</b>	<b>6326.28</b>	<b>430</b>	<b>93.19</b>

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

As may be seen from the table above, departments had drawn 600 AC bills for an amount of ₹ 699.25 crore in 2021-22 and submitted 413 DC bills for an amount of ₹ 661.87 crore. Thus, 187 AC bills amounting to ₹ 37.38 crore remained unadjusted as of 30 June 2022. There was no assurance that the expenditure of ₹ 37.38 crore had actually been incurred during the financial year for the purpose for which it was sanctioned/authorised by the Legislature.

In addition, 199 DC bills amounting to ₹ 48.78 crore for the years up to 2019-20 and 44 DC bills amounting to ₹ 7.03 crore for the year 2020-21 were yet to be submitted by the departments concerned. Thus, at the end of March 2022, 430 DC bills amounting to ₹ 93.19 crore were pending settlement.

Age analysis of outstanding DC bills is shown in Table 4.4.

**Table 4.4: Age-wise status of outstanding DC bills as of 31 March 2022**

Sr. No.	Range of delay (in years)	Outstanding DC bills	
		No.	Amount (₹ in crore)
1.	1 - 3	231	44.41
2.	3 - 5	58	23.95
3.	5 - 7	33	14.69
4.	7 and above	108	10.14
	<b>Total</b>	<b>430</b>	<b>93.19</b>

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

Year-wise details of outstanding DC bills are shown in Table 4.5.

**Table 4.5: Year-wise details of outstanding DC bills**

(₹ in crore)

Year	Outstanding DC bills	Amount of DC bills
Up to March 2011	37	0.92
2011-12	12	3.34
2012-13	07	0.16
2013-14	17	0.28
2014-15	18	5.13
2015-16	17	0.31
2016-17	21	12.33
2017-18	12	2.36
2018-19	12	7.98
2019-20	46	15.97
2020-21	44	7.03
2021-22	187	37.38
<b>Total</b>	<b>430</b>	<b>93.19</b>

(Source: Information furnished by Directorate of Accounts)

Oldest outstanding DC bill for ₹ 40,000 pertained to Collectorate, North Goa for the year 1989.

Major defaulting departments that did not submit DC bills were: Collectorate, North Goa (₹ 34.20 crore), Collectorate, South Goa (₹ 29.28 crore) and Director General of Police (₹ 6.80 crore).

#### **Collectorate, North Goa**

Collectorate, North Goa had the highest number of pending DC bills. Scrutiny of records relating to pending DC bills of Collectorate, North Goa revealed the following:

- AC bill register was not maintained by the Collectorate since 2019-20. Hence, there was no control mechanism to monitor the pending AC bills.

- Out of 140 AC bills pending with the Collectorate as of March 2022, 33 AC bills drawn between 1989 and 2017 amounting ₹ 12.78 crore were not traceable from the records maintained by the Collectorate.
- Of the pending 140 AC bills, 127 AC bills pertained to election expenditure. These bills were pending due to delay in receipt of vouchers/bills from the Returning Officers concerned.

During the exit conference, Principal Secretary (Finance) assured that corrective action would be taken to reduce the pendency.

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

***Recommendation 1: State Government may ensure timely submission of Utilisation Certificates by departments in respect of grants released for specific purposes. Further, advances drawn on Abstract Contingent bills may be closely monitored for ensuring timely submission of Detailed Contingent bills.***

#### 4.4 Personal Deposit Accounts

Personal Deposit (PD) Accounts/Personal Ledger Accounts (PLA) are deposit accounts opened with the approval of the Finance Department (FD) and kept in treasuries in the name of the Administrators<sup>2</sup> of the accounts. Every PD/PLA so authorised to be opened would form part of Public Account.

As per Rule 179 to 182 of Receipts and Payments Rules, 1997, Government of Goa, Administrators are entitled to credit receipts into and effect withdrawals directly from the treasury account for a specific purpose. The Administrators shall only be Government Officers acting in their official or any other capacity.

Rule 180 of Receipts and Payments Rules, 1997 further stipulates that if a PD Account is not operated 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.

Year-wise position of PD/PLA from 2019-20 to 2021-22 is given in Table 4.6.

**Table 4.6: Year-wise details of PD/PLA**

<i>(₹ in crore)</i>				
Year	Opening balance	Receipts	Disbursements	Closing balance
2019-20	108.77	51.17	37.34	122.60
2020-21	122.60	52.93	56.54	118.99
2021-22	118.99	28.51	48.86	98.64

*(Source: Information furnished by Directorate of Accounts)*

As on 31 March 2022, a sum of ₹ 98.64 crore was held under 117 PD/PLA by 21 departments. Additions during the year were ₹ 28.51 crore out of which,

<sup>2</sup> PD Account holders

₹ 2.54 crore was transferred to PD Accounts from the Consolidated Fund of the State and the remaining ₹ 25.97 crore was credited through challans. However, none of the Administrators of 117 accounts had reconciled the closing balance of ₹ 98.64 crore with the Directorate of Accounts.

It was further observed that 22 out of 117 PD/PLA held by eight<sup>3</sup> treasury and sub-treasury offices with a balance of ₹ 26.84 lakh were inoperative for more than three years.

Scrutiny of PD Accounts of Director of Small Savings and Lotteries revealed that bank guarantee amounting to ₹ two crore of a lottery agent was forfeited and deposited in PD Accounts during 2021-22, rather than crediting the same into Government Account. Thus, revenue of the Government remained parked in PD Accounts, which was irregular.

During the exit conference, Director of Accounts stated that action to close the inoperative PD Accounts had already been initiated. The Director added that necessary steps would be taken to transfer the unspent balances lying in PD/PLA to the Consolidated Fund.

Administrators may ensure that unspent balances lying in PD Accounts are transferred to the 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: Finance Department may periodically review all the PD Accounts to ensure that amounts unnecessarily lying in these Accounts are immediately remitted to the Consolidated Fund.**

#### 4.5 Bookings 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 State Government has operated this minor head extensively during the five-year period (2017-22). The amounts booked under this minor head are shown in Table 4.7.

**Table 4.7: Bookings under Minor Head 800-Other Receipts/Other Expenditure**

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
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
2021-22	4708.07	27.85	502.85	3.52

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

Finance Accounts 2021-22 of Government of Goa disclosed that expenditure aggregating ₹ 4,708.07 crore, constituting 28 **per cent** of the total expenditure (₹ 16,908 crore) was classified under Minor Head ‘800-Other Expenditure’ in

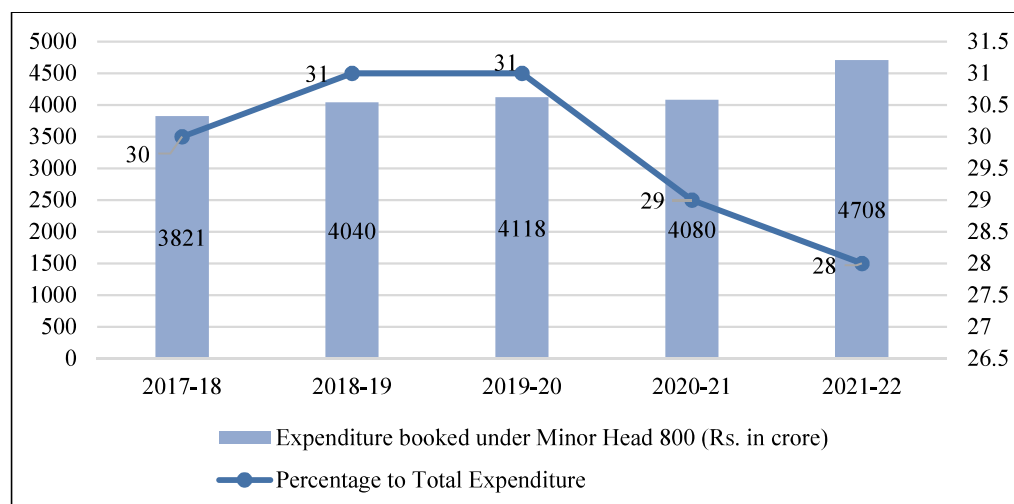
<sup>3</sup> One treasury office at North Panaji and seven sub-treasury offices at Mapusa, Pernem, Bicholim, Valpoi, Margao, Canacona and Sanguem



61 Major Heads under revenue and capital sections. Similarly, receipts aggregating ₹ 502.85 crore, constituting four **per cent** of the total revenue receipts (₹ 14,286 crore) was classified under Minor Head ‘800-Other Receipts’ in 42 Major Heads.

Chart 4.2 shows the trends in booking of expenditure under Minor Head 800, during 2017-22.

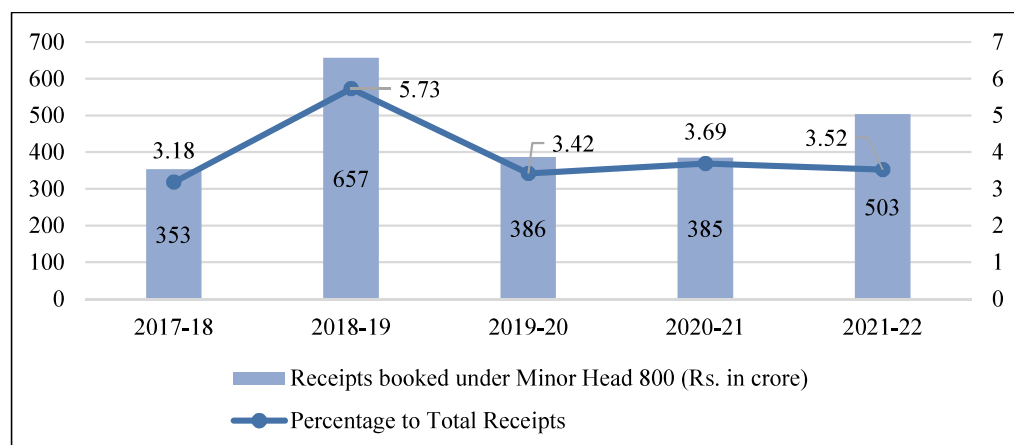
**Chart 4.2: Trends in booking of expenditure under omnibus Minor Head 800**



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

It may be seen from Chart 4.2 that booking of expenditure under omnibus Minor Head 800 increased by ₹ 887 crore (23 **per cent**) during 2017-22. Further, share of bookings under Minor Head 800 to total expenditure ranged between 28 **per cent** and 31 **per cent** during the same period.

**Chart 4.3: Trends in booking of receipts under omnibus Minor Head 800**



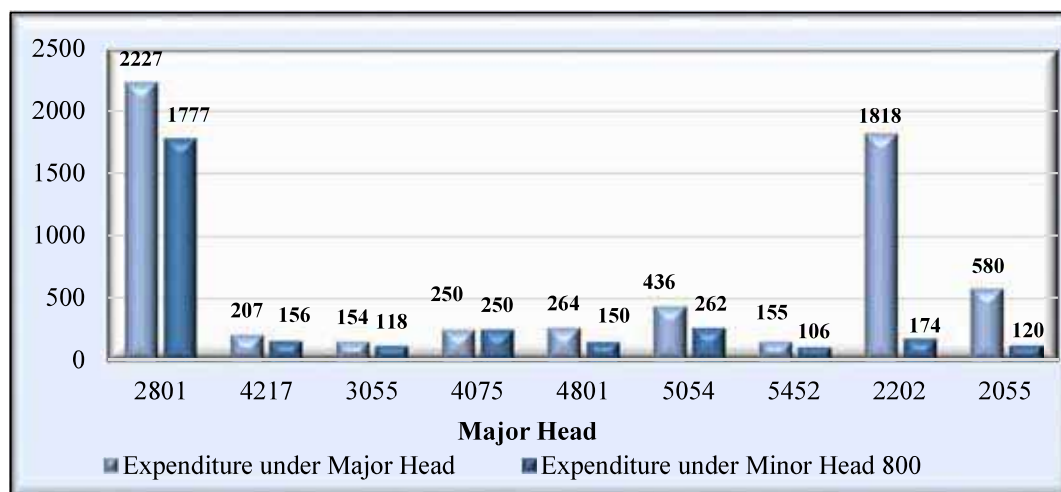
(Source: Finance Accounts of the State for the respective years)

It may be seen from Chart 4.3 above that receipts booked under Minor Head 800 have increased by ₹ 150 crore (42 **per cent**) during 2017-22. Further, share of receipts (booked under Minor Head 800) to total revenue receipts ranged between 3.18 **per cent** and 5.73 **per cent** during the same period.

Cases where expenditure of more than ₹ 100 crore was booked under Minor Head 800 under a particular Major Head during 2021-22 is shown in Chart 4.4.

Chart 4.4: 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 4.4, there were nine Major Heads where an expenditure of ₹ 100 crore or more was booked under Minor Head 800. Except Major Heads 2202 and 2055, remaining seven Major Heads had more than 50 *per cent* of their total expenditure booked under Minor Head 800.

In the case of Major Head 2801 (Power), an expenditure of ₹ 1,777 crore (80 *per cent*) was booked under Minor Head 800. This expenditure was incurred towards cost of bulk supply of power from National Thermal Power Corporation Limited, Karnataka Power Transmission Corporation Limited and Rajasthan State Petroleum Corporation Limited. The expenditure could have been booked either partially or wholly under Minor Head 101 (Purchase of Power) falling under any of the Sub-Major Heads namely, 02 (Thermal Power Generation), 01 (Hydel Power Generation) or 06 (Rural Electrification).

Further, in case of Major Head 4075 (Other Miscellaneous General Services), State Government booked ₹ 250 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 infrastructure 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 051 (Construction) or 201 (Land acquisition) or 101 (Bridges) or 337 (Road Works) *etc.* under other appropriate Capital Major Heads such as, 4059 – Public Works or 5054 – Roads and Bridges as the case may be, instead of booking under omnibus Minor Head 800.

The only case of receipt of more than ₹ 100 crore classified under Minor Head 800 was noticed under Major Head 0070-60 – Fees towards Casino Operations (₹ 186.36 crore).

During the exit conference, Finance Department stated a circular has been issued to all the departments to avoid booking under omnibus Minor Head 800, if an appropriate Minor Head is available under the relevant Major Head.

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: State Government may avoid booking receipts/expenditure under Omnibus Minor Head – 800 where appropriate heads of account are available.**

#### 4.6 Outstanding balances under Suspense, Debt, Deposit and Remittances (DDSR) Heads

Suspense Head is intended for temporary accommodation of transactions affecting the balances of the State, pending final adjustments.

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 under 8658-Suspense Accounts are detailed in Table 4.8 below.

**Table 4.8: Balances under Suspense and Remittance Heads**

(₹ in crore)

Name of Minor Head	2019-20		2020-21		2021-22	
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
101 - Pay and Accounts office Suspense	490.66	497.56	495.79	496.04	504.34	494.73
Net	Cr. 6.90		Cr. 0.25		Dr. 9.61	
102 - Suspense Account (Civil)	44.64	44.23	44.92	45.22	45.17	45.67
Net	Dr. 0.41		Cr. 0.30		Cr. 0.50	
107 – Cash Settlement Suspense Account	492.34	289.02	524.54	289.02	550.50	289.02
Net	Dr. 203.32		Dr. 235.52		Dr. 261.48	
109 - Reserve Bank Suspense	(-)3.42	(-)1.27	(-)4.58	(-)1.19	(-)5.32	(-)1.26
Net	Cr. 2.15		Cr. 3.39		Cr. 4.06	
110 - Reserve Bank Suspense – Central Accounts Office	4073.09	3272.69	4076.32	3273.62	4277.50	3473.62
Net	Dr. 800.40		Dr. 802.70		Dr. 803.88	
112 – Tax Deducted at Source	4.86	15.24	20.91	38.34	18.52	40.61
Net	Cr. 10.38		Cr. 17.43		Cr. 22.09	
129 – Material Purchase Settlement Suspense A/c	-	34.76	-	34.76	-	34.76
Net	Cr. 34.76		Cr. 34.76		Cr. 34.76	
<b>Total Net</b>	<b>Dr. 949.94</b>		<b>Dr. 982.09</b>		<b>Dr. 1013.54</b>	

(Source: Finance Accounts of the State)

Gross figures under major suspense and remittance heads show that aggregate net balance under Major Head 8658 was ₹ 1,013.54 crore (Dr.) in 2021-22,

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 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 2021-22, net debit balance under this head was ₹ 9.61 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 ₹ 0.50 crore at the end of 2021-22.

#### **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. At the end of March 2022, there was an outstanding credit balance of ₹ 22.09 crore under this head which was yet to be credited to Income Tax Department.

### **4.7 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 48<sup>th</sup> Report (1992) recommended punitive action against erring Budget Controlling Authorities (BCA). 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 2021-22 as well.

During 2021-22, 18 out of 91 BCA did not carry out reconciliation in respect of 1,253 units under their control for expenditure involving ₹ 4,902.51 crore. Of the 73 BCA who carried out reconciliations, six BCA carried out reconciliations only for part of the year in respect of 501 units under their control involving ₹ 232.31 crore. Details of seven major BCA (out of 18) who did not reconcile their expenditure (₹ 4,818.73 crore) are shown in Table 4.9.

**Table 4.9: Major BCA who did not reconcile their expenditure**

(₹ in crore)

Sr. No.	BCA who did not reconcile their expenditure	Amount not reconciled
1	Public Works Department	2130.31
2	School Education	1508.73
3	Higher Education	418.02
4	Water Resources Department	333.69
5	Directorate of Panchayats	329.67
6	Collectorate (South Goa)	53.44
7	Collectorate (North Goa)	44.87
	<b>Total</b>	<b>4818.73</b>

(Source: Information furnished by Directorate of Accounts)

Similarly, 32 out of 91 BCA did not carry out reconciliation in respect of units under their control for receipts involving ₹ 7,086.59 crore. Of the 59 BCA who carried out reconciliations, six BCA carried out reconciliations only for part of the year in respect of units under their control involving ₹ 5.53 crore. Details of five major BCA (out of 32) who did not reconcile their receipts (₹ 6,586.20 crore) are indicated in Table 4.10.

**Table 4.10: Major BCA who did not reconcile their receipts**

(₹ in crore)

Sr. No.	BCA who did not reconcile their receipts	Amount not reconciled
1	Commercial Tax	5063.95
2	Transport	283.42
3	Public Works Department	256.75
4	Water Resources Department	702.05
5	Notary Services	280.03
	<b>Total</b>	<b>6586.20</b>

(Source: Information furnished by Directorate of Accounts)

During the exit conference, Principal Secretary (Finance) accepted the audit observation and assured that departments would take necessary steps to ensure timely reconciliation of receipts/expenditure.

**Recommendation 4: Budget Controlling Authorities may regularly reconcile their receipts and expenditure with Directorate of Accounts to ensure accuracy in reporting of receipts and expenditure figures in accounts.**

#### 4.8 Compliance with Accounting Standards

As per article 150 of the Constitution, the President of India may, on the advice of the Comptroller and Auditor General of India (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).

Table 4.11 provides the status of compliance with these three Accounting Standards.

**Table 4.11: Compliance with Accounting Standards**

Sr. No.	Accounting Standard	Essence of IGAS	Compliance by State Government	Impact of deficiency
1.	<b>IGAS-1: Guarantees Given by the Government – Disclosure requirements</b>	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 <i>etc.</i> at the end of the year.	Not complied	Details of guarantees were not disclosed in the budget documents. Further, details of designated authority for tracking guarantees, automatic debit mechanism and structured payment arrangements, if any, were also not disclosed.
2.	<b>IGAS-2: Accounting and Classification of Grants-in-Aid (GIA)</b>	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.	Not complied	Detailed information in respect of GIA given in kind and GIA used to create capital assets were not disclosed.
3.	<b>IGAS-3: Loans and Advances made by Government</b>	It is related to recognition, measurement, valuation and reporting of loans and advances made by the Government in its financial statements to ensure complete, accurate and uniform accounting practices. It also ensures adequate disclosure on loans and advances made by the Government.	Not complied	Disclosures on repayment of loans in arrears, loans in perpetuity, interest payment in arrears, if any, were not made by the State Government. Non-payment of interest and loans may have an impact on the revenue and fiscal deficits.

(Source: Finance Accounts of the State and respective IGAS)

#### 4.9 Submission of Accounts/Separate Audit Reports of autonomous bodies

Several autonomous bodies have been set up by the State Government in the field 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.

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 4.12.

**Table 4.12: 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	01	0-1	03
3-6	00	1-3	02
6-9	04	3-5	02
9-25	02	5 years and above	01
25 months and above	06	-	-

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

As may be seen from Appendix 4.2, there were 35 accounts pending submission by 13 autonomous bodies for various periods. This is summarised in Table 4.13 below.

Further, submission of accounts by 13 autonomous bodies was delayed by three to 151 months while presentation of one out of eight accounts in the State Legislature was delayed by more than five years.

**Table 4.13: Arrears in submission of accounts by Autonomous Bodies**

Sr. No.	Name of Body or Authority	Accounts pending since	No. of Accounts pending up to January 2023
1	Goa University	2021-22	01
2	Goa Housing Board	2021-22	01
3	Goa Tillari Irrigation Development Corporation	2012-13	04
4	Khadi and Village Industries Board	2020-21	02
5	Goa State Commission for Backward Classes	2020-21	02
6	South Goa Zilla Panchayat	2018-19	04
7	North Goa Zilla Panchayat	2009-10	13
8	Goa State Legal Services Authority	2021-22	01
9	District Legal Services Authority, South Goa	2021-22	01
10	District Legal Services Authority, North Goa	2019-20	03
11	Goa State Compensatory Afforestation Fund Management and Planning Authority	2016-17	01
12	Goa Samagra Shiksha Abhiyan Society	2019-20	01
13	Real Estate Regulatory Authority	2021-22	01
<b>Total</b>			<b>35</b>

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

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 State Government was also delayed.

#### 4.10 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 September 2022, there were two such undertakings<sup>4</sup>, 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.

**Table 4.14: Position of arrears as on 30 September 2022 in preparation of *proforma* Accounts**

Department	No. of undertaking 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	2020-21	1757.94
<b>Total</b>				<b>1866.23</b>

(Source: Information furnished by departments concerned)

#### 4.11 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.

State Government reported 27 cases of misappropriation, defalcation *etc.* involving Government money of ₹ 1.79 crore up to December 2022, on which final action was pending. Department-wise/age-wise break-up of pending cases is given in Appendix 4.3.

As may be seen from Appendix 4.3, out of 27 cases, 13 cases pertained to Directorate of Panchayats, Panaji. Out of these 13 cases, five cases amounting to ₹ 5.14 lakh were pending for more than 10 years.

Age profile of pending cases and number of pending misappropriation cases are summarised in Table 4.15.

**Table 4.15: Age profile of pending misappropriation cases**

Age profile and nature of pending cases			
Range in years	No. of cases	Amount involved (₹ in lakh)	Nature/characteristics of cases
0-5	06	9.25	Misappropriation of cash/stores
5-10	07	53.39	
10 years and above	14	116.19	
<b>Total</b>	<b>27</b>	<b>178.83</b>	

(Source: Information furnished by departments concerned)

<sup>4</sup> River Navigation Department and Electricity Department



Reasons for pendency of 27 cases have been classified under three categories (Table 4.16).

**Table 4.16: Reasons for outstanding cases of misappropriation**

Reasons for delay/outstanding pending cases	No. of cases	Amount (₹ in lakh)
Departmental action started but not completed	21	176.22
Pending in courts of law	05	1.70
Awaiting orders for recovery/write-off	01	0.91
<b>Total</b>	<b>27</b>	<b>178.83</b>

(Source: Information furnished by departments concerned)

#### 4.12 Follow-up action on State Finances Audit Report

State Finances Audit Reports of the Government of Goa are being presented to the State Legislature from 2008-09 to 2020-21 (13 Reports). However, out of 13 Reports tabled in the State Legislature, the Public Accounts Committee discussed only two Reports (2008-09 and 2009-10).

#### 4.13 Conclusion

- During 2021-22, 28 *per cent* of the total expenditure of the State Government was classified under Minor Head 800 – Other Expenditure. Indiscriminate bookings 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 ₹ 1,971.11 crore were outstanding against grants disbursed up to 2020-21. Similarly, Abstract Contingent (AC) bills amounting to ₹ 93.19 crore were 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 State Government directives.
- Non-reconciliation of receipts (₹ 7,086.59 crore) and expenditure (₹ 4,902.51 crore) booked by the Controlling Officers with the figures maintained by the Directorate of Accounts reflected poorly on the internal control system within the Government and raised concerns about accuracy of accounts.
- Thirteen autonomous bodies, which fell within the ambit of CAG's audit, had arrears of accounts ranging from 03 to 151 months.