

**CHAPTER IV: QUALITY OF ACCOUNTS AND  
FINANCIAL REPORTING PRACTICES**



## CHAPTER-IV

### 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 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.

#### Issues related to completeness of accounts

##### 4.1 Funds outside Consolidated Fund or Public Account of the State

Article 266 (1), subject to the provisions of Article 267 of the constitution of India, provides that all revenues received by the Government of a State, all loans raised by that Government by issue of treasury bills, loans or ways and means advances and all moneys received by that Government in repayment of loans shall form one consolidated fund to be entitled “the Consolidated Fund of the State”. Article 266 (2) provides that all other public moneys received by or on behalf of the Government of a State shall be credited to the Public Account of the State, as the case may be.

##### 4.2 Non-inclusion of clear cut liabilities incurred during the financial year

In years of tight fiscal conditions, there is a tendency to postpone certain payments due, especially in the last quarter of the financial year, to the next financial year. These could include subsidy related payments and other contracted payments for which bills have been submitted.

As per information furnished by the State Finance Department in the Third Quarterly Review Report of the Finance Minister 2021-22, there was an outstanding amount of ₹ 387.90 crore in respect of various claims which pertain up to the end of December 2021. Such unpaid claims will create miscellaneous liabilities of the State Government to the next financial years. Details of the unpaid claims are given in **Table 4.1**.

**Table 4.1: Outstanding miscellaneous liabilities pertains to the end of December 2021**

(₹ in crore)

Sl. No.	Particulars	Outstanding Amount
1.	Major works and contracts	159.50
2.	Committed liabilities in respect of land acquisition charges	17.09
3.	Claims in respect of unpaid bills on works and supplies	211.31
	<b>Total</b>	<b>387.90</b>

The details of unpaid claims as on 31 March 2022 was requested (November 2022) from the State Government, replies is awaited (December 2022).

#### 4.3 Non discharge of liability in respect of interest towards interest bearing Reserve Funds

The Government has a liability to provide and pay interest on the amounts in the Interest-bearing Reserve Funds. The interest liabilities in respect of the Reserve Funds bearing interest under Sector J of the Public Accounts are annual liabilities that the State Government is required to discharge. During the year the State Government did not invest any amount out of available balance of ₹ 68.81 crore from the State Disaster Response Fund (SDRF) as on 1 April 2021. Interest liability accruing on the balance fund of ₹ 68.81 crore was ₹ 4.13 crore (calculated at the rate of six *per cent* which is average rate of Ways and Means Advances during the year 2021-22).

#### 4.4 Funds transferred directly to State implementing agencies

The Union Government transfers substantial funds directly to the State Implementing Agencies/ Non-Governmental Organisations for implementation of various schemes and programmes. Since these funds are not routed through the State Budget, these are not reflected in the Accounts of the State Government. These transfers are exhibited in Appendix VI of Volume II of the Finance Accounts.

As per the GoI decision, with effect from 2015-16, funds for implementation of Centrally Sponsored Schemes (CSS) and Additional Central Assistance (ACA) under various schemes were to be released to the State Government and not directly to the State Implementing Agencies. However, as per the Public Financial Management System (PFMS) portal of the Controller General of Accounts, ₹ 1,820.76 crore was released directly by the GoI to the State Implementing Agencies and Non-Government Organisations during 2021-22 for implementation of 123 schemes as exhibited in the Finance Accounts 2021-22 (**Appendix VI**). There was an increasing trend in the funds transferred directly by the GoI during 2017-18 to 2021-22 as shown in **Table 4.2**.

**Table 4.2: Position of funds transferred by Government of India directly to State implementing agencies during last five years from 2017-18 to 2021-22**

(₹ in crore)

Particulars	Fund transferred				
	2017-18	2018-19	2019-20	2020-21	2021-22
Number of programme/ Schemes under which funds were transferred	51	9	59	140	123
Funds transferred by GoI	426.74	442.79	853.99	1205.51	1820.76

*Note: Information relating to GoI releases during the year 2021-22 collected from Public Financial Management System (PFMS) portal of Controller General of Accounts for the State Accounts (2021-22).*

It was noticed that out of ₹ 1,820.76 crore transferred directly by GoI during 2021-22, ₹ 1,742.01 crore (95.67 per cent) were provided for implementation of 13 major Schemes during the year as detailed in **Appendix 4.1**.

#### 4.5 Deposit of Local Funds

Tripura Panchayati Raj Acts, 1993 provides that Zilla Parishad (ZP), Panchayat Samiti (PS) and Gram Panchayat (GP) would maintain ZP fund, PS fund and GP fund respectively (under Major Head 8448-Deposits of Local Funds-109-Panchayat Bodies Funds) which would include all the moneys realised or realisable under the Act and all the moneys otherwise received by the PRIs, such as grants received from the Central Finance Commission and the State Government as part of the State Finance Commission award and its own revenue, which includes tax and non-tax receipt of a Panchayat. The Acts also envisages that the Municipal Fund is to be held by the Municipality. All the moneys realised or realisable under this Act and all moneys otherwise received by the Municipalities are kept in the Municipal Fund under the Major Head '8448-Deposits of Local Funds-102-Municipal Funds'.

However, from Finance Accounts of the State it was revealed that there was no transaction (Receipts and Disbursement) in respect of Municipal Funds and other local Bodies' Funds under the Major Head 8448 since 2007-08, but ₹ 10.16 crore was carried forward in the Public Account under this Major Head as on 31 March 2022. The balances under Major Head '8448-Deposits of Local Funds' up to the end of 31 March 2022 are as shown in **Table 4.3**.

**Table 4.3: Balances under Major Head 8448-Deposits of Local Funds as on 31 March 2022**

(₹ in lakh)

Year		2017-18	2018-19	2019-20	2020-21	2021-22	
Panchayat Bodies Fund	(8448-109)	Opening Balance	3.00	3.00	3.00	3.00	3.00
		Receipt	-	-	-	-	-
		Expenditure	-	-	-	-	-
		Closing Balance	3.00	3.00	3.00	3.00	3.00
Education Funds	(8448-110)	Opening Balance	163.70	163.70	163.70	163.70	163.70
		Receipt	-	-	-	-	-
		Expenditure	-	-	-	-	-
		Closing Balance	163.70	163.70	163.70	163.70	163.70
<b>Total Closing balance end of the year</b>		<b>166.70</b>	<b>166.70</b>	<b>166.70</b>	<b>166.70</b>	<b>166.70</b>	
Other Funds	(8448-120)	Opening Balance	848.91	848.91	848.91	848.91	848.91
		Receipt	-	-	-	-	-
		Expenditure	-	-	-	-	-
		Closing Balance	848.91	848.91	848.91	848.91	848.91
<b>Total (8448): Deposit of Local Bodies</b>		<b>1015.61</b>	<b>1015.61</b>	<b>1015.61</b>	<b>1015.61</b>	<b>1015.61</b>	

There was no transaction in the Deposit of Local Bodies under the Public Account since 2007-08 with the balance of ₹ 10.16 crore. The Government was requested (November 2022) to furnish the reasons for non-transaction of these Local Funds under this Major Head since long, reply was awaited (November 2022).

#### 4.6 Delay in submission of Utilisation Certificates

Rules 238(1) of the General Financial Rules, 2017 provide that every order sanctioning a grant would specify its objective clearly and time limit within which the grant is to be spent. The departmental officers drawing the grants-in-aid would be primarily responsible for certifying to the Accountant General where necessary, the fulfillment of the conditions attached to the grant and submission of a certificate (Utilization Certificate) in such form and at such interval within 12 months from the grantees and after verification of the Accountant General (A&E) and the Head of the Department concerned.

Audit scrutiny revealed that during 2021-22, out of 1162 pending UCs involving ₹ 878.49 crore, 727 UCs for ₹ 615.26 crore pertaining to for the period upto 2021-22 was cleared. 435 UCs in respect of grants aggregating to ₹ 263.23 crore given to departments of the State Government were not submitted to the Accountant General (A&E) as on 31 March 2022. Age-wise details of delay in submission of UCs are given in **Table 4.4**.

**Table 4.4: Age-wise arrears in submission of Utilisation Certificates**

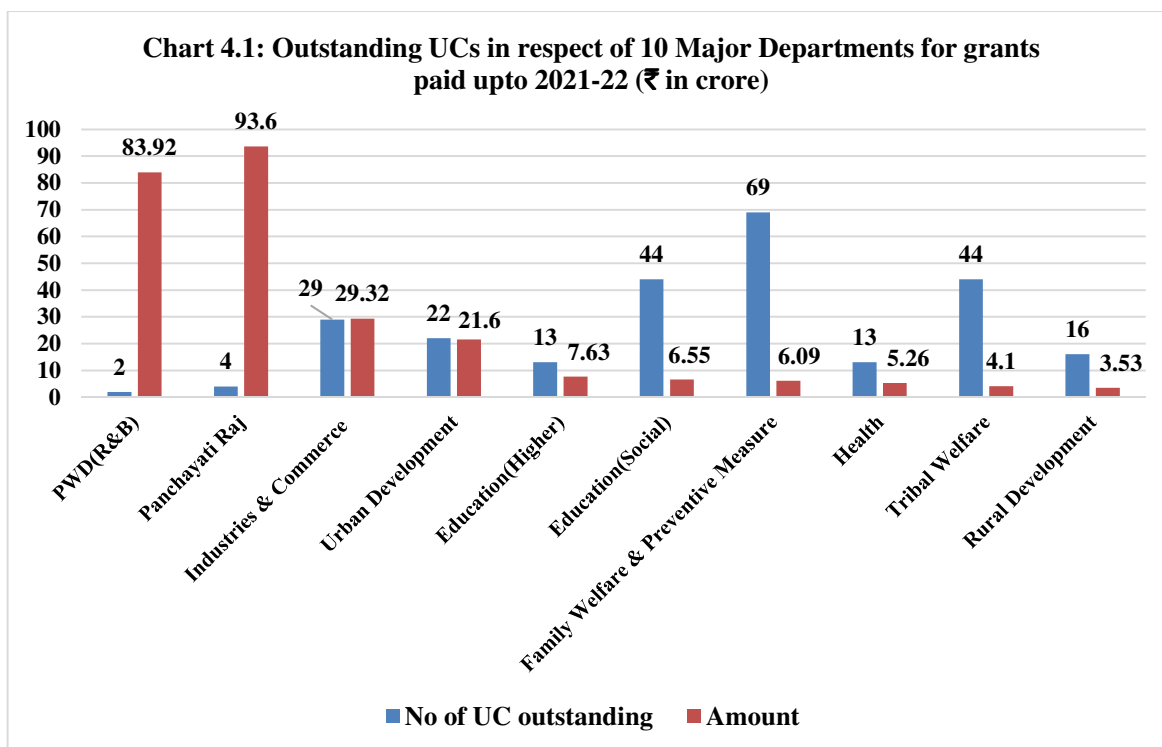
(₹ in crore)

Year	Outstanding UC as on 01 April 2021		UCs adjusted during the year 2021-22		Outstanding UC upto March 2022	
	No.	Amount	No.	Amount	No.	Amount
Upto 2018-19	75	16.03	73	15.81	2	0.22
2019-20	145	43.40	56	23.70	89	19.70
2020-21	361	200.19	258	141.03	103	59.16
2021-22	581	618.87	340	434.72	241	184.15
<b>Total</b>	<b>1162</b>	<b>878.49</b>	<b>727</b>	<b>615.26</b>	<b>435</b>	<b>263.23</b>

*Source: Information furnished by the A&E Office.*

**Note:** GIA disbursed during 2021-22 shall be due in the year 2022-23.

Non submission of the Utilization Certificates (UCs) means that the authorities have not explained as to how funds were spent over the years. There is also no assurance that the intended objectives of providing these funds have been achieved. Since non-submission of UCs is fraught with the risk of misappropriation, it is imperative that the State Government should monitor this aspect closely and hold the concerned persons accountable for submission of UCs in a time bound manner. Further, delay in submission of UCs would impact on further releases of grants by GoI and non-release of performance grants to Local Bodies. Major defaulting departments which had not submitted UCs upto the end of 31 March 2022 are shown in **Chart 4.1**.



#### 4.6.1 Recording of Grantee Institution as “Others”

There is a mechanism in some States of giving institute code to various bodies and authorities receiving Grants-in-Aid from Government. These grants are also recorded in Voucher Level Computerisation (VLC) system of the AG (A&E) office and submission of UCs is monitored against outstanding amount against each institute. Needless to say, for this system to work, grantee institute should be recorded properly. In absence of proper code, outstanding amounts against all institutes cannot be worked out.

If Grants-in-Aid constitute a significant portion of the total expenditure of the State, it is essential that the Government provides the details and nature of the Grantee Institutions to which it is providing funds, in the interests of transparency of accounts.

During 2021-22, the State Government had given grants-in-aid of ₹ 2,939.25 crore to ‘Others’ which constitute 66.93 *per cent* of total grants given (₹ 4,391.22 crore) during the year. Due to absence of proper code, institution wise amount of grants given during 2021-22 could not be ascertained in audit.

#### 4.7 Abstract Contingent (AC) Bills

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

As per Rule 31(12) of the Delegation of Financial Powers Rules, 2019 of Government of Tripura, drawal of moneys on AC Bills should be adjusted through DCC Bills by submitting them to the countersigning officer within 60 days from the date of drawal of the amount. The second drawal of the amount should be made only after exhausting the moneys drawn in previous AC bills. Further, as per sub-Rule 15 of Rule 31, *ibid* the Head of the Department under whose control a DDO is functioning has to countersign all the DCC bills and forward them to the Accountant General (A&E), Tripura within 90 days from the date of drawal of the AC bill.

Out of 1019 unadjusted AC bills of ₹ 65.04 crore pending for clearance upto 31 March 2021, the State Government had cleared 710 AC bills involving ₹ 41.64 crore during the year 2021-22.

During the year 2021-22, 112 AC bills of ₹ 9.43 crore were drawn of which 51 AC bills of ₹ 1.38 crore (14.63 per cent) were drawn in March 2022. DCC bills in respect of a total of 405 AC bills involving ₹ 32.52 crore were pending as on 31<sup>st</sup> March 2022. Out of 405 AC bills involving ₹ 32.52 crore pending for submission of DCC bills, 309 AC bills for ₹ 23.40 crore were pertaining upto 2020-21. Details of unadjusted AC bills as on 31<sup>st</sup> March 2022 pending submission of DCC bills are as given in **Table 4.5**.

**Table 4.5: Year-wise status of unadjusted AC Bills as on 31 March 2022**

(₹ in crore)

Year	AC Bills drawn		AC Bills cleared during 2021-22		Unadjusted AC Bills	
	No. of Bills	Amount	No. of Bills	Amount	No. of Bills	Amount
Upto 2018-19	140	30.28	140	30.28	Nil	Nil
2019-20	317	3.22	300	2.72	17	0.50
2020-21	562	31.54	270	8.64	292	22.90
2021-22	112*	9.43	16	0.31	96*	9.12
<b>Total</b>	<b>1131</b>	<b>74.47</b>	<b>726</b>	<b>41.95</b>	<b>405</b>	<b>32.52</b>

\*Includes 51 AC Bills drawn in March 2022 due for submission of DCC Bills as 60 days from the date of drawal.

The major defaulting departments that had not submitted DCC bills are Relief and Rehabilitation Department (₹ 26.89 crore), Tribal Welfare Department (₹ 1.54 crore), Urban Development Department (₹ 1.49 crore), General Administration (S.A) Department (₹ 0.91 crore) and General Administration (Political) Department (₹ 0.47 crore). Age-wise analysis of AC bills of these Departments is shown in **Table No. 4.6**.

**Table No. 4.6: Age-wise analysis of AC bills pending of five major defaulting Departments**

(₹ in crore)

Sl. No.	Name of Department	Up to 2019-20		2020-21		2021-22		Total	
		No. of Bill	Amount	No. of Bill	Amount	No. of Bill	Amount	No. of Bill	Amount
1	Relief and Rehabilitation Department	2	0.06	15	18.99	4	7.84	21	26.89
2	Tribal Welfare Department	4	0.02	54	1.52	Nil	Nil	58	1.54
3	Urban Development Department	Nil	Nil	154	1.45	4	0.04	158	1.49
4	General Administration (S.A) Department	Nil	Nil	1	0.16	2	0.75	3	0.91
5	General Administration (Political) Department	Nil	Nil	26	0.46	3	0.01	29	0.47



Non submission of DCC bills and non-adjustment of advances by the Controlling Officers/DDOs for a long period is fraught with the risk of misappropriation.

#### 4.8 Personal Deposit Accounts

The State Government is authorized to open Personal Deposit (PD) Accounts to deposit funds required for specific purpose by transfer of funds from consolidated fund or by transfer of funds from sources other than from the consolidated fund. Personal Deposits are, maintained in the nature of a bank account in the treasury. Balances in the Personal Deposit Accounts do not lapse to Government up to three to five complete accounting years as defined in the financial rules though the operation and maintenance of PD accounts vary from State to State.

During the year 2018-19, the State Government had taken a policy decision to open PD Account with the concurrence of the Accountant General (A&E) for transferring the funds from Current Deposit (CD)/Savings Bank (SB) Accounts of DDOs where Bank balance of a particular DDO exceeds ₹ two crore except funds of a Central Schemes as it is mandatorily required to keep the fund in a separate Bank Account as per Scheme guidelines.

The State Government was authorised to open one new PL account during 2021-22. During the year 2021-22, ₹ 294.97 crore was credited in the PD Account under Major Head 8443-106. Out of ₹ 294.97 crore credited in the PD Account during 2021-22, ₹ 22.90 crore was transferred from the Consolidated Fund of the State of which ₹ 12.72 crore was transferred in March 2022 and rest amount was deposited by challan. As on 31 March 2022, there was a balance of ₹ 416.14 crore in 260 PL Accounts of which 106 PL Accounts, no transactions were made during 2021-22.

As per information provided, 188 Administrators of Personal Ledger Account (out of 260) had reconciled and verified their balances with the treasury figures, however, no annual verification certificates were furnished by them to the Treasury Officer for onward submission to the Accountant General (A&E) office. 72 Administrators of Personal Ledger Accounts had not reconciled and verified their balances with the treasury figures. Status of PL Accounts as on 31 March 2022 are given in **Table 4.7**.

**Table 4.7: Status of PD/PL Accounts**

(₹ in crore)

Opening Balance as on 01 April 2021		Addition during the year 2021-22		Withdrawal during the year 2021-22		Closing Balance as on 31 March 2022	
Number of Administrator	Amount	Number of PD/PL accounts Administrators	Amount deposited in PD/PL accounts (including new accounts)	Number of accounts closed	Amount withdrawn from PD/PL Accounts	Number of Administrators	Amount
259	475.89	01	294.97	Nil	354.72	260	416.14

The relevant figures are available in Statement No.21 of the Finance Accounts.

In terms of Rule 624 of CTR Vol-I (as adopted by the Government of Tripura), the PD accounts are normally required to be closed on the last working day of the year and the unspent balances transferred back to the Consolidated Fund and PD accounts are reopened next year, if necessary. Further, the PD accounts which were opened by transfer of funds other than from the Consolidated Fund, should be reviewed every year and the accounts which are inoperative for more than three to five years (complete account years) should be closed and balances lying in such accounts should be credited to the Government Accounts. However, as on 31 March 2022, no PD Account was closed in the State.

At the close of financial year, the amount lying unutilised in the PD accounts distorts the expenditure figures in the Government Accounts. Besides, non-transfer of unspent balances lying in PD Accounts to Consolidated Fund is fraught with the risk of misuse of public fund, fraud and mis-appropriation.

#### **4.9 Unspent balance lying in the Bank Accounts of DDOs**

Drawing and Disbursement Officers (DDOs) are required to withdraw money from Government Account/Consolidated Fund for making payment on behalf of the Government. During 2021-22, the State Government transferred/deposited ₹ 362.16 crore into the bank accounts of 831 DDOs for disbursement. However, there was the instructions issued earlier from the State Government (February 2017) for closure of Current Deposit (CD)/Savings Bank(SB) Accounts of the DDOs of all the Departments by 31 March 2017 and to deposit the unspent balances lying in their CD/SB account into the Government Account.

As per information received from 778 out of 1399 DDOs, there were ₹ 834.18 crore lying in the CD/SB Account of 578 DDOs while in 200 DDOs accounts, there were no balance in the account as on 31 March 2022. The funds were meant for incurring expenditure on different heads *like* office expenses, committed liabilities, Central/State schemes which has already booked as expenditure from the Consolidated Fund of the State but lying idle outside the Government Account. Thus the expenditure shown in the Finance Accounts for the year 2021-22 could not be vouched as correct to that extent.

Further, as per information furnished by the State Government (August 2022) it was noticed that the State Government had received ₹ 2,407.20 crore from the GoI for implementation of various Centrally Sponsored Scheme/Central Sector Schemes during 2021-22. Out of ₹ 2,407.20 crore, the State Government transferred ₹ 2,223.13 crore to the Single Nodal Agencies (SNAs) during 2021-22 leaving a balance of ₹ 194.07 crore, which forms a part of the Cash balance of the State Government to that extent. In addition, an amount of ₹ 1,820.76 crore was released by GoI directly to the State Implementing Agencies during 2021-22 for implementation of the CSS/CS. The unspent amount of the Single Nodal Agencies has not been made available by the State Government as on 31 March 2022. However, as per PFMS portal, there was an unspent amount of ₹ 1,002.21 crore in the Bank Account of different Single Nodal Agencies as on 31 March 2022.

As per Accounts of the State Water and Sanitation Mission, Tripura for the year 2021-22, it was noticed that during 2021-22 the Agency received ₹ 783.21 crore from the State

Government, of which ₹ 714.09 crore was received as Central grants under Jal Jeevan Mission during the year. After incurring an expenditure of ₹ 667.69 crore (Central share: ₹ 599.82 crore; State share: ₹ 67.87 crore) toward Jal Jeevan Mission by the Agency, there was an unspent balance of ₹ 184.28 crore in their accounts including bank interest of ₹ 3.36 crore as on 31 March 2022.

#### 4.10 Indiscriminate use of Minor Head '800'

Minor Head '800' relating to Other Receipts and Other Expenditure is intended to be operated only when the appropriate minor head has not been provided in the Accounts. Routine operation of Minor Head '800' is to be discouraged, since it renders the accounts opaque.

Scrutiny of the Finance Accounts for the year 2021-22, revealed that the State Government classified as receipt of ₹ 135.21 crore in 40 Major Heads of Account, constituting 0.77 per cent of the total Revenue Receipts (₹ 17,613.95 crore) under Minor Head 800 – Other Receipts in the accounts.

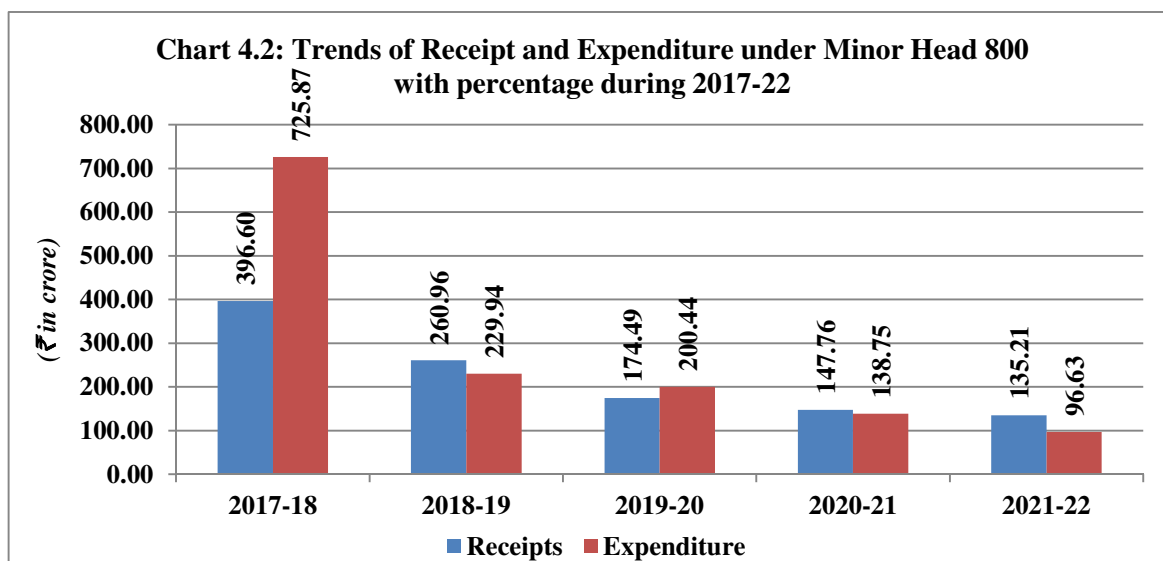
Similarly, expenditure of ₹ 96.63 crore in 18 Major Heads of Accounts booked under Minor Head '800 – Other Receipts' constituting 0.53 per cent of total Revenue and Capital Expenditure (₹ 18,204.61 crore).

Receipts and Expenditure booked under Minor Head '800' and its percentage to total Receipts and Expenditure during last five years period 2017-18 to 2021-22 are shown in **Table 4.8**.

**Table 4.8: Receipts and Expenditure under Minor Head '800'**

Particular	₹ in crore)				
	2017-18	2018-19	2019-20	2020-21	2021-22
Receipts	396.60	260.96	174.49	147.76	135.21
Percentage of receipts to total receipts	3.94	2.17	1.59	1.11	0.77
Expenditure	725.87	229.94	200.44	138.75	96.63
Percentage to total expenditure	5.98	1.72	1.41	0.91	0.53

Trends of Receipt and Expenditure booked under Minor Head 800 during 2017-22 are shown in **Chart 4.2**.



It was seen that during 2021-22 significant amount of receipts was booked under Minor Head '800-Other receipts' under the functional Major Head 0852-Industries (₹ 86.62 crore), '0041-Taxes on Vehicle' (₹ 11.91 crore), '0059-Public Works' (₹ 6.38 crore), '0075-Miscellaneous General Service' (₹ 8.04 crore) and '406-Forestry and Wild Life' (₹ 6.40 crore) respectively as shown in **Table 4.9**.

**Table 4.9: Significant receipts booked under Minor Head 800-Other Receipts during financial year 2021-22**

(₹ in crore)

Sl. No.	Major Head/Description	Receipts under Minor Head 800	Total Receipts	Percentage to total receipts
1	0041-Taxes on vehicles	11.91	103.22	11.54
2	0049 Interest Receipts	4.66	24.43	19.07
3	0055-Police	2.75	82.77	3.32
4	0059-Public Works	6.38	6.67	95.65
5	0075-Miscellaneous General Service	8.04	23.70	33.92
6	0406-Forestry and Wild life	6.40	21.35	29.98
7	0852-Industries	86.62	86.62	100
8	1054- Roads and Bridges	2.95	2.95	100

Similarly, the significant cases of booking expenditure under Minor Head 800-Other expenditure are shown in **Table 4.10**.

**Table 4.10: Significant expenditure booked under Minor Head 800-Other Expenditure during financial year 2021-22**

(₹ in crore)

Sl. No.	Major Head	Major Scheme under Minor Head 800	Expenditure under Minor Head 800	Total Expenditure	Per cent to total expenditure
1.	2575-Other Special Area Programmes	Border Area Development Programme (State share of Central Assistance)	24.85	46.31	53.66
2.	2801- Power	Subsidy to Tripura State Electricity Corporation Ltd.	47.00	78.97	59.52
3	2875-Other Industries	Industries Development, District Industries Centre, Salaries	0.74	0.74	100
4.	4070- Capital Outlay on Other Administrative Services	Capital Outlay on Other Administrative Services, (Establishment), Machinery and equipment	3.15	5.10	61.76

It was observed that more than 50 per cent expenditure of total expenditure were booked under Minor Head '800-Other expenditure' under the functional Major Head '2801-Power' (59.52 per cent) , '4070- Capital Outlay on Other Administrative Services' (61.76 per cent), '2575- Other Special Area Programmes' (53.66 per cent).

Operation of Minor Head for booking of maximum amount in respect of Receipts and Expenditure where appropriate Minor Head is not available in the list of Major and Minor

Head, the State Government should open new appropriate Minor Head with the advice of the Accountant General (A&E) for minimising the booking under Minor Head ‘800’- Other Receipts/Expenditure.

However, it was also noticed that there was a decreasing trend of booking both in receipts and expenditure under minor head 800 during last five year period which indicates improvement in monitoring of booking of receipts and expenditure.

Classification of large amounts under the omnibus Minor Head ‘800’ affects the transparency in financial reporting and distorts proper analysing of allocative priorities and quality of expenditure.

Audit examined selected cases of booking under Minor Head ‘800’, and noticed that in some instances, where the provision for expenditure of salary, subsidy and Grant-in-aid were made in the Budget and booked under Minor Head ‘800’. The following salary expenditure were booked under Minor Head 800 as other expenditure instead of specific Minor Head under Major Head as given in **Table 4.11**.

**Table 4.11: Incorrect depiction of Minor Head in the Accounts (2021-22)**

Specified Heads	Actual Heads in the Accounts		
	Appropriation Accounts/details Appropriation Accounts	Finance Accounts (Classification up to Minor Head)	Expenditure (₹ in crore)
2851-001-Direction and Administration	2851-00-800-29-Industries Development	2851-800-Other Expenditure	4.34
2875-60-Other Industries	2875-60-800-29-Industries Development	2875-60-800 other expenditure	0.74

*Thus, it is imperative that the State Government should review all classifications of schemes being made under ‘800-Other expenditure’ in the light of their depiction in the List of Major Head and Minor Head of Account (LMMHA) and after consultation with the Accountant General (A&E), classify them appropriately as per existing LMMHA, or seek addition of new Minor Head, to bring transparency in Accounts.*

## ISSUES RELATED TO MEASUREMENT

### 4.11 Outstanding balance under major Suspense and DDR 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 accounts due to lack of information such as non-furnishing of Schedule of Settlement by the Treasuries/PAOs, 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 accounts, these amounts remain uncleared, the balance under the suspense heads would accumulate and would not reflect Government’s receipt and expenditure accurately.

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

The Finance Accounts reflect the net balances under Suspense and Remittance Heads. The outstanding balances under these heads are worked out by aggregating the outstanding debit and credit balances separately under various heads.

Clearance of suspense and remittance items depends on the details furnished by the State Treasuries/ Works and Forest Divisions, etc.

The details of outstanding balances under Suspense and Remittance Heads during the last five years from 2017-18 to 2021-22 are shown in **Appendix 4.2**.

#### 4.12 Reconciliation of Departmental figures

Reconciliation and verification of figures is an important tool of financial management. Failure to exercise/adhere to the codal provisions and executive instructions in this regard not only results in misclassification and incorrect booking of receipts and expenditure in the Accounts, but also defeats the very objective of the budgetary process. All the Controlling Officers of the departments are required to exercise effective control over spending to keep it within the budget grants and to ensure accuracy of their Accounts, the State Financial Rules stipulate that the receipts and expenditure during the financial year recorded in their books are to be reconciled by them every month with that recorded in the books of the Accountant General (A&E).

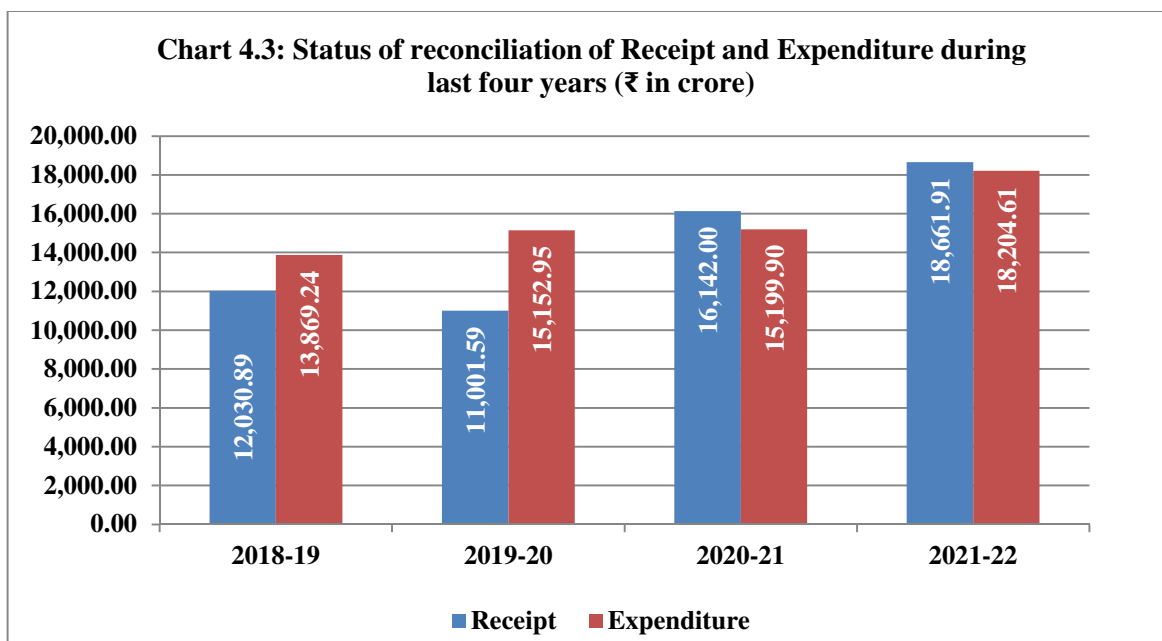
During 2021-22, all the 64 Controlling Officers (CCOs) of the Government of Tripura reconciled 100 *per cent* of their Receipts (₹ 18,661.91 crore) and expenditure of ₹ 18,204.61 crore (including Public Debt and Loans and Advances) respectively.

**Table 4.11** and **Chart 4.3** shows the status of reconciliation during last four years period from 2018-19 to 2021-22.

**Table 4.11: Status of Reconciliation of Receipts and Expenditure figures during last four years from 2018-19 to 2021-22**

(₹ in crore)

Year	Total No. of Controlling Officers	Fully Reconciled	Partially Reconciled	Not reconciled at all
<b>Receipts</b>				
2018-19	63	12,030.89	Nil	Nil
2019-20	62	11,001.59	Nil	Nil
2020-21	62	16,142.00	Nil	Nil
2021-22	64	18661.91	Nil	Nil
<b>Expenditure</b>				
2018-19	63	13,869.24	Nil	Nil
2019-20	62	15,152.95	Nil	Nil
2020-21	62	15199.90	Nil	Nil
2021-22	64	18204.61	Nil	Nil



#### 4.13 Reconciliation of Cash Balances

There should be no difference between the Cash Balance of the State Government as per the books of Accounts of the Accountant General (A&E) and the Cash Balance as reported by the Reserve Bank of India. The Cash balance as on 31 March 2022 as per record of Accountant General (A&E) was ₹ 58.92 crore (Credit) and that reported by the RBI was ₹ 66.06 crore (Debit). There was a net difference of ₹ 7.14 crore (Debit), mainly due to erroneous reporting for maintaining the Cash Balance of the State Government. After joint visit to the RBI office, Agartala, the accounts were reconciled and the net difference stood at ₹ 0.01 crore (Credit) as on 30 June 2022.

### ISSUES RELATED TO DISCLOSURE

#### 4.14 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. Further, 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 (C&AG), the President of India has so far notified three Indian Government Accounting Standards (IGAS).

**Table 4.12: Compliance to Accounting Standards**

Sl. No.	Accounting Standards	Essence of IGAS	Compliance by State Government	Impact of deficiency
1.	<b>IGAS-1:</b> Guarantees Given by the Government –	<i>This standard requires the Government to disclose the maximum amount of guarantees given during the</i>	<i>Partially Complied (Statements 9 and 20 of</i>	<i>While the Government has disclosed the maximum amount of guarantees given during the year, detailed</i>

Sl. No.	Accounting Standards	Essence of IGAS	Compliance by State Government	Impact of deficiency
	<i>Disclosure requirements</i>	<i>year in its financial statements along with additions, deletions, invoked, discharged and outstanding at the end of the year.</i>	<i>Finance Accounts)</i>	<i>information like number of guarantees for each institution, class and sector-wise information were not furnished.</i>
2.	<b>IGAS-2:</b> <i>Accounting and Classification of Grants-in-Aid</i>	<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</i>	<i>Not complied (Statement 10 of Finance Accounts)</i>	<i>The State Government has given ₹ 494.99 crore as Grants-in-aid for creation of capital assets and booked it as capital expenditure instead of revenue expenditure. Non-compliance with the Standard led to understatement of Revenue expenditure and overstatement of Capital expenditure to that extent. As a result, Revenue deficits understated during the year 2021-22 which is discussed at paragraph no. 2.4.2.5 &amp; 3.3.8</i>
3.	<b>IGAS-3:</b> <i>Loans and Advances made by Government</i>	<i>This Standard relates to recognition, measurement, valuation and reporting in respect of loans and advances disbursed by the Government in its Financial Statements to ensure complete, accurate and uniform accounting practices</i>	<i>Partially complied (Statement 7 and 18 of Finance Accounts)</i>	<i>While the Government complied with the format prescribed by the Standard, the detailed information on repayment of Loans in arrears (principal and interest) of loanee/ entities were not furnished by the State Government</i>

#### 4.15 Submission of Accounts/ Separate Audit Reports of Autonomous Bodies

As per Section 19(3) of the C&AG's DPC Act, the Governor/ Administrator may, in the public interest, request the C&AG to audit the accounts of a corporation established by law made by the legislature of the State or of the Union Territory, as the case may be, and where such request has been made, the C&AG shall audit the Accounts of such corporation and shall have, for the purposes of such audit, right of access to the books and accounts of such corporation.

Apart from Section 19, where the audit of the Accounts of any body or authority has not been entrusted to the C&AG by or under any law, he shall, if requested so to do by the President, or the Governor of a State or the Administrator of a Union Territory having a Legislative Assembly, as the case may be, undertake the audit of the accounts of such body or authority on such terms and conditions as may be agreed upon between him and the concerned Government and shall have, for the purposes of such audit, right of access to the books and accounts of that body or authority (Section 20).

Audit certificate is issued in case of above mentioned autonomous bodies and authorities provided C&AG is the sole auditor. Thus, these bodies and authorities are required to



prepare Annual Accounts and submit to the Principal Accountant General (Audit) for audit. Apart from Audit certificate, on the completion of financial audit, the audit office issues a Separate Audit Report (SAR) that is part of the audit certificate on the accounts. These SARs are to be placed before the State Legislature.

Due to non-submission of Annual Accounts, the status of grants received and utilisation as on 30 September 2022, are not ascertained by the Principal Accountant General (Audit).

The detailed status of the Arrear of Accounts of the institutions/bodies/authorities which attracts audit under Section 14 of the CAG's DPC Act, 1971 are shown in **Appendix 4.3**. It can be seen that out of 52 bodies or authorities, 12 bodies or authorities did not submit their Accounts since inception to 2020-21 and the Accounts of the 39 bodies were pending for one to 22 years as on September 2022. As a result, total grants received and utilisation thereof by them could not be ascertained by Audit. The name of the Bodies/Authorities which Accounts are arrear for more than 10 years are shown in **Table 4.13**:

**Table 4.13: Name of the Bodies/Authorities whose Accounts arrears for more than 10 years**

Sl. No.	Name of Bodies/Authorities	Accounts Arrears since	Number of Accounts
1.	Tripura Scheduled Caste Development Corporation Limited, Agartala	1998-99 to 2020-21	22
2.	Tripura State Blindness Control Society, Agartala	2003-04 to 2020-21	18
3.	Tripura Mental Health Society, Agartala	2005-06 to 2020-21	16
4.	Bishalgarh H.S School, Bishalgarh	2005-06 to 2020-21	16
5.	Ramthakur Pathsala (Boys) HS (+2 state) School, Agartala	2006-07 to 2020-21	15
6.	Fatikroy Class XII School (Secondary Stage), Fatikroy, North Tripura	2006-07 to 2020-21	15
7.	Tripura State Leprosy Control Society, Agartala	2008-09 to 2020-21	13
8.	Tripura Scheduled Tribe Development Corporation Limited, Agartala	2010-11 to 2020-21	11
9.	Netaji Subhas Vidya Niketan School, Agartala	2011-12, 2018-19 to 2020-21	4
10.	Tripura State TB Control Society, Agartala	2012-13 to 2020-21	9

The status of rendition of Accounts which attracts audit under Sections 19(2), 19(3) and 20(1) of the C&AG's DPC Act 1971, issuance of SAR and its placement in the Legislature/Council as on 31 March 2022 are given in **Appendix 4.4**.

#### 4.16 Timeliness and Quality of Accounts

The accounts of the State Government are compiled by the Accountant General (A&E) from the initial accounts rendered by district treasuries, sub-treasuries, Resident Commissioner (New Delhi), cyber treasury, public works divisions and forest divisions, apart from the RBI advices. There are often delays in rendition of monthly Accounts. Due to the failure of the Account rendering units to furnish Accounts on time, some Accounts are excluded from the monthly Civil Accounts by the Accountant General (A&E).

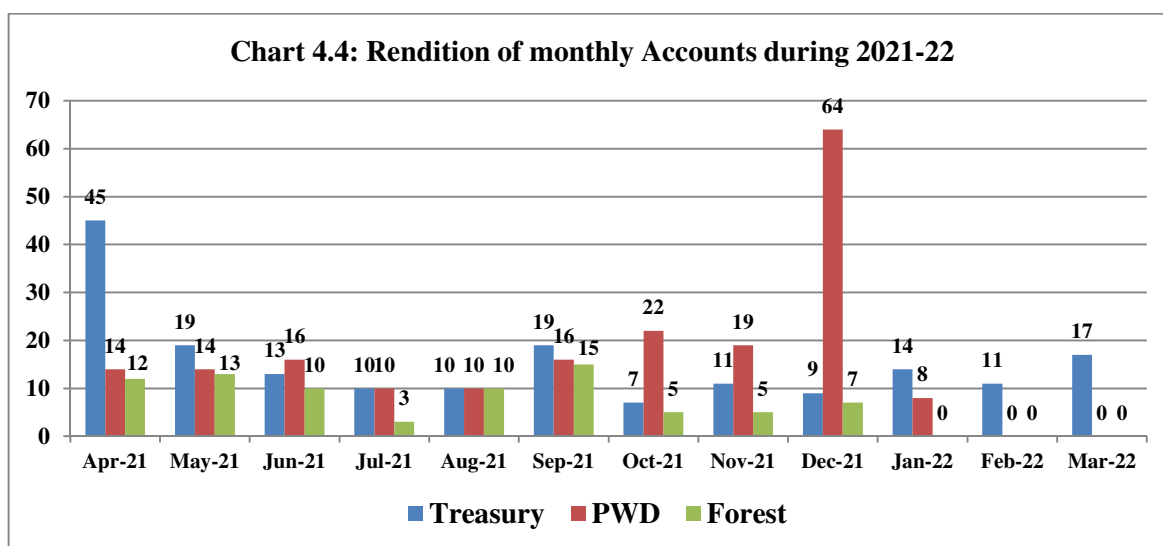
Exclusion of Accounts not only distorts the budgetary position of the Government, but also impacts its monitoring of fund flow to the last mile of implementation, its planned pacing of expenditure on developmental programmes, providing intended benefits to the targeted

beneficiaries, functioning of departments, *etc.* during the year. In short, the State Government needs to monitor closely and ensure the rendition of accounts by all the account rendering authorities to the Accountant General (A&E) on a timely basis, to manage its own budget more effectively.

The accounts of the State Government are compiled by the Accountant General (A&E) from the initial accounts rendered by nine Treasuries (including one e-Treasury), 13 Sub-Treasuries, 53 Public Works Divisions (including 12 Drinking Water & Sanitation and nine Water Resource divisions) and 39 Forest Divisions, apart from the RBI advices. The due date for submission of Accounts of a particular month is the 10<sup>th</sup> of the following month except in the case of the month of March, where it is 15<sup>th</sup> of April. During the financial year 2021-22, there were delays in rendition of monthly Accounts ranging from one day to 45 days by the Treasuries, one to 64 days by the Public Works Divisions and one day to 15 days by the Forest Divisions respectively.

However, as per decision of the State Government the accounts of all the Forest and Public Works divisions are routed through the Treasury from the month of January 2022.

Months-wise details of delay in rendition of monthly Accounts by various account rendering units during the financial year 2021-22 are given in **Chart 4.4**.



## OTHER ISSUES

### 4.17 Major types of Cess levied by the State Government

#### (a) End use of Labour Cess

The Government of India enacted the Building and Other Construction Workers Welfare Cess Act, 1996 (Cess Act) to levy and collect cess for providing benefits to the workers. The Act, *inter alia*, mandated constitution of a Building and Other Construction Workers' Welfare Board and framing of rules by every State Government to exercise the powers conferred under the Act. Accordingly, the Government of Tripura has framed Building and Others Construction Workers (Regulation of Employment and Conditions of Service) Rules, 2001 under the Act and has constituted Tripura Building and Other Construction Workers Welfare Board (TBOCWFB) in the State on 20 January 2007 under Section

18(1) of the Building and Other Construction Workers (Regulation of Employment and condition of Service) Act, 1996 of the Government of India to secure benefits to the workers engaged in building and other construction works. The proceeds of Labour Cess are collected at the rate of one *per cent* of the total project cost of constructions incurred by the employer and utilise the fund so collected for the purpose of various welfare activities for the workers. The proceeds of Labour Cess are collected and Accounts are maintained by the Board outside Government Accounts and kept in the Bank Account of the Board. The amount of Labour Cess collected and spent during the period of last five years are given in **Table 4.13**.

**Table 4.14: Collection of Labour Cess and its spending**

Year	Amount of labour cess Collected	Amount spent (₹ in crore)
2017-18	22.16	6.96
2018-19	23.56	7.04
2019-20	18.09	9.90
2020-21	19.17	12.05
2021-22	38.07	9.03
<b>Total</b>	<b>121.05</b>	<b>44.98</b>

*Source: Labour Directorate, Govt. of Tripura*

As per information furnished (October 2022) by the TBOCWBB, there was an unspent balance of ₹ 302.10 crore with the Board of which ₹ 41.70 crore remained in the Fixed Deposit Account in various Banks, ₹ 91.39 crore was invested in Tripura Infrastructure and Investment Fund Board (TIIFB) while ₹ 169.01 crore remained in the Savings Bank Accounts as on 31 March 2022.

#### **(b) Tripura Road Development Cess**

The State Government passed the Tripura Road Development Cess Act, 2018 in August 2018 with the purpose of developing the roads in the State. The Government levied Cess on Petrol, Diesel and Natural Gas for the purpose of this fund. During 2021-22, ₹ 273.33 crore was collected as Road Development Cess by the State and credited the same to the Government Account under MH '0045-00-112-Receipts'. This amount was transferred to the designated fund in Major Head 8225 under Public Account during the year.

#### **4.18 Follow up action on State Finances Audit Report**

In every State, the Public Accounts Committee (PAC)/Finance Department requires the line departments to provide *suo moto* Explanatory Notes (EN) on the paragraphs featuring in the Audit Reports within three months of placing the Reports in the Legislature. The line departments are also required to provide Action Taken Notes (ATNs) to the AG (for vetting and onward transmission to the PAC) within three months of tabling the Reports.

The Finance Department issued instructions (July 1993) to all the departments to initiate *suo moto* action on all paragraphs and reviews featuring in the Audit Reports irrespective of whether the cases had been taken up for examination by PAC or not.

The State Finances Audit Report (SFAR) of the Government of Tripura for the year 2020-21 was sent to the State Government for placing in the State Legislative Assembly on 12 May 2022. Further, follow up action on the report has not been received from the State Government as on September 2022.

#### 4.19 Conclusions

- 435 Utilisation Certificates (UCs) in respect of grants aggregating ₹ 263.23 crore given to departments of the State Government during the period upto March 2022 have not been submitted to the Accountant General (A&E). Non submission of UCs is fraught with the risk of fraud and misappropriation of funds.
- During 2021-22, ₹ 9.43 crore was drawn through 112 AC Bills of which 51 AC bills of ₹ 1.38 crore (14.63 *per cent*) were drawn in March 2022. AC bills of 405 for ₹ 32.52 crore were awaited for submission of Detailed Countersigned Contingent (DCC) Bills as on 31 March 2022. Non adjustment of advances for long period is fraught with the risk of misappropriation.
- During 2021-22, ₹ 294.97 crore was credited in the PD Account of which ₹ 22.90 crore was transferred from the Consolidated Fund of the State and rest amount was deposited by Challan. As on 31 March 2022, there was balance of ₹ 416.14 crore in 260 PL Account of which 106 PL Account, no transactions were made during 2021-22.
- During 2021-22, the State Government transferred/deposited ₹ 362.16 crore into 831 DDOs Bank Account. As per information furnished by the State Government, there was an unspent balance of ₹ 834.18 crore in 548 DDOs' Bank Account as on 31 March 2022.
- The State Government classified ₹ 135.21 crore as Receipts under Minor Head '800-Other Receipts' constituting 0.77 *per cent* of total receipts. Similarly, the State booked as expenditure of ₹ 96.63 crore under Minor Head '800-Other Expenditure' constituting 0.35 *per cent* of total expenditure during the year 2021-22.
- There was an outstanding amount of ₹ 387.90 crore in respect of various claims which pertains up to the end of December 2021. Such unpaid claims will create miscellaneous liabilities of the State Government to the next financial years.
- During the financial year 2021-22, there were delays in rendition of monthly accounts ranging from seven days to 45 days by the Treasuries, eight days to 64 days by the Public Works Divisions and three to 15 days by the Forest divisions respectively.
- Regarding end use of Cesses levied by the State Government, it was seen that the Tripura Building and Other Construction Workers' Welfare Board (TBOCWFB) had an unspent balance of Labour Cess of ₹ 302.10 crore as on 31 March 2022, of which ₹ 41.70 crore remained as Fixed Deposit, ₹ 91.39 crore was invested in Tripura Infrastructure and Investment Fund Board (TIIFB) and rest in Savings Bank Account.
- Out of 52 bodies or authorities, 12 bodies or authorities did not submit their Accounts since inception and the accounts of the 39 bodies were pending for one to 22 years as on September 2022.

#### 4.20 Recommendations

1. The Government may ensure submission of Utilisation Certificates (UCs) by the grantee within the time frame and institute a mechanism whereby subsequent release of funds is made consequent on furnishing of UCs of earlier releases.
2. The Government may consider carrying out adjustment of Abstract Contingent bills within stipulated period, as required under the Rules.

3. Finance Department should review all Personal Deposit (PD) accounts to ensure that all amounts unnecessarily lying in these PD accounts are immediately remitted to the Consolidated Fund as per the extant rules. Further, the Finance Department should reiterate the instructions contained in the financial rules and ensure that appropriate action is taken against departmental officers who fail to follow the rules.
4. The Finance Department should monitor the utilisation of unspent balances remained in DDOs accounts.
5. Finance Department should consider evolving a system to expedite the process of compilation and submission of Annual Accounts by autonomous bodies and departmentally run undertakings in order to assess their financial position. It should also held the concerned officers responsible for delay in finalisation and submission of Accounts.
6. 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.
7. The Finance Department should, in consultation with the Accountant General (A&E), conduct a comprehensive review of all items presently appearing under 'Minor Head 800' and ensure that in future all such receipts and expenditure are booked under the appropriate heads of account.
8. The State Government may ensure spending and accountal of Cess funds namely, Labour Cess and Road Development Cess as per Rules governing the Cess Funds.

Agartala  
The: 16 February 2023



(H.K. DHARMADARSHI)  
Principal Accountant General (Audit), Tripura

Countersigned



New Delhi  
The: 17 February 2023

(GIRISH CHANDRA MURMU)  
Comptroller and Auditor General of India

