

Chapter 4
**Quality of Accounts &
Financial Reporting Practices**

Chapter 4 Quality of Accounts & 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.

This Chapter provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the current year.

Issues related to completeness of accounts

4.1 Non discharge of liability in respect of interest towards interest bearing deposits/ Reserve Funds

The Government has a liability to provide and pay interest on the amounts in the interest-bearing Reserve Funds and Deposits.

Audit observed that ₹ 92.13 crore were required to be paid as interest on the balance of ₹ 1,560.76 crore lying under interest bearing deposits/ Reserve Funds as on 01 April 2022 as shown in **Table 4.1**. Non-payment of interest liability has resulted in understatement of Revenue Deficit and Fiscal Deficit to that extent during the year.

Table 4.1: Non discharge of interest liability

(₹ in crore)

Sector	Sub-Sector	Rate of Interest	Balance at the beginning of 2022-23	Interest Payable
J-Reserve Funds	(i) Reserve Funds bearing interest (SDRF)	7.49 per cent (As per guidelines of SDRF)	719.06	53.86
	(ii) Reserve Funds bearing interest (SCAF)	3.35 per cent *	560.81	18.79
K-Deposits and Advances	(i) Deposits bearing interest MH 8342 (NPS)	7.1 per cent**	251.83	17.88
	(ii) Deposit bearing interest other than DCPS	5.49 per cent (Taking average Ways and Means Advance interest rate)	29.06	1.60
Total			1,560.76	92.13

Source: Finance Accounts

*As per rate notified by Government of India vide circular No. 4-58/2019-NAPt.2 dated 11 January 2022.

**The State Government vide OM dated 06 October 2009 specified the interest rate of NPS as applicable to the GPF (as had been prevailing at that time).

4.2 Funds transferred directly to State implementing agencies

The Government of India (GoI) has been transferring sizeable quantum of funds directly to the State Implementing Agencies (SIAs) for implementation of various schemes. Government of India decided to route these funds through State Budget from 2014-15 onwards. Subsequently, the GoI vide Budget Circular for the financial year 2022-23 instructed the following procedure for public funded schemes:

a) Central Sector Schemes are funded and implemented by the Central Agencies, and in some cases through concerned State implementing agencies. The transfer of funds in such cases will be done directly to the implementing agencies and not through the State treasuries.

b) Centrally Sponsored Schemes are implemented by the State/ UT governments with the sharing pattern as approved by the Government. The central share for the schemes will be routed entirely through the State/ UT treasuries as Grants-in-Aid, except in the case of Direct Benefit Transfers where the functional heads could be used.

Over the years, the Government of India has been transferring funds to the State of Assam under both the Schemes. **Table 4.2** provides the quantum of fund transferred to the State Implementing Agencies during the last five years *i.e.*, 2018-23.

Table 4.2: Direct Transfer of Funds by GoI

	(₹ in crore)				
Direct transfers to State Implementing Agencies	2018-19	2019-20	2020-21	2021-22	2022-23
Funds transferred	4,534.21	5,946.75	7,733.54	12,543.88	12,878.62

Source: Finance Accounts

As can be seen from **Table 4.2**, transfer of funds increased by ₹ 334.74 crore from ₹ 12,543.88 crore in 2021-22 to ₹ 12,878.62 crore in 2022-23. During 2022-23, out of the total amount of ₹ 12,878.62 crore, ₹ 5,655.75 crore being Central Assistance/ Share was transferred to the intermediaries (*i.e.*, NGOs, Societies, *etc.*) and ₹ 7,222.87 crore was transferred directly to beneficiaries.

Scheme wise total amount release to the State implementing agencies during 2022-23 is given in **Appendix 4.1**. Out of the total amount of ₹ 12,878.62 crore of direct transfer of funds by GoI, ₹ 6,870.00 crore was transferred for implementation of Centrally Sponsored Schemes (CSS) as detailed in **Appendix 4.2**. This pertained primarily to the two Centrally Sponsored schemes - Jal Jeevan Mission/ National Drinking Water Mission and Mahatma Gandhi National Rural Guarantee Programme, where the amount of direct transfer to the implementing agencies of ₹ 4,589.98 crore and ₹ 1,870.22 crore respectively represented 100 *per cent* and 89.26 *per cent* respectively of the total transfer under these schemes.

The direct transfer of ₹ 6,870.00 crore of CSS funds directly to implementing agencies of the State constituted 7.66 *per cent* and 23.07 *per cent* of Revenue Receipts (₹ 89,742.30 crore) and Grants-in-Aid (₹ 29,784.71 crore) respectively. The State

Government accounts for the year 2022-23 depicts only ₹ 21,557.32 crore under Central share of Centrally Sponsored Schemes.

Issues related to transparency

4.3 Delay in Submission of Utilisation Certificates

Rule 517 (Appendix 16) of Assam Financial Rules, 1939 provides that every grant made for a specified object is subject to the implied conditions such as (i) the grant shall be spent for the intended purpose, and within a reasonable time if no time limit has been fixed by the sanctioning authority, and (ii) any portion of the amount which is ultimately not required for expenditure for the purpose, shall be duly surrendered to the Government.

State Government authorities who have received conditional grants are required to furnish formal Utilisation Certificates (UCs) about the proper utilisation of the grants, to the Accountant General (A&E) within 12 months of the closure of the financial year in which the grants have been released, unless specified otherwise.

Audit scrutiny revealed that 14,159 UCs in respect of grants aggregating ₹ 37,991.70 crore given to 53 Departments of the State Government during the period from 2001-02 to 2021-22 had not been submitted. UCs for 1,492 grants of ₹ 14,880.02 crore paid in 2022-23 would become due only in 2023-24. Age-wise details of delays in submission of UCs due up to the year 2022-23 is given in **Table 4.3**.

Table 4.3: Age-wise arrears in submission of Utilisation Certificates

(₹ in crore)

Year*	Opening Balance		Addition		Clearance		Due for Submission	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Up to 2020-21	12,111	43,236.13	2,800	21,065.58	394	3,606.64	14,517	60,695.07
2021-22	14,517	60,695.07	3,346	23,942.88	915	28,760.49	16,948	55,877.46
2022-23	16,948	55,877.46	1,492**	14,880.02	2,789	17,885.76	14,159	37,991.70

Source: Data compiled by the O/o the PAG (A&E), Assam.

*The year mentioned above relates to "Due year" i.e., after one year of actual drawal.

**UCs for the GIA disbursed during 2022-23 become due only during 2023-24.

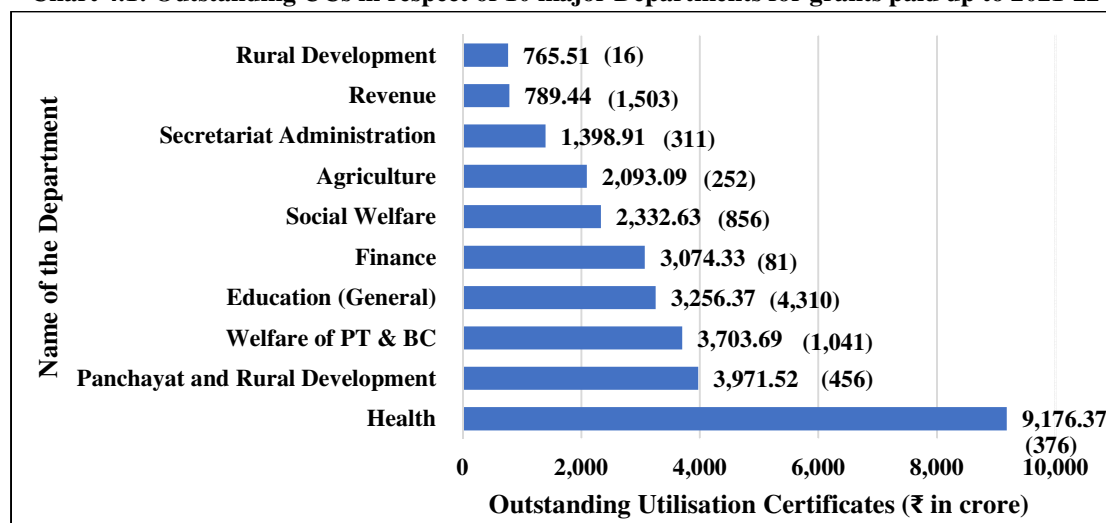
Table 4.4: Year wise break up of outstanding UCs
(₹ in crore)

Drawal Year	Number of UCs	Amount
2001-02	833	54.26
2002-03	409	36.22
2003-04	739	65.44
2004-05	948	142.80
2005-06	711	198.03
2006-07	653	193.81
2007-08	462	220.65
2008-09	340	301.49
2009-10	122	447.19
2010-11	295	390.84
2011-12	274	582.84
2012-13	235	767.76
2013-14	381	1,189.49
2014-15	714	1,539.91
2015-16	449	2,848.82
2016-17	21	104.93
2017-18	166	1,477.18
2018-19	801	4,258.99
2019-20	1,986	8,670.05
2020-21	1,966	9,078.10
2021-22	1,654	5,422.90
Total	14,159	37,991.70

Analysis of year-wise details of pending UCs and the amounts involved tabulated alongside shows that UCs have not been submitted for an amount of ₹ 37,991.70 crore released over the years. To the extent of non-submission of UCs, there is no assurance that the amount shown in the Finance Accounts had actually been spent in keeping with the sanction and cannot be vouched as correct or final. **Table 4.4** given alongside also reveals that 76.09 *per cent* of outstanding UCs pertain to the last five years *i.e.*, 2017-22. Department-wise break-up of outstanding UCs for the grants paid up to the year 2021-22 is given in **Appendix 4.3**.

Status of outstanding UCs in respect of 10 major departments is given in **Chart 4.1**.

Chart 4.1: Outstanding UCs in respect of 10 major Departments for grants paid up to 2021-22



In the absence of the UCs, it could not be ascertained whether the recipients had utilised the grants for the purposes for which those were given, and since 42 *per cent* of the Capital Expenditure is being incurred out of GIA, in the absence of UCs, it could not be ascertained whether the assets had been created.

During Exit Conference (December 2023), the Secretary to the Finance Department assured to take necessary steps for early submission of UCs, wherever needed, by the Administrative Departments.

4.4 Abstract Contingent Bills

Under Rule 21 of the Assam Contingency Manual, 1989, Drawing and Disbursing Officers (DDOs) are authorised to draw sums of money for limited purposes by preparing Abstract Contingent (AC) bills without vouchers. Subsequently, Detailed Countersigned Contingent (DCC) bills (vouchers in support of final expenditure) are required to be furnished to the Accountant General (A&E) not later than 25th of the month following the month in which such amounts are drawn.

During 2022-23, 40 AC bills were drawn for an amount of ₹ 15.19 crore, of which 2 AC bills for an amount of ₹ 0.20 crore (1.32 *per cent*) were drawn in March 2023. As of 31 March 2023, 38 Departments of Government of Assam had not submitted DCC bills for ₹ 899.59 crore against 1,419 AC Bills. Year-wise details of pendency of DCC bills for the years up to 2022-23 is given in **Table 4.5**.

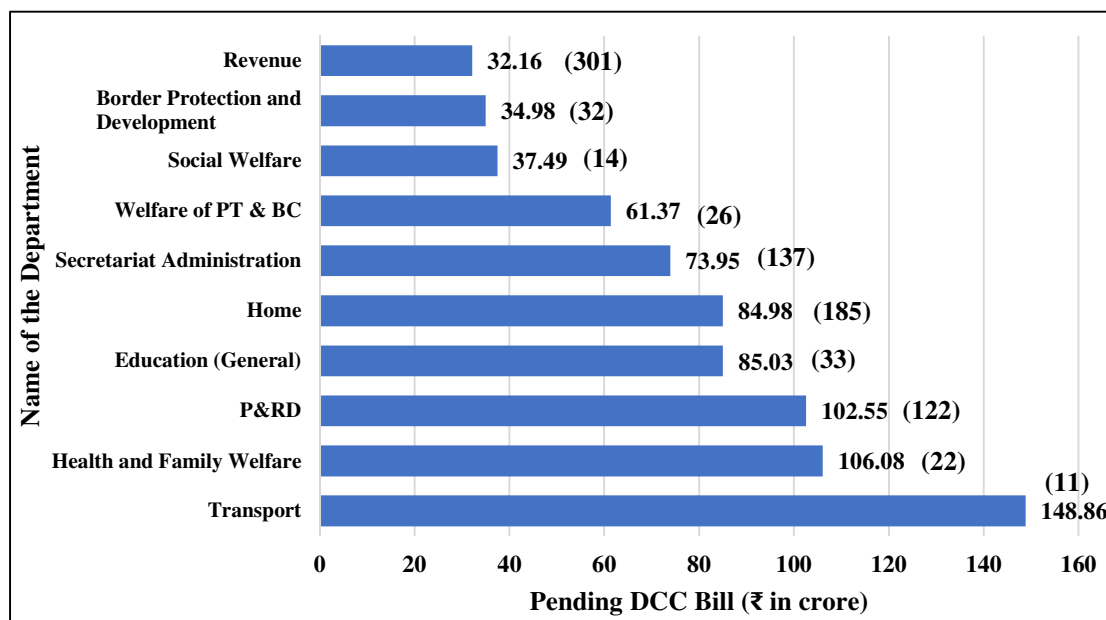
Table 4.5: Pendency in submission of DCC bills against the AC bills

Year	Opening Balance		Addition		Clearance		Closing Balance	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Up to 2020-21	1,432	882.86	249	174.89	33	6.91	1,648	1,050.84
2021-22	1,648	1,050.84	32	25.57	140	118.04	1,540	958.37
2022-23	1,540	958.37	40	15.19	161	73.97	1,419	899.59

Source: Data compiled by O/o the PAG (A&E), Assam

Department-wise pending DCC bills for the years up to 2022-23 are detailed in **Appendix 4.4** while status of pending DCC bills in respect of 10 major departments is given in **Chart 4.2**.

Chart 4.2: Pending DCC Bills in respect of 10 major Departments



Expenditure against AC bills at the end of the year indicates poor public expenditure management. Non-adjustment of advances for long periods is fraught with the risk of misappropriation and therefore, requires close monitoring by the respective DDOs for

ensuring submission of DCC bills. Further, to the extent of non-receipt of DCC bills, the expenditure shown in the Finance Accounts cannot be asserted as correct or final.

During the Exit Conference (December 2023), the Secretary to the Finance Department assured to issue instructions to all concerned Departments for early submission of DCC bills.

4.5 Personal Deposit Accounts

Under specific circumstances, the Government may authorise the opening of Personal Deposit (PD) accounts for operation by designated Administrators. Transfer of funds to PD accounts is booked under the service major heads, as expenditure under the Consolidated Fund of the State. Under Rule 325 of Treasury Rules, 2017 of Government of Assam, the Administrators are required to close such accounts on the last working day of the year and transfer the unspent balances back to the Consolidated Fund, with the PD accounts being reopened in the next year, if necessary. Government of Assam, however, did not follow this procedure.

Table 4.6 provides the status of funds lying in PDA on the last day of the financial year during 2018-23.

Table 4.6: Parking of funds in Personal Deposit Accounts during 2018-23

	(₹ in crore)				
Year	2018-19	2019-20	2020-21	2021-22	2022-23
Funds parked in PDA	0.60	0.57	0.57	0.09	0.07

Source: Finance Accounts

As on 31 March 2023, there were four PD Accounts under which ₹ 0.07 crore was lying. During the year 2022-23, no amount was transferred to these PD Accounts.

Further, in terms of Rule 324 and 333 of Treasury Rules, 2017 of Government of Assam, the Administrator of Personal Deposit Account shall make necessary verification and reconciliation of the balances with the Treasury and shall furnish a certificate to the Treasury Officer by 30th April every year. The Treasury officer shall verify the said certificate with treasury records and send a report of verification of such balances to the Accountant General (A&E) as early as possible.

During the year 2022-23, none of the nine Administrators of Personal Deposit Accounts had reconciled and verified their balances with the treasury figures and the annual verification certificate was also not furnished to the Accountant General (A&E) Office.

4.6 Indiscriminate use of Minor Head 800

The omnibus Minor Head 800 relating to Other Receipts/ Other Expenditure is to be operated only in cases where the appropriate Minor Head has not been provided under a Major Head in the List of Major and Minor Heads of Accounts (LMMHA). If such instances occur on a regular basis, it is the responsibility of the State Government to discuss with the Accountant General (A&E) and seek advice on an appropriate classification. Indiscriminate booking of receipts and expenditure under Minor Head 800 affects transparency and nature of transactions and renders the accounts opaque.

Audit examined selected cases of booking under Minor Head 800 (Expenditure more than ₹ 50.00 crore), and noted that in 10 instances, a valid Minor Head, other than 800, was available in the LMMHA, for booking these transactions. The total expenditure under these schemes amount to ₹ 1,576.94 crore (8.13 per cent of total expenditure under Minor Head 800) was booked in State Finance Accounts (2022-23), as given in Table 4.7.

Table 4.7: Incorrect depiction of Minor Heads in the State Accounts (2022-23)

Sl. No.	Specified Heads in the LMMHA	Actual Head in Detailed Appropriation Accounts	Expenditure (₹ in crore)
1	2235-03-101 National Old Age Pension Scheme	2501-01-800-0318-504 Old Age Pension Scheme	428.34
2	2202-02-113 Samagra Shiksha	2202-02-800-3952 Rashtriya Madhyamik Shiksha Abhijan (RMSA)	303.18
3	4702-00-101 Surface Water	4702-00-800-2555 Pradhan Mantri Krishi Sinchai Yojana – Har Khet ko Pani	195.97
4	4202-02-105 Engineering/ Technical Colleges & Institutes	4250-00-800-6103 Partnership with TATA Technology for Modernisation of Polytechnic and ITI	174.00
5	2501-06-102 National Rural Livelihood Mission	2501-01-800-4921- National Rural Livelihood Mission (NRLM)	98.57
6	3054-04-338 Pradhan Mantri Gram Sadak Yojana	3054-04-800-0123 PMGSY Maintenance to ASRB	87.51
7	2217-80-191 Assistance to Local Bodies, Corporations, Urban Development Authorities, Town Improvement Boards etc.	2217-80-800-0798 Guwahati Municipal Corporation	87.37
8	2235-02-103 Women's Welfare	2501-01-800-2529 Indira Miri Widow Pension Achoni for age Group 18 to 59 years left out from IGNWPS under NSAP and One Time Grant of ₹ 25000/-	73.15
9	2210-01-110 Hospital and Dispensaries	2210-03-800-4637 Urban Health and Wellness Centres-Central Finance Commission Award	65.55
10	2202-02-106 Text Books	2202-02-800-5764 Free Text Books to Students from Class IX to X	63.30
Total			1,576.94

Source: Finance Accounts

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 and Minor Heads of Account (LMMHA) and after consultation with the Principal Accountant General (A&E), classify them appropriately as per existing LMMHA, or seek addition of new Minor Heads, to bring transparency in Accounts.

During 2022-23, the State Government classified receipts of ₹ 924.36 crore (1.03 per cent of total Revenue Receipts of ₹ 89,742.30 crore), pertaining to 48 Major

Heads of Account, under the Minor Head '800 - Other Receipts' while an expenditure of ₹ 19,388.98 crore was booked under Minor Head 800 under 70 Major Heads of Account, constituting 16.46 per cent of the total revenue and capital expenditure of ₹ 1,17,812.35 crore.

Instances of substantial proportion (50 per cent or more and ₹ 100 crore or more) of the expenditure within a given Major Head, classified under the Minor Head 800 – 'Other Expenditure', are given in **Table 4.8**.

Table 4.8: Significant expenditure booked under Minor Head 800 – Other Expenditure during 2022-23

(₹ in crore)

Sl. No.	Major Head	Major Schemes under Minor Head 800	Expenditure under Minor Head 800	Total Expenditure	Per cent
1	2075 - Miscellaneous General Services	Assam Infrastructure Financing Authority, PRANAM Commission	687.17	699.78	98.20
2	2217 - Urban Development	PMAY (Housing for All), AMRUT, GMC, City Amenities Development Fund, NULM, GMDA, Smart City Mission	1,315.86	2,555.72	51.49
3	2225 - Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities	Special Grants to Karbi Anglong Autonomous Council, Bodoland Autonomous Council, Dima Hasao Autonomous Council, One Time Special Grant, CM's Special One-time Assistance to Tai Ahom Autonomous Council, PM Adarsh Gram Yojana	2,430.68	3,076.36	79.01
4	2501 - Special Programmes for Rural Development	NSAP, NRLM, Indira Miri Widow Pension Achni, Shyama Prasad Mukherjee Urban Mission (SPMRM)	697.02	1167.21	59.72
5	2515 - Other Rural Development Programmes	District Development Project/ Programme, Tied Grant, Untied Grant	3,223.31	3,909.28	82.45
6	2575 - Other Special Areas Programmes	Multi Sectoral Development Programme for Minorities	194.99	201.84	96.61
7	2801 - Power	DDUGJY and SAUBHAGYA Scheme, Power Purchase Subsidy, Payment of dues as per FTFRP, UDAY, Targeted Subsidy to APDCL	1,148.96	1,150.86	99.83
8	2852 - Industries	Implementation of the Relief Package Offered to Employees and Workers of HPC Ltd.	391.82	632.75	61.92
9	3056 - Inland Water Transport	Government Transport Services working expenses - Major Ferry Services, Subansiri River Passenger Service	151.38	168.43	89.88
10	4070- Capital Outlay on Other Administrative Services	State Signature Scheme, Assam State Information Commission	204.65	207.63	98.56
11	4225 - Capital Outlay on Welfare of Scheduled Caste, Scheduled Tribes, Other Backward Classes and Minorities	Model Village for Schedule Caste, Infrastructure Development in ITDP and Outside ITDP Areas of Assam	105.88	106.08	99.81
12	4250 - Capital Outlay on Other Social Services	Skill City Development, Partnership with TATA Technology for Modernisation of Polytechnic and ITI	245.08	253.95	96.51

Sl. No.	Major Head	Major Schemes under Minor Head 800	Expenditure under Minor Head 800	Total Expenditure	Per cent
13	4552 – Capital Outlay on North Eastern Areas	NESIDS, Scheme under NLCPR, Provision for Schemes under NEC Project (Capital)	290.80	290.80	100.00
14	4702 – Capital Outlay on Minor Irrigation	Pradhan Mantri Krishi Sinchai Yojana – Har Khet ko Pani	242.04	363.26	66.63
15	4801 – Capital Outlay on Power Projects	APSEIP Tranche 4 (ADB), Enhancement of Intra State Transmission System of Assam (AIIB)	780.92	782.92	99.74
Total			12,110.56	15,566.87	77.80

Source: Finance Accounts

In the case of receipts, cases where over 50 per cent of receipts and also more than ₹ one crore were classified under Minor Head 800 – ‘Other Receipts’, are given in **Table 4.9**.

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

Sl. No.	Major Head	Receipts under Minor Head 800	Total Receipts	Percentage
1	0049 – Interest Receipts	294.87	323.68	91.10
2	0059 – Public Works	1.95	2.04	95.59
3	0405 – Fisheries	2.56	4.86	52.67
4	0552 – North-Eastern Areas	15.14	15.14	100.00
5	0702 – Minor Irrigation	1.25	1.26	99.21
6	1054 – Roads and Bridges	10.75	11.92	90.18
7	1056 – Inland Water Transport	7.47	7.47	100.00
Total		333.99	366.37	91.16

Source: Finance Accounts

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

During the Exit Conference (December 2023), the Secretary to the Finance Department assured that the suggested changes would be adopted from the next budget.

4.7 Central Road and Infrastructure Fund (CRIF)

Government of India provides annual grants under Central Road and Infrastructure Fund (CRIF) (erstwhile CRF) to the State Government to incur expenditure on specific road projects. The fund is constituted out of the proceeds of (i) a duty of excise and customs on motor spirit (commonly known as petrol) and high-speed diesel oil (ii) Road and Infrastructure Cess and (iii) Grants and Loans by the Central Government.

In terms of the extant accounting procedure, the grants are to be initially booked as Revenue Receipts under Major Head “1601-06-104-Grants from Central Road and Infrastructure Fund”. Thereafter, the amount so received is to be transferred by the State Government to the Public Account under Major Head “8449-Other Deposits-103 Subvention from Central Road and Infrastructure Fund”, through Revenue Expenditure Major Head “3054 Roads and Bridges”. This process ensures that receipt of the grants do not result in overstatement of Revenue Surplus or understatement of Revenue Deficit

in the accounts. The expenditure on prescribed road works under CRIF will first be accounted for under the relevant Capital or Revenue Expenditure section (Major Heads 5054 or 3054) and reimbursed out of the Public Account under Major Head 8449 as a deduct expenditure to the concerned Major Head (5054 or 3054 as the case may be).

During the year 2022-23, the State Government received grants of ₹ 122.82 crore towards CRIF. While the receipt of fund was accounted for correctly in Revenue Receipts Major Head 1601-06-104 Grants from Central Road Fund, the accounting procedure for recording expenditure under CRIF as detailed above was not followed. No budget provision was made under the Major Head - '3054-80-797 - transfer to Deposit Accounts' for transfer of funds to the Major Head - '8449-Other Deposits-103 subvention from Central Road and Infrastructure Fund' in Public Account, nor was subsequent expenditure from CRIF recorded in appropriate budget heads. However, ₹ 107.64 crore was booked under CRIF during the year under the head of account 5054-03-337-1857 – Construction Expenditure Met from Central Road Fund in Grant No. 64 of Appropriation Accounts. Non-transfer of the balance amount of ₹ 15.18 crore has resulted in understatement of Revenue Deficit during the year.

During the Exit Conference (December 2023), the Secretary to the Finance Department agreed to follow the prescribed accounting procedure of CRIF.

Issues related to Measurement

4.8 Outstanding balance under major Suspense and DDR heads

Suspense heads are operated in Government accounts to reflect transactions that cannot be booked initially to their final Head of Account for some reason or the other. These are finally cleared by minus debit or minus credit when the amount is taken to its final Head of Account. If the amounts under suspense heads remain unadjusted, the balances under these heads get accumulated resulting in understatement of Government's receipts and payments.

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

The 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 position of gross figures under major suspense and remittance heads for the last three years is given in **Table 4.10**.

Table 4.10: Balances under Suspense and Remittance Heads

Name of Major and Minor Head	2020-21		2021-22		2022-23	
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
8658 - Suspense						
101 - PAO suspense	327.29	227.41	481.71	314.04	294.73	155.76
Net	Dr. 99.88		Dr. 167.67		Dr. 138.97	

Name of Major and Minor Head	2020-21		2021-22		2022-23	
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
102 - Suspense Account-Civil	1,758.94	372.63	2,218.58	866.61	2,155.06	992.21
Net	Dr. 1,386.31		Dr. 1,351.97		Dr. 1,162.85	
107 - Cash Settlement Suspense Account	82.73	15.65	82.73	15.65	82.73	15.65
Net	Dr. 67.08		Dr. 67.08		Dr. 67.08	
109 - Reserve Bank Suspense -Headquarters	-216.08	-0.22	-376.36	-0.03	-33.50	376.29
Net	Cr. 215.86		Cr. 376.33		Cr. 409.79	
110 - Reserve Bank Suspense - CAO	20.85	214.61	14.85	11.27	14.30	18.27
Net	Cr. 193.76		Dr. 3.58		Cr. 3.97	
112 - Tax Deducted at Source (TDS) Suspense	---	---	--	32.25	---	0.02
Net	---		Cr. 32.25		Cr. 0.02	
123 - A.I.S Officers' Group Insurance Scheme	0.25	1.51	0.14	1.37	0.07	1.27
Net	Cr. 1.26		Cr. 1.23		Cr. 1.20	
8782 - Cash Remittances						
102 - P.W. Remittances	76,676.11	76,290.28	85,421.80	85,034.15	8,885.45	8,478.34
Net	Dr. 385.83		Dr. 387.65		Dr. 407.11	
103 - Forest Remittances	5,873.61	5,490.72	6,236.10	5,855.60	949.82	517.28
Net	Dr. 382.89		Dr. 380.50		Dr. 432.54	
110 - Miscellaneous Remittances	---	12.91	---	12.91	---	12.91
	Cr. 12.91		Cr. 12.91		Cr. 12.91	
8793 - Inter State Suspense Account						
	41.58	0.05	108.60	902.62	8.99	0.03
	Dr. 41.53		Cr. 794.02		Dr. 8.96	

Source: Finance Accounts

Non-clearance of outstanding balances under these heads affects the accuracy of receipts/ expenditure figures and balances under different heads of accounts (which are carried forward from year to year) of the State Government.

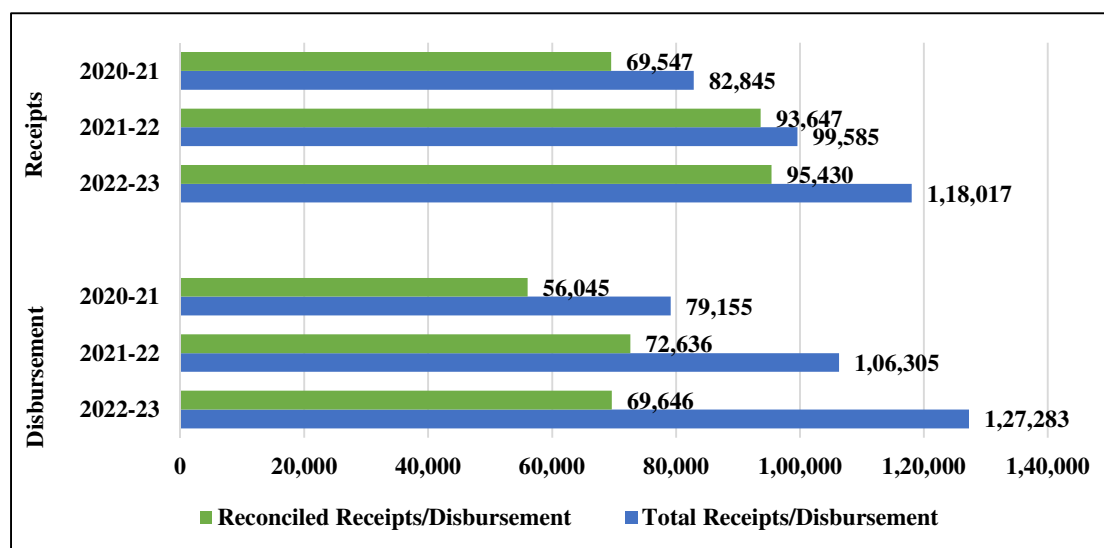
4.9 Reconciliation of Departmental figures

Financial Rules stipulate those receipts and expenditure recorded in the books of accounts of Controlling Officers (COs) be reconciled by them every month during the financial year with those recorded in the books of the Accountant General (Accounts and Entitlements). This is to enable the COs to exercise effective control over expenditure and manage their budgetary allocation efficiently, and ensure accuracy of their accounts.

While 94.04 per cent of receipts and 68.33 per cent of disbursement were reconciled during 2021-22, the figure for receipts reduced to 80.86 per cent, and that for disbursement reduced to 54.72 per cent for the year 2022-23.

The status of reconciliation of receipts and disbursement figures by the COs during the three-year period 2020-23 is shown in **Chart 4.3**.

Chart 4.3: Status of reconciliation during the three years 2020-23 (₹ in crore)



The details relating to the number of COs and the extent of reconciliation during the last three years are given in **Table 4.11**.

Table 4.11: Status of Reconciliation of Receipts and Disbursement figures

Year	Total No. of Controlling Officers	Status of reconciliation			Total Receipts/ Disbursement (₹ in crore)	Reconciled Receipts/ Disbursement	
		Fully	Partially	Not done		Amount (₹ in crore)	Per cent
Receipts							
2020-21	58	5	3	50	82,845	69,547	83.95
2021-22	58	13	3	42	99,585	93,647	94.04
2022-23	58	11	2	45	1,18,017	95,430	80.86
Disbursement							
2020-21	58	36	16	6	79,155	56,045	70.80
2021-22	58	35	21	2	1,06,305	72,636	68.33
2022-23	58	25	24	9	1,27,283	69,646	54.72

Source: Finance Accounts

Non-reconciliation of figures has been pointed out by the CAG in the Audit Reports year after year. The PAC in its 161st Report (Paragraph 13) also recommended (March 2020) that the departments should reconcile their figures with the Accountant General (A&E) on monthly basis or at least quarterly basis to avoid wrong booking of figures. In spite of the recommendations, 19.14 *per cent* of receipts and 45.28 *per cent* of disbursement figures booked by the Accountant General (A&E) were not reconciled by the departmental authorities during 2022-23.

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 disbursement in the accounts, but also defeats the very objective of budgetary process.

During a Joint meeting (September 2023), the Finance Department assured to issue instructions to all Chief Controlling Officers (CCOs) to reconcile all the receipts and expenditure booked in the Annual Accounts of State.

4.10 Reconciliation of Cash Balances

As on 31 March 2023, Cash balance as per record of Principal Accountant General was ₹ 674.23 crore (Cr.) and that reported by the RBI was ₹ 522.60 crore (Dr.). There was a net difference of ₹ 151.63 crore (Cr.) mainly due to erroneous reporting by Agency banks.

During a Joint meeting (September 2023), the Finance Department assured to issue necessary instructions to all the Treasury Officers for proper reconciliation of Date-wise Monthly Statement (DMS) with the Monthly Accounts of Treasury.

Issues related to Disclosure

4.11 Compliance with Accounting Standards

Government Accounting Standards Advisory Board (GASAB), set up by the Comptroller and Auditor General of India in 2002, has been formulating standards for government accounting and financial reporting to enhance accountability mechanisms. At the end of March 2023, three Indian Government Accounting Standards (IGAS) have been notified. The details of these standards and the extent of compliance with these by Government of Assam in its financial statements for the year 2022-23 are given in **Table 4.12**.

Table 4.12: Compliance with Indian Government Accounting Standards

IGAS	Essence of IGAS	Status	Impact of non-compliance
IGAS 1 <i>Guarantees given by government – Disclosure requirements</i>	This standard requires the government to disclose the maximum amount of guarantees given during the year in its financial statements along with additions, deletions, invoked, discharged and outstanding at the end of the year.	Partly complied	While the government has disclosed the maximum amount of guarantees given during the year, detailed information like number of guarantees for each institution was not depicted.
IGAS 2 <i>Accounting and Classification of Grants-in-Aid</i>	Grants-in-Aid are to be classified as Revenue Expenditure in the accounts of the grantor and as Revenue Receipts in the accounts of the grantee, irrespective of the end use.	Partly complied	State Government made budgetary provision and classified GIA amounting to ₹ 6,668.99 crore under Capital Major Heads of Account, instead of under the Revenue Section. It did not also furnish any information regarding GIA paid in kind during the year.
IGAS 3 <i>Loans & Advances made by Government</i>	This Standard relates to recognition, measurement, valuation and reporting in respect of loans and advances made by the Government in its Financial Statements to ensure complete, accurate and uniform accounting practices.	Partly complied	While the State government complied with the format prescribed by the Standard, the information in this regard is incomplete, since the details of overdue principal and interest in respect of loans and advances have not been provided to the Principal Accountant General (A&E).

4.12 Submission of Accounts of Autonomous Councils/ Bodies

As per Section 19(3) of the CAG's DPC Act, the Governor/ Administrator may, in 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 to do so 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 AG (Audit) for audit.

The CAG had not received 489 annual accounts of 75 Autonomous Councils, Development Councils and Government Bodies (due up to 2022-23) for audit as of September 2023. Out of 489 outstanding annual accounts, 10 accounts²¹ pertained to three Autonomous District Councils created under sixth Schedule of the Constitution.

Table 4.13: Age-wise analysis of Annual Accounts due for audit but not submitted

Delay in Number of Years	No. of Accounts
0-1	75
1-3	111
3-5	75
5-10	147
More than 10	81*
Total	489

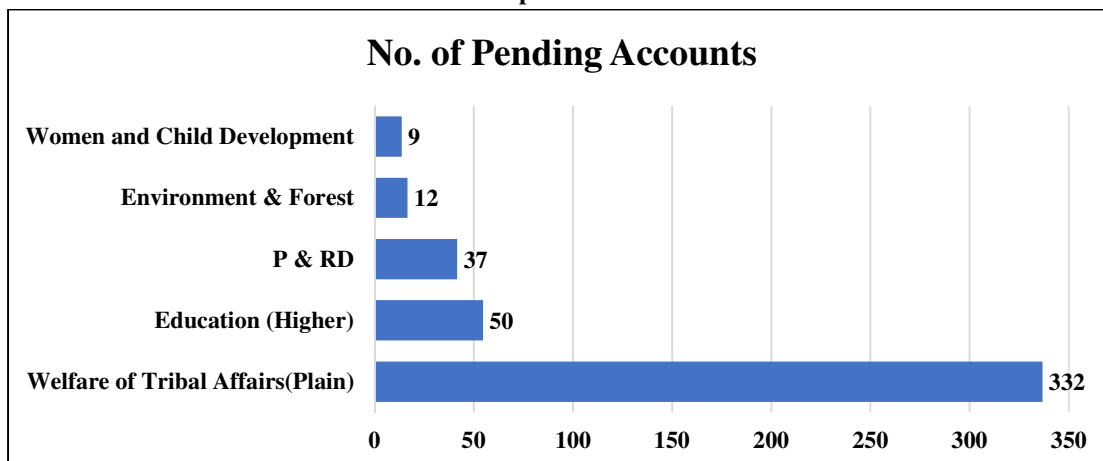
* Several Autonomous Councils under Department of Welfare of Tribal Affairs (Plain) have accounts pending for 14 years

The Department-wise details of accounts due from Autonomous Councils, Development Councils, Government Bodies are given in **Appendix 4.5**.

Age-wise pendency of these 489 accounts is given above. Status of pending accounts in respect of five major departments is given in **Chart 4.4**.

²¹ i) Bodoland Territorial Council, Kokrajhar: Two Annual Accounts (2021-22 & 2022-23); ii) Karbi Anglong Autonomous Council, Diphu: Five Annual Accounts (2018-19 to 2022-23); and iii) North Cachar Hills Autonomous Councils, Haflong: Three Annual Accounts (2020-21 to 2022-23)

Chart 4.4: Status of pending accounts of Autonomous Councils/ Bodies pertaining to five major Departments



In the absence of annual accounts and their audit, proper utilisation of the grants and loans disbursed to those bodies/ authorities and their accounting cannot be vouched. Audit took up the matter of non-submission of accounts of the defaulting bodies with the authorities concerned from time to time, but without perceivable improvement.

The Government may consider fixing responsibility on the officers concerned for non-submission of accounts.

During the Exit Conference (December 2023), the Secretary to the Finance Department stated that necessary instructions would be issued to Departments concerned for early submission of Accounts.

4.13 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 33 District Treasuries, 51 Sub-Treasuries, Assam House (New Delhi), Cyber Treasury (Dispur), 43 Public Works (Building) Divisions, 90 Public Works (Road) Divisions, 03 Inland Water Transport Division, 67 Irrigation Divisions, and 49 Public Health Engineering Divisions, 42 Water Resources Divisions, 148 Forest Divisions, 66 Pay and Accounts Offices and Advices of the Reserve Bank of India.

During the financial year 2022-23, significant number of monthly accounts of Treasuries, Public Works Divisions and Forest Divisions were not submitted in time by the concerned authorities of Government of Assam. As a result, during the year 2022-23, monthly Civil Accounts were closed by Office of the PAG (A&E), Assam by excluding accounts of certain treasuries/ divisions in certain months. Details of accounts excluded from the monthly Civil Accounts are given in **Chart 4.5**.

Chart 4.5: No. of accounts excluded from monthly Civil Accounts during 2022-23

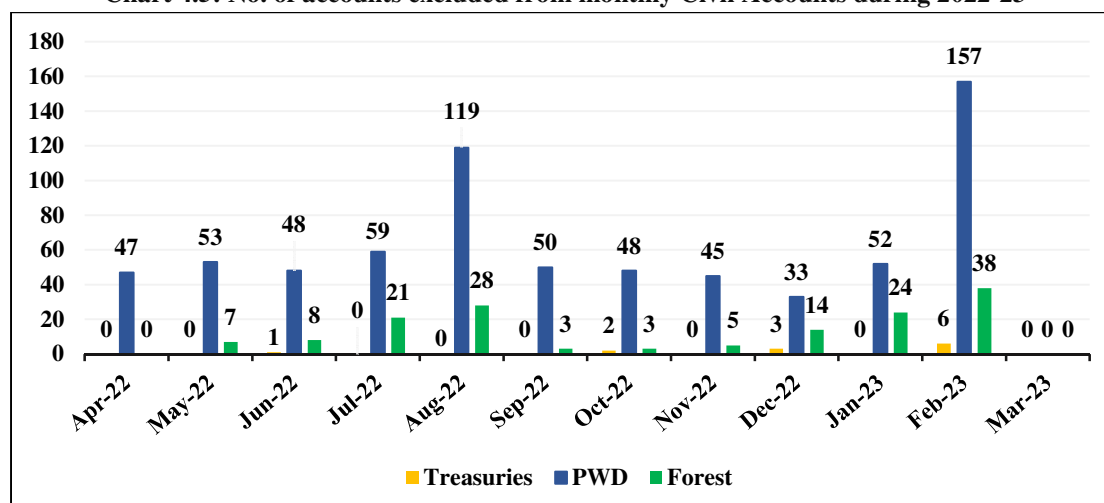


Chart 4.5 indicates that public works divisions were the major units that delayed rendition of monthly accounts. Consequently, receipts and expenditure relating to these divisions/ units could not be incorporated in the Civil Accounts of the respective month of the occurrence of the transaction. Due to the failure of the account rendering units to furnish accounts on time, some accounts were excluded from the monthly Civil Accounts by the Principal Accountant General (A&E) throughout the year 2022-23, except for March 2023. Therefore, the monthly accounts indicating the receipts and disbursements of the State during the month, rendered by the Principal Accountant General (A&E) to the State Government were incomplete in all the months, except for the month of March.

Exclusion of accounts not only distorts the financial picture presented in the monthly accounts of the Government, but also impacts the monitoring of fund flow to the last mile of implementation, planned pacing of expenditure on developmental programmes, provides intended benefits to the targeted beneficiaries, functioning of departments, *etc.* during the year. The State Government therefore needs to monitor closely and ensure the rendition of accounts by all the account rendering authorities to the Principal Accountant General (A&E) on a timely basis.

During the Entry Conference (September 2023), the Finance Department assured to instruct all the Account Rendering Units to submit the Monthly Accounts on time.

Other Issues

4.14 Misappropriations, losses, thefts, *etc.*

Audit observed 327 cases of theft, misappropriation and losses involving Government money amounting to ₹ 135.84 crore (up to March 2023) on which final action was pending. The Department-wise breakup of pending cases and age-wise analysis and nature of those cases is given in **Appendix 4.6**.

Table 4.14 summarises age-profile of pending cases and the number of cases pending in each category *i.e.*, theft, misappropriation, and loss of Government material, *etc.*

Table 4.14: Profile of cases of theft, misappropriation, and loss

(₹ in lakh)

Age Profile of the Pending cases			Nature of the Pending Cases		
Range in Years	Number of cases	Amount involved	Nature/ characteristics of the cases	Number of cases	Amount
0 to 5	41	1,445.67	Theft	23	100.90
5 to 10	152	8,530.97			
10 to 15	79	1,992.40	Misappropriation/ Loss of material, etc.	304	13,482.89
15 to 20	36	1,365.93			
20 to 25	12	178.18	Total	327	13,583.79
25 and above	7	70.64	Cases of loss written off during the year	0	0.00
Total	327	13,583.79	Total cases as on 31 March 2023	327	13,583.79

Source: Inspection Reports

Further analysis indicated that the reasons for which the cases were outstanding could be classified in the categories listed in Table 4.15.

Table 4.15: Reasons for outstanding cases of theft, misappropriation and losses

Reasons for the Delay of Outstanding Pending cases	Number of cases	Amount (₹ in lakh)
(i) Non-receipt of reply or want of reply from Department	200	6,288.29
(ii) Non-submission of specific/ proper/ appropriate/ final/ relevant/ authentic reply by Department	127	7,295.50
Total	327	13,583.79

Source: Inspection Reports

Of the 327 cases above, the First Information Report (FIR) in respect of only 22 cases involving ₹ 6.43 crore was lodged where the investigation was in process. Government may take necessary action in all the remaining cases also, and logically conclude the misappropriation cases. Besides, Government should consider putting in place an effective mechanism to ensure monitoring and speedy settlement of cases relating to theft, misappropriation and losses, in their own financial interests.

4.15 Follow up action on State Finances Audit Report

4.15.1 *Suo-motu* Action Taken Notes

In the Audit Reports on the Finances of Government of Assam, the Comptroller and Auditor General of India has been flagging issues of concern relating to various aspects of financial and budgetary management, areas of non-compliance with the prescribed procedures, rules and regulations, etc. by the State Government departments/ authorities. These Reports can achieve the desired results only when they evoke positive and adequate response from the Government/ administration itself. To ensure accountability of the executive with regard to the issues contained in the Audit Reports, the Public Accounts Committee (PAC) of Assam Legislative Assembly issued instructions (September 1994) for submission of *suo-motu* Action Taken Notes (ATNs) by the administrative departments concerned within three months of presentation of the Audit Reports to the State Legislature. However, this is not being complied with by most Departments.

4.15.2 Discussion of SFAR and Appropriation Accounts by the PAC

The PAC discussed the audit observations that featured in the State Finances Audit Report for the year ended 31 March 2018 with the Principal Secretary of the Finance Department on 19 November 2019 and obtained a written response from him in this regard. The Report of the PAC thereon is awaited (September 2023).

Further, the PAC discussed on two separate occasions (February 2020 and February 2021) the issue of excess expenditure reported in Appropriation Accounts of different years and issued 13 recommendations *vide* its 161st and 169th Reports placed before the State Legislature on 24 March 2020 and 11 February 2021 respectively, asking the departments to furnish Action Taken Report (ATR) in three cases. But only two Action Taken Reports have been submitted as of September 2023.

4.16 Implementation of Recommendation of Sixth Assam State Finance Commission on fiscal devolution

Article 243-I and 243-Y of the Constitution stipulates that the Governor of the State shall, as soon as may be, within one year from the commencement of the Constitution (73rd and 74th Amendment) Act, 1992, and thereafter at the expiration of every fifth year, constitute a Finance Commission to review the financial position of Panchayats and Municipalities and to make recommendations to the Governor as to

- (a) the principles which should govern the (i) distribution of the net proceeds of taxes, duties, *etc.* leviable by the State, between States, and Panchayats and Municipalities, (ii) determination of taxes, duties, *etc.* which may be assigned to/ appropriated by Panchayats and Municipalities, and (iii) GIA to Panchayats and Municipalities from the Consolidated Fund of the State;
- (b) the measures needed to improve the financial position of Panchayats and Municipalities; and
- (c) any other matter referred to the Finance Commission by the Governor.

Thus, as per the provisions of the Constitution, the first State Finance Commission became due in 1994-95. The first Assam State Finance Commission (SFC) was constituted in June 1995 and the latest SFC *i.e.*, 6th Assam SFC was constituted in November 2018. Sixth SFC Report was submitted in April 2020 and the period of the Report would be 2020-25.

The 11th Schedule of the Constitution contains 29 functions to be discharged by the Panchayati Raj Institutions (PRIs). Similarly, the 12th Schedule of the Constitution contains 18 functions to be discharged by the Urban Local Bodies (ULBs). To discharge the said functions, the PRIs and ULBs receive funds from its own resources, SFC devolution, grants from State Government and grants from Central Finance Commission.

The 6th Assam SFC had recommended criteria for both vertical devolution of the State's Own Tax Revenue between State and Local Bodies, as well as horizontal devolution among individual units of PRIs and ULBs.

Summary of actual GIA disbursed to PRIs and ULBs as per recommendation of the 6th Assam SFC is given in **Table 4.16**.

Table 4.16: Details of the devolution of SFC Grants

(₹ in crore)			
Purpose	2020-21	2021-22	2022-23
PRIs	66.84	80.21	62.79
ULBs	0.00	54.26	159.18
Total	66.84	134.47	221.97

Source: Finance (Economic Affairs) Department, GoA and DMA

As can be seen from **Table 4.16**, the devolution of SFC Grants for PRIs decreased by ₹ 17.42 crore from ₹ 80.21 crore in 2021-22 to ₹ 62.79 crore in 2022-23, while the devolution of SFC Grants for ULBs increased by ₹104.92 crore from ₹ 54.26 crore in 2021-22 to ₹ 159.18 crore in 2022-23.

4.17 Conclusion

- Utilisation Certificates in respect of grants aggregating ₹ 37,991.70 crore (14,159 UCs) given to 53 Departments of the State Government during the period from 2001-02 to 2021-22 had not been submitted. In absence of UCs, it could not be ascertained whether the recipients had utilised the grants for the purposes for which those were given, and the assets had been created.
- As of 31 March 2023, 38 State Departments had not submitted DCC bills for ₹ 899.59 crore against 1,419 AC Bills. Non-adjustment of advances for long periods is fraught with the risk of misappropriation and therefore, requires close monitoring by the respective DDOs for ensuring submission of DCC bills.
- During 2022-23, the State Government classified receipts of ₹ 924.36 crore (1.03 per cent of total Revenue Receipts of ₹ 89,742.30 crore), pertaining to 48 Major Heads, under the Minor Head '800 - Other Receipts' while an expenditure of ₹ 19,388.98 crore was booked under Minor Head 800 under 70 revenue and capital Major Heads of Account, constituting 16.46 per cent of the total revenue and capital expenditure of ₹ 1,17,812.35 crore.
- During the year, expenditure amounting to ₹ 69,646 crore (55 per cent of total expenditure of ₹ 1,27,283 crore) and receipts of ₹ 95,430 crore (81 per cent of the total receipts of ₹ 1,18,017 crore) were reconciled. Failure to exercise/ adhere to the codal provisions and executive instructions in this regard may entail the risk of misclassification and incorrect booking of both receipts and expenditure in the accounts.
- As on 31 March 2023, there were 489 annual accounts of 75 Autonomous Councils, Development Councils and Government Bodies (due up to 2022-23) pending for submission to the CAG for audit. Delayed rendering of accounts by the account rendering units/ authorities distorted the accurate depiction of monthly transactions of the State and impacted effective budgetary management and diluted accountability of these Bodies.

4.18 Recommendations

- i. *State Government may institute a monitoring mechanism to ensure that the Departments comply with the prescribed rules and procedures with regard to submission of UCs, DCC bills and accounts for audit.*
- ii. *State Government should discourage the use of omnibus Minor Head 800 and chalk out a specific timeframe in consultation with the Principal Accountant General (A&E), to identify appropriate Heads of Account to classify the transactions correctly in the books of accounts.*
- iii. *Internal control mechanism needs to be strengthened and the Government needs to ensure that the Controlling Officers reconcile their figures of receipts and expenditure with those of the Principal Accountant General (A&E) at prescribed intervals, to provide transparency and accuracy in accounting of Government transactions.*
- iv. *The State Government may draw up a concrete plan to clear arrears in Accounts of persistently delaying/ defaulting Autonomous District Councils (ADCs) and other Government bodies. Disbursal of financial assistance to ADCs/ Autonomous Bodies of the State may be linked to improvement in finalisation of their Accounts.*