

CHAPTER-VI

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 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 2022-23, there was an outstanding amount of ₹ 729.67 crore in respect of various unpaid claims which pertain up to the end of December 2022. 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 2022

		(₹ in crore)
Sl. No.	Particulars	Outstanding Amount
1.	Major works and contracts	459.74
2.	Committed liabilities in respect of land acquisition charges	37.24
3.	Claims in respect of unpaid bills on works and supplies	232.69
Total		729.67

Source: Information furnished by the State Government.

The details of unpaid claims as on 31 March 2023 was requested (October 2023) from the State Government, replies are awaited (December 2023).

4.2 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 ₹ 85.81 crore from the State Disaster Response Fund (SDRF) as on 1 April 2022. Interest liability accruing on the balance fund of ₹ 85.81 crore was ₹ 6.43 crore (calculated at the rate of 7.49 *per cent* which is applicable to overdraft interest rate during the year 2022-23).

4.3 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, ₹ 1,987.38 crore was released directly by the GoI to the State Implementing Agencies and Non-Government Organisations during 2022-23 which included transfer to intermediaries' beneficiaries for implementation of 39 schemes as exhibited in the Finance Accounts 2022-23 (Appendix VI). There was an increasing trend in the funds transferred directly by the GoI during 2018-19 to 2022-23 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 period 2018-23

(₹ in crore)

Particulars	Fund transferred				
	2018-19	2019-20	2020-21	2021-22	2022-23
Number of programme/ Schemes under which funds were transferred	9	59	61	65	39
Funds transferred by GoI	442.79	853.99	1,205.51	1,820.76	1,987.38

Source: Public Financial Management System (PFMS) portal of Controller General of Accounts relating to the State of Tripura and Finance Accounts.

It was noticed that out of ₹ 1,987.38 crore transferred directly by the GoI during 2022-23, ₹ 1,950.77 crore (98.16 *per cent*) were provided under 10 major Schemes during the year as detailed in **Appendix 4.1**.

4.4 Deposit of Local Funds

Tripura Panchayati Raj Act, 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 receipts 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 year after year in the Public Account under this Major Head as on 31 March 2023. The matter was also pointed out in earlier State Finances Audit Report but no response of the Government has been received as on 31 March 2023. The balances under Major Head 8448-Deposits of Local Funds up to the end of 31 March 2023 are as shown in **Table 4.3**:

**Table 4.3: Balances under Major Head 8448: Deposits of Local Funds
as on 31 March 2023**

Year			2018-19	2019-20	2020-21	2021-22	2022-23
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
Total Closing Balance end of the year			166.70	166.70	166.70	166.70	166.70
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
Total (8448): Deposit of Local Bodies			1,015.61	1,015.61	1,015.61	1,015.61	1,015.61

Source: Finance Accounts

4.5 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 Principal Accountant General where necessary, the fulfillment of the conditions attached to the grant and submission of a certificate (Utilisation Certificate) in such form and at such interval within 12 months from the grantees and after verification of the Principal Accountant General (A&E) and the Head of the Department concerned.

Audit scrutiny of the records revealed that there were 1,432 UCs involving ₹ 1,026.94 crore pending as on 31 March 2022, out of which only 200 UCs for ₹ 59.00 crore were cleared as on 31 March 2023. It was also noticed that out of 200 UCs cleared during 2022-23, 137 UCs for ₹ 44.91 crore were pertaining to the year upto 2021-22. There were 298 UCs involving ₹ 218.32 crore pending for the period upto 2021-22. 997 UCs for grants of ₹ 763.71 crore disbursed during 2022-23 were due out of which only 63 UCs involving ₹ 14.09 crore were cleared during 2022-23.

There were 1,232 UCs for grants of ₹ 967.94 crore, which were outstanding as on 31 March 2023. Age-wise details of delay in submission of UCs are given in **Table 4.4**.

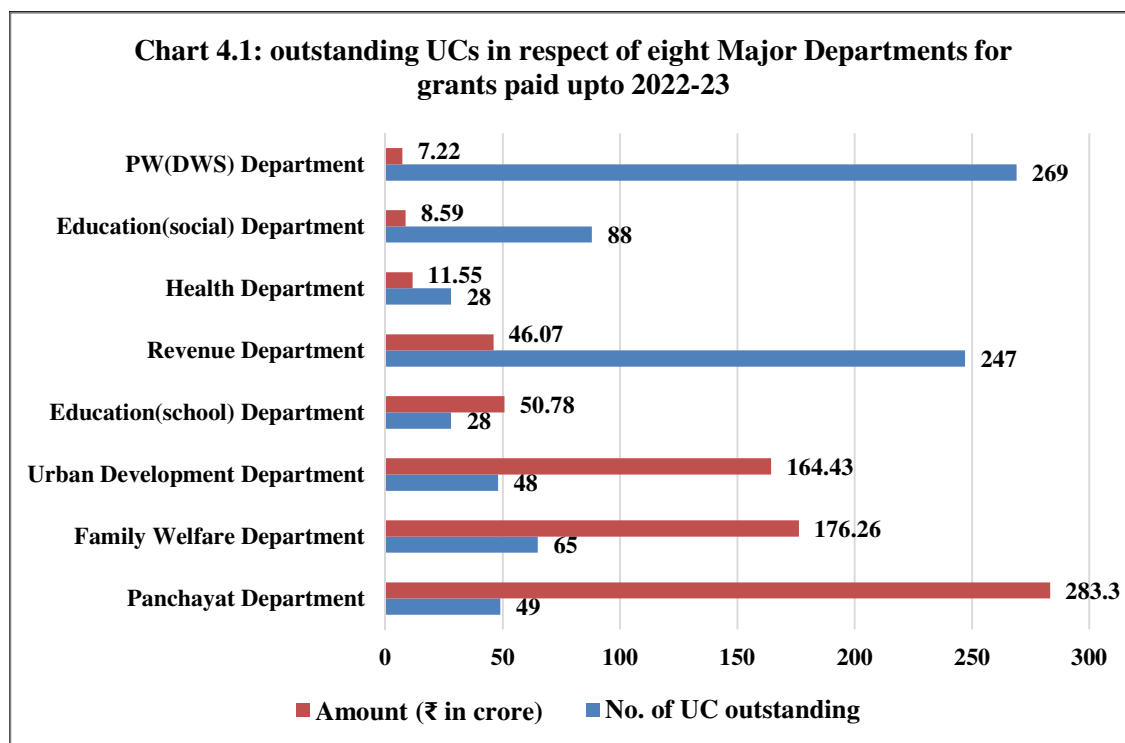
Table 4.4: Age-wise arrears in submission of Utilisation Certificates

(₹ in crore)

Year	Outstanding UC as on 01 April 2022		UC adjusted during the year 2022-23		Outstanding UC upto March 2023	
	Number	Amount	Number	Amount	Number	Amount
Upto 2019-20	91	19.92	39	3.31	52	16.61
2020-21	103	59.16	22	0.99	81	58.17
2021-22	241	184.15	76	40.61	165	143.54
2022-23	997	763.71	63	14.09	934	749.62
Total	1432	1,026.94	200	59.00	1232	967.94

Source: Information furnished by the A & E office. GIA disbursed during 2022-23 will be due in 2023-24.

Non submission of the Utilisation 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 2023 is shown in **Chart 4.1**:



Source: Information furnished by the A&E office

The Government stated (December 2023) that instruction has been issued to all the concerned departments for early submission of pending UCs for releasing next funds.

4.6 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 Principal Accountant General (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 the 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 2022-23, the State Government had given grants-in-aid of ₹ 6,247.05 crore of which ₹ 5,459.01 crore to ‘Others’ constitute 87.38 *per cent* of total grants given during the year. As per information furnished by the State Government, the grant-in-aid given to others includes the funds released to various Government departments and transferred through GIA Bills to the SNAs Account during 2022-23. Due to absence of proper code, institution wise amount of grants given during 2022-23 could not be ascertained in audit. The trend of Grants-in-aid given to ‘Others’ by the State Government during last five years is shown in **Table 4.5**.

Table 4.5: Trend of Grants-in-aid to Grantee Institution of type ‘Others’

(₹ in crore)

Year	Total GIA amount	Amount of Grantee Institutions of Type ‘Others’	Percentage of total GIA to Others
2018-19	2,401.39	1,973.10	82.16
2019-20	2,638.52	2,229.00	84.48
2020-21	2,865.49	2,135.00	74.51
2021-22	4,391.22	2,939.25	66.93
2022-23	6,247.05	5,459.01	87.38

Source: Finance Accounts.

4.7 Abstract Contingent (AC) Bills

When money is required in advance or when they are not able to calculate the exact amount required, Drawing and Disbursing Officers (DDOs) are permitted to draw money without supporting documents, through Abstract Contingent (AC) Bills, by debiting service heads, and the expenditure is reflected as an expense under the service head.

Initially made as advance, its subsequent adjustments are ensured through submission of Detailed Contingent (DC) bills within a stipulated period of drawal of AC bills. DC bill consists of abstract of expenditure along with sub-vouchers for amount drawn through AC bills, 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. A 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 must countersign all the DCC Bills and forward them to the Principal Accountant General (A&E), Tripura within 90 days from the date of drawal of the AC Bill.

Out of 405 unadjusted AC bills of ₹ 32.52 crore pending for clearance upto 31 March 2022, the State Government had cleared 233 AC bills involving ₹ 17.81 crore during the year 2022-23.

During the year 2022-23, 459 AC bills of ₹ 13.07 crore were drawn of which 11 bills of ₹ 0.99 crore were adjusted during the year. 199 AC bills for ₹ 2.31 crore (17.69 per cent) drawn in March 2023 were not due during the year. DCC bills in respect of 421 AC bills involving ₹ 24.48 crore was pending as on 31 March 2023 of which 172 AC bills for ₹ 14.71 crore remained outstanding pertaining to the years prior to 2022-23. Status of unadjusted AC bills as on 31 March 2023 are as given in **Table 4.6**.

Table 4.6: Year-wise status of unadjusted AC Bills as on 31 March 2023

Year	AC Bills drawn		AC Bills cleared during 2021-22		Outstanding AC Bills	
	No. of Bills	Amount	No. of Bills	Amount	No. of Bills	Amount
Upto 2020-21	309	23.40	156	16.65	153	6.75
2021-22	96	9.12	77	1.16	19	7.96
2022-23	459*	13.07	11	0.99	249	9.77
Total	864	45.59	244	18.80	421	24.48

*Includes 199 AC Bills drawn in March 2023.

The major defaulting departments that had not submitted DCC bills are Relief and Rehabilitation Department (₹18.83 crore), Election Department (₹ 5.01 crore), Tribal Welfare Department (₹ 0.81 crore), Urban Development Department (₹ 0.80 crore), Education (Youth Affairs & Sports) Department (₹ 0.27 crore) and Rural Development Department (₹ 0.22 crore). Age-wise analysis of AC bills of these Departments is shown in **Table 4.7**.

Table 4.7: Age-wise analysis of AC bills pending of five major defaulting Departments

Sl. No.	Name of Department	Upto2020-21		2021-22		2022-23		Total	
		No. of Bill	Amount	No. of Bill	Amount	No. of Bill	Amount	No. of Bill	Amount
1	Relief and Rehabilitation Department	8	4.88	4	7.84	2	6.11	14	18.83
2	Election Department	0	0.002	0	0	239	5.009	239	5.011
3	Tribal Welfare Department	16	0.81	0	0	0	0	16	0.81
4	Urban Development Depart	99	0.78	2	0.02	0	0	101	0.80
5	Education (Sports & Youth Affairs)	1	0.0062	0	0	2	0.26	2	0.27

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

The Government stated (December 2023) that instruction has been issued to all the concerned departments for early submission of pending DCC Bills.

4.8 Personal Deposit Accounts

The State Government is authorised to open Personal Deposit (PD) accounts to deposit funds required for specific purposes 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 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 2018-19, the State Government had taken a policy decision to open PD Account with the concurrence of the Principal 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.

During 2022-23, ₹ 136.64 crore was credited in 63 PD Accounts under Major Head 8443-106. Out of ₹ 136.64 crore, ₹ 25.22 crore was transferred from the Consolidated Fund of the State of which ₹ 24.00 crore was transferred in March 2023 and rest ₹ 111.42 crore was deposited by challan from the bank accounts of DDOs as a follow up of the policy decision *ibid* of State Government.

There were 205 PD accounts with balance of ₹ 349.95 crore as on 31 March 2023. As per information provided by the State Government, 168 Administrators of Personal Ledger (PLA) Account (out of 179) 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 Principal Accountant General (A&E) office. Details information of 26 Administrators of Personal Deposit Account had not been provided by the State Government. Status of PD accounts as on 31 March 2023 are given in **Table 4.8**.

Table 4.8: Status of PD Accounts

(₹ in crore)

Opening Balance as on 01 April 2022		Addition during the year 2022-23		Withdrawal during the year 2022-23		Closing Balance as on 31 March 2023	
Number of Administrator	Amount	Number of PD accounts Administrators	Amount deposited in PD accounts (including new accounts)	Number of accounts closed	Amount withdrawn from PD Accounts	Number of Administrators	Amount
260	416.14	Nil	136.64	55	202.83	205	349.95

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, during 2022-23, 55 PD Accounts were closed in the State.

At the close of the 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 misappropriation.

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 2022-23, the State Government transferred/deposited ₹ 351.90 crore into the bank accounts of 646 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 the State Government (August 2023), in respect of 709 out of 1,438 DDOs, there were ₹ 499.53 crore lying in the CD/SB Account of 574 DDOs while in 135 DDOs accounts, there were no balance in the account as on 31 March 2023. 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 2022-23 could not be vouched as correct to that extent.

Further, as per information furnish by the State Government (August 2023) it was noticed that the State Government had received ₹ 3,475.40 crore from the GoI for implementation of various Centrally Sponsored Scheme/Central Sector Schemes during 2022-23. The State Government transferred ₹ 4,785.20 crore to the Single Nodal Agencies (SNAs) including State share of ₹ 895.45 crore during 2022-23. However, as per PFMS portal, there was an unspent balance of ₹ 1,812.84 crore in the Bank accounts of different Single Nodal Agencies as on 31 March 2023 which are required to be reconciled by the State Government.

The Government stated (December 2023) that the matter is being looked into and appropriate steps would be taken in this regard.

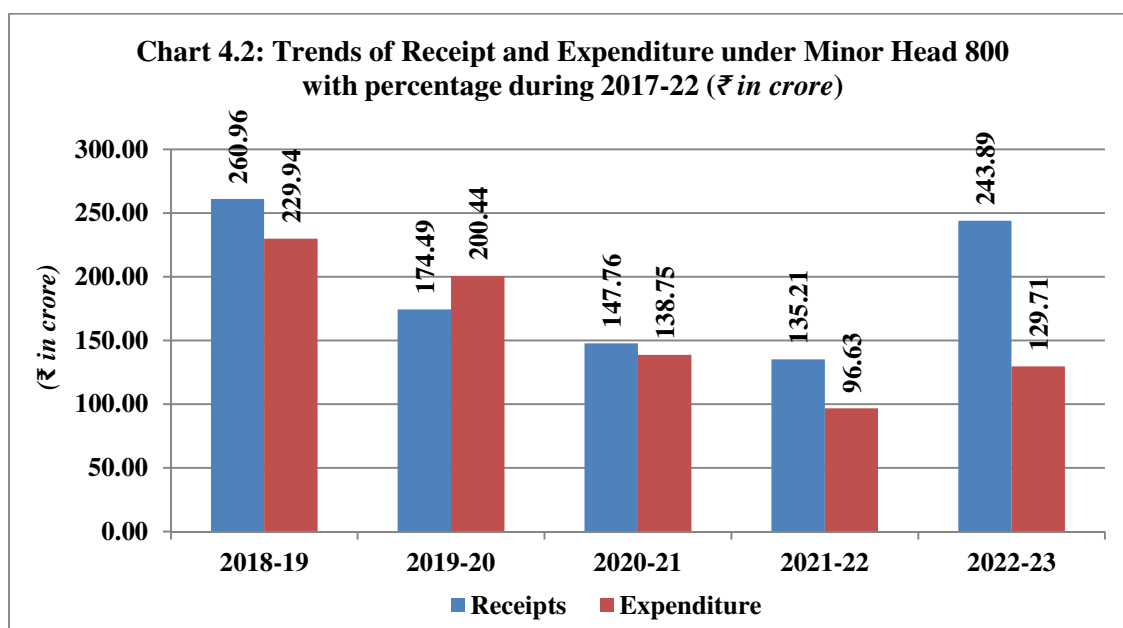
4.10 Indiscriminate use of Minor Head 800

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. Classification of large amount under the omnibus Minor Head 800 affects transparency in the financial reporting and distorts proper analysis of allocative priorities and quality of expenditure.

Scrutiny of the Finance Accounts for the year 2022-23 revealed that the State Government classified as receipt of ₹ 243.89 crore in 40 Major Heads of Account, constituting 1.33 *per cent* of the total Revenue Receipts (₹ 18,309.01 crore) under Minor Head 800-Other Receipts in the accounts.

Similarly, expenditure of ₹ 129.71 crore in 16 Major Heads of Accounts booked under Minor Head 800-Other expenditure constituting 0.65 *per cent* of total Revenue and Capital Expenditure (₹ 19,873.33 crore) during the year 2022-23.

Receipts and Expenditure booked under Minor Head 800 and its percentage to total Receipts and Expenditure during last five years period 2018-19 to 2022-23 are shown in **Chart 4.2**.



Source: Finance Accounts

It was seen that during 2022-23, receipts under 800 was increased significantly due to more fund receipt under the functional Major Head 0852-Industries (₹ 161.94 crore), 0041-Taxes on Vehicle (₹ 44.36 crore), 0059-Public Works (₹ 5.73 crore), 0030-Stamps and Registration Fees (₹ 7.55 crore), 8443-Civil Deposits (₹ 6.19 crore) and 406-Forestry and Wild Life (₹ 9.15 crore) respectively. The receipt under MH 852-Industries was increased due to more collection of revenue as Royalty from sale of Natural Gas while Taxes of Vehicle increased due to more collection being fines by the Traffic Units and being Licence fees during 2022-23. Details are shown in **Table 4.9**.

Table 4.9: Significant receipts booked under Minor Head 800-Other Receipts during financial year 2022-23*(₹ in crore)*

Sl. No.	Major Head/Description	Receipts under Minor Head 800	Total Receipts	Percentage to total receipts
1	0030-Stamps and Registration Fees	7.55	102.53	7.36
2	0041-Taxes on vehicles	44.36	117.55	37.74
3	0055-Police	4.02	122.42	3.28
4	0059-Public Works	5.73	6.11	93.78
5	0406-Forestry and Wildlife	9.15	15.83	57.80
6	0852-Industries	161.94	161.94	100
7	8443-Civil Deposits	6.19	441.28	1.40

Source: *Finance Accounts.*

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 2022-23*(₹ in crore)*

Sl. No.	Major Head	Expenditure under Minor Head 800	Total Expenditure	Percentage to total expenditure
1.	2059-Public Works	9.71	308.58	3.15
2.	2801-Power	73.00	123.55	59.09
3	3275-Other Communication Service	9.45	45.15	20.93
4.	5054-Capital Outlay on Roads and Bridges	12.08	350.87	3.44
5	2216-Housing	7.27	1,793.12	0.41
6	8443-Civil Deposits	10.90	501.75	2.17

Source: *Finance Accounts.*

It was observed that more than 50 per cent of total expenditure under the functional Major Head 2801-Power was booked under Minor Head 800-Other expenditure.

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, there was a decreasing trend of booking in expenditure under minor head 800 during last four out of five-year period which indicates improvement in monitoring of booking of 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 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 during 2022-23 as given in **Table 4.11**.

Table 4.11: Incorrect depiction of Minor Head in the Accounts (2022-23)

Specified Heads	Actual Heads in the Accounts		
	Appropriation Accounts/details Appropriation Accounts	Finance Accounts (Classification up to Minor Head)	Expenditure (₹ in crore)
2851-00-001-Direction and Administration	2851-00-800-29-Industries Development	2851-800-Other Expenditure	4.29
2851-00-001-Industrial Estate			
2875-60-Other Industries	2875-60-800-29-Other Expenditure	2875-60-800-Other Expenditure	0.75
Total			5.04

Source: Finance Accounts

As per Finance Accounts it was seen that total salary expenditure of the Industries and Commerce Department containing in Major Head 2230, 2851 and 2875 was ₹ 41.40 crore during 2022-23 out of which ₹ 5.04 crore was booked under Minor Head '800' in Major Head 2851 and 2875 against the budget provision of ₹ 5.50 crore and ₹ 0.90 crore respectively under Grant 24 during the year though there were specific Minor Heads for salary expenditure in the department.

4.11 Operation of unauthorised head

During 2022-23, the State Government made budget provision and expenditure incurred of ₹ 35.70 crore unauthorisedly in Minor head '101-Wireless Planning and Coordination under Major Head 3275-Other Communication Services which was non-operational since 2019 as per list of Major and Minor head of Account.

The State Government should take necessary measures not to use the unauthorised heads of accounts.

Issues related to Measurement

4.12 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.

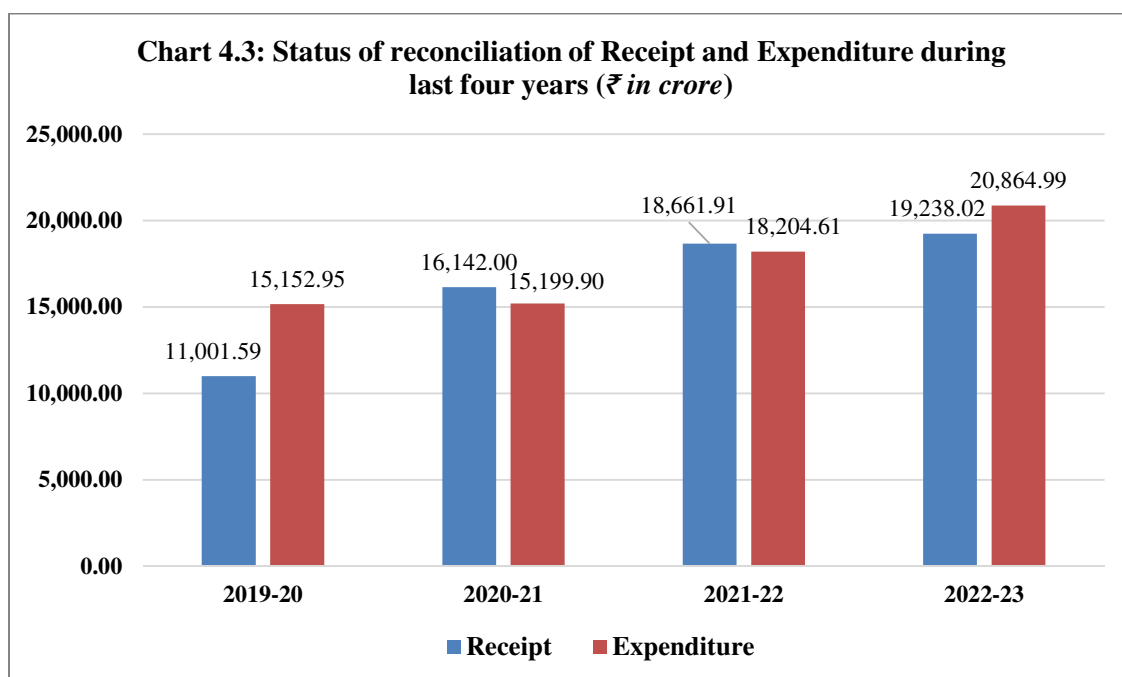
The details of outstanding balances under Suspense and Remittance Heads during the last five years from 2018-19 to 2022-23 are shown in **Appendix 4.2**.

4.13 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 2022-23, all the 64 Controlling Officers (CCOs) of the Government of Tripura reconciled 100 *per cent* of their Receipts (₹ 19,238.02 crore) and expenditure of ₹ 20,864.99 crore (including Public Debt and Loans and Advances) respectively.

Chart 4.3 shows the status of reconciliation during the last four years period from 2019-20 to 2022-23.



Source: Finance Accounts.

4.14 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 Principal Accountant General (A&E) and the Cash Balance as reported by the Reserve Bank of India. The Cash balance as on 31 March 2023 as per record of Principal Accountant General (A&E) was ₹ 1.06 crore (debit) and

that reported by the RBI was ₹ 2.02 crore (Credit). There was a net difference of ₹ 0.96 crore (Credit), mainly due to erroneous reporting for maintaining the Cash Balance of the State Government. After reconciliation by the accredited banks to RBI office, Agartala, net difference stood at 'Nil' as on 30 June 2023.

Issues related to Disclosure

4.15 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, 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.	IGAS-1: Guarantees Given by the Government – Disclosure requirements	This standard requires the Government to disclose the maximum number of guarantees given during the year in its financial statements along with additions, deletions, invoked, discharged and outstanding at the end of the year.	Partially Complied (Statements 9 and 20 of Finance Accounts)	While the Government has disclosed the maximum number of guarantees given during the year, detailed information like number of guarantees for each institution, class and sector-wise information were not furnished.
2.	IGAS-2: Accounting and Classification of Grants-in-Aid	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	Not complied (Statement 10 of Finance Accounts)	During 2022-23, the State Government budgeted and booked expenditure of ₹ 1,322.38 crore under capital head instead of Revenue out of which ₹ 1,321.53 crore was given as grants-in-aid for creation of capital assets. 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 2022-23 which is discussed at paragraph no. 2.4.3
3.	IGAS-3: Loans and Advances	This Standard relates to recognition, measurement, valuation	Partially complied (Statement 7)	While the Government complied with the format prescribed by the Standard, the detailed information

Sl. No.	Accounting Standards	Essence of IGAS	Compliance by State Government	Impact of deficiency
	made by Government	and reporting in respect of loans and advances disbursed by the Government in its Financial Statements to ensure complete, accurate and uniform accounting practices	and 18 of Finance Accounts)	on repayment of Loans in arrears (principal and interest) of loanee/entities were not furnished by the State Government

4.16 Submission of Accounts/ Separate Audit Reports of Autonomous Bodies

As per Section 19(3) of the CAG's DPC Act, the Governor/ Administrator may, in the public interest, request the CAG 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 CAG 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 CAG 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 CAG 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 2023, 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 43 bodies or authorities, 11 bodies or authorities did not submit their Accounts since inception to 2022-23 and the accounts of the 32 bodies were pending for 1 to 16 years as on September 2023. As a result, total grants received and utilisation thereof by them could not be ascertained by Audit.

The Status of rendition of accounts which attracts Audit under Sections 19(2), 19(3) and 20(1) of the CAG's DPC Act 1971, issuance of SAR and its placement in the Legislature as on 31 March 2023 are given in **Appendix 4.4**.

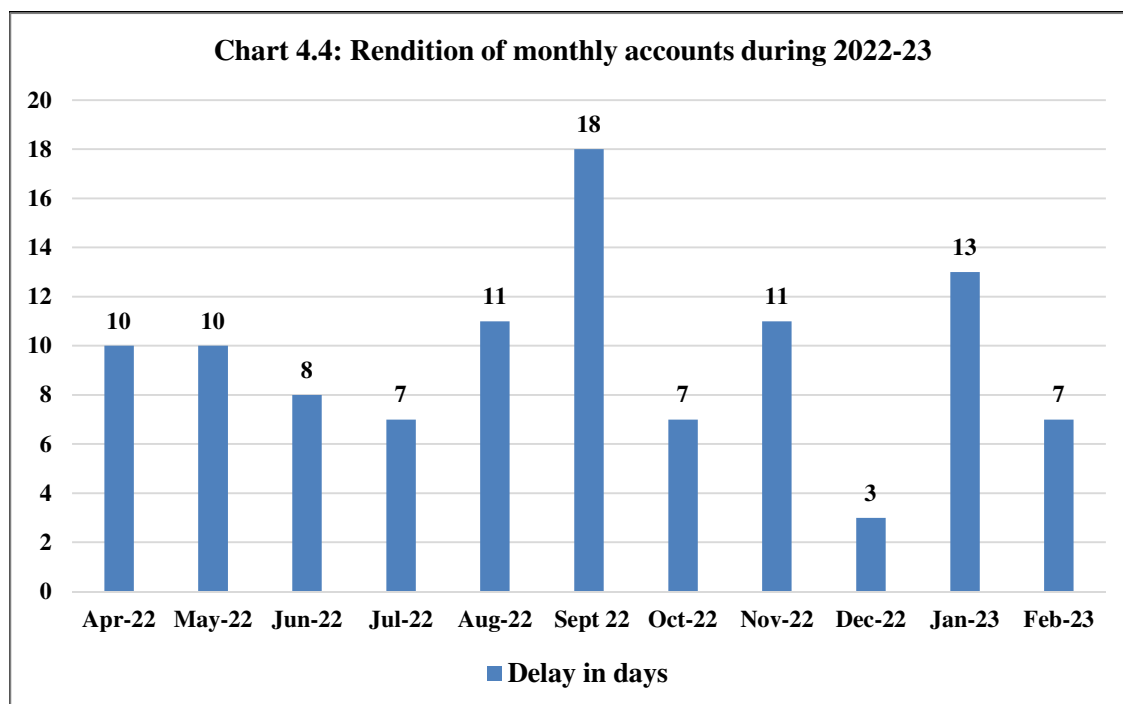
4.17 Timeliness and Quality of Accounts

The accounts of the State Government are compiled by the Principal 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 advice. 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 Principal 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 the treasuries, 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, apart from the RBI advices. The due date for submission of accounts of a particular month is the 10th of the following month except in the case of the month of March, where it is 15th of April. During the financial year 2022-23, there were delays in rendition of monthly accounts ranging from three to 18 days by the Treasuries.

Months-wise details of delay in rendition of monthly accounts by various Treasuries/sub-treasuries during the financial year 2022-23 are given in **Chart 4.4**.



Source: Information furnished by the A&E office

Other Issues

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 motu* 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 years 2020-21 and 2021-22 were sent to the State Government on 12 May 2022 and 13 March 2023 respectively for placing in the State Legislative Assembly. These two Audit Reports were placed in the Tripura Legislative Assembly on 28 March 2023. Further, follow up action on the report has not been received from the State Government as of October 2023.

4.19 Conclusions

1,232 Utilisation Certificates (UCs) in respect of grants aggregating ₹ 967.94 crore given to Departments of the State Government during the period upto March 2023 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 2022-23, ₹13.06 crore was drawn through 459 AC Bills of which 199 AC bills of ₹ 2.31 crore (17.69 *per cent*) were drawn in March 2023. DCC bills in respect of a total of 421 AC bills involving ₹ 24.48 crore were pending as on 31st March 2023. Non adjustment of advances for long period is fraught with the risk of misappropriation.

During 2022-23, ₹ 136.64 crore was credited to the PD Account of which ₹ 25.22 crore was transferred from the Consolidated Fund of the State and the rest amount was deposited by Challan. As on 31 March 2023, there were 205 PD accounts with the balance of ₹ 349.95 crore.

During 2022-23, the State Government transferred/deposited ₹ 351.90 crore into 646 DDOs Bank Account. As per information furnished by the State Government, there was an unspent balance of ₹ 499.53 crore in 574 DDOs' Bank Account as on 31 March 2023.

The State Government classified ₹ 243.89 crore as Receipts under Minor Head 800-Other Receipts constituting 1.33 *per cent* of total receipts. Similarly, the State booked as expenditure of ₹ 129.71 crore under Minor Head 800-Other Expenditure constituting 0.69 *per cent* of total expenditure during the year 2022-23.

There was an outstanding amount of ₹ 729.67 crore in respect of various claims which pertains up to the end of December 2022. Such unpaid claims will create miscellaneous liabilities of the State Government to the next financial years.

During the financial year 2022-23, there were delays in rendition of monthly accounts ranging from three to 18 days by the Treasuries.

Out of 43 bodies or authorities, 11 bodies or authorities did not submit their accounts since inception and the accounts of the 32 bodies were pending for 1 to 16 years as on September 2022.

4.20 Recommendations

- i. *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.*
- ii. *The Government may consider carrying out adjustment of Abstract Contingent bills within the stipulated period, as required under the Rules.*
- iii. *The 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.*
- iv. *The Finance Department should monitor the utilisation of unspent balances remained in DDOs accounts.*
- v. *The 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 hold the concerned officers responsible for delays in finalisation and submission of accounts.*
- vi. *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.*