

**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 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 2023-24, there was an outstanding amount of ₹ 1,499.13 crore in respect of various unpaid claims which pertain up to the end of December 2023. 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 2023

(₹ in crore)		
Sl. No.	Particulars	Outstanding Amount
1.	Major works and contracts	1,190.77
2.	Committed liabilities in respect of land acquisition charges	26.97
3.	Claims in respect of unpaid bills on works and supplies	281.39
Total		1,499.13

Source: Information furnished by the State Government.

The details of unpaid claims as on 31 March 2024 was requested (January 2025) from the State Government, replies are awaited (March 2025).

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 ₹ 131.04 crore from the State Disaster Response Fund (SDRF) as on 01 April 2023. Interest liability accruing on the balance fund of ₹ 131.04 crore was ₹ 11.14 crore (calculated at the rate of 8.50 per cent which is applicable to overdraft interest rate during the year 2023-24).

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, GOI directly released ₹ 1,857.49 crore to the State Implementing Agencies and Non-Government Organisations during 2023-24. This amount included transfer to intermediaries' beneficiaries for implementation of 23 schemes as exhibited in the Finance Accounts 2023-24 (Appendix VI). There was an increasing trend in the funds transferred directly by the GoI during 2019-20 to 2022-23 and decrease in 2023-24 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 2019-24

Particulars	Fund transferred				
	2019-20	2020-21	2021-22	2022-23	2023-24
Number of programme/ Schemes under which funds were transferred	59	61	65	39	23
Funds transferred by GoI	853.99	1,205.51	1,820.76	1,987.38	1,857.49

(₹ in crore)

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 ₹ 1,857.49 crore transferred directly by the GoI during 2023-24, ₹ 1,837.01 crore (98.90 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 Act 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. However, it was seen that ₹ 10.16 crore were carried forward year after year in the Public Account under this Major Head. The matter was also pointed out in earlier State Finances Audit Reports but no response of the Government has been received as on 31 March 2024. The balances under Major Head 8448-Deposits of Local Funds up to the end of 31 March 2024 are as shown in **Table 4.3**:

Table 4.3: Balances under Major Head 8448: Deposits of Local Funds as on 31 March 2024

(₹ in lakh)

Year		2019-20	2020-21	2021-22	2022-23	2023-24	
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 Utilization 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 Principal Accountant General (A&E) and the Head of the Department concerned.

Audit scrutiny of the records revealed that there were 3,924 UCs involving ₹ 1,492.84 crore pending as on 31 March 2023, out of which only 1,057 UCs for ₹ 531.97 crore were cleared as on 31 March 2024. It was also noticed that out of 1,057 UCs cleared during 2023-24, 342 UCs for ₹ 424.20 crore were pertaining to the year up to 2022-23. There were 890 UCs involving ₹ 543.74 crore pending for the period up to 2022-23. 2,692 UCs for grants of ₹ 524.90 crore disbursed during 2023-24 were due out of which only 715 UCs involving ₹ 107.77 crore were cleared during 2023-24.

There were 2,867 UCs for grants of ₹ 960.87 crore, which were outstanding as on 31 March 2024. 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

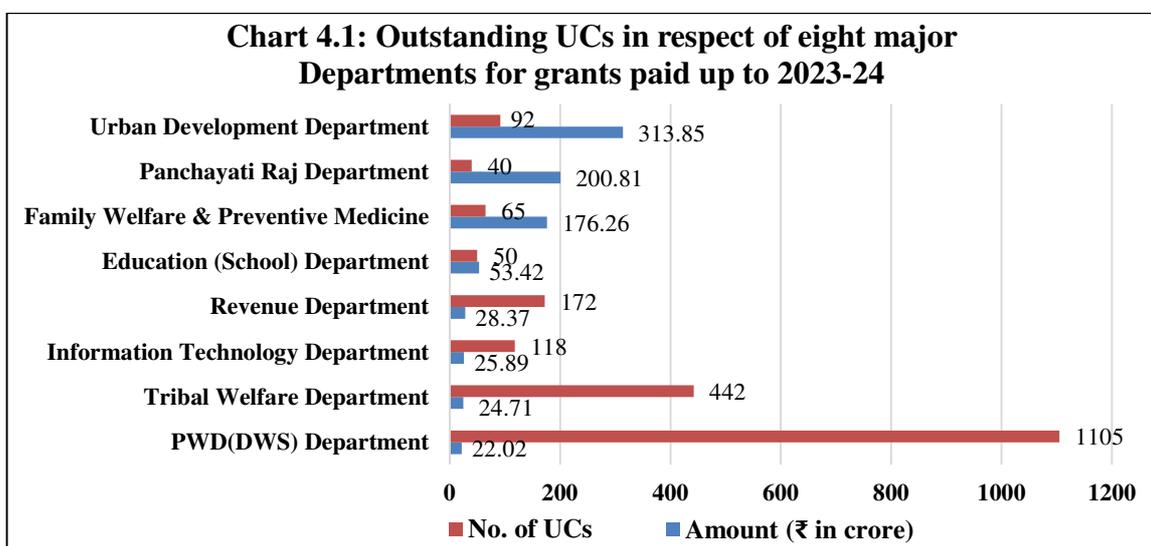
(₹ in crore)

Year	Outstanding UC as on 01 April 2023		UC adjusted during the year 2023-24		Outstanding UC up to March 2024	
	Number	Amount	Number	Amount	Number	Amount
Up to 2020-21	133	74.78	15	47.28	118	27.50
2021-22	165	143.54	62	134.55	103	8.99

Year	Outstanding UC as on 01 April 2023		UC adjusted during the year 2023-24		Outstanding UC up to March 2024	
	Number	Amount	Number	Amount	Number	Amount
2022-23	934	749.62	265	242.37	669	507.25
2023-24	2,692	524.90	715	107.77	1,977	417.13
Total	3,924	1,492.84	1,057	531.97	2,867	960.87

Source: Information furnished by the A & E office. GIA disbursed during 2023-24 will be due in 2024-25.

Non submission of the Utilisation Certificates (UCs) means that the authorities have not explained 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 up to the end of 31 March 2024 is shown in **Chart 4.1**:



Source: Information furnished by the A&E office

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 2023-24, the State Government had given grants-in-aid of ₹ 6,406.75 crore of which ₹ 5,230.63 crore to ‘Others’ constitute 81.64 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 2023-24. Due to absence of proper code, institution wise amount of grants given during 2023-24 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
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
2023-24	6,406.75	5,230.63	81.64

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 620 unadjusted AC bills of ₹ 26.79 crore pending for clearance up to 31 March 2023, the State Government had cleared 316 AC bills involving ₹ 3.98 crore during the year 2023-24.

During the year 2023-24, 843 AC bills of ₹ 44.26 crore were drawn of which 13 bills of ₹ 0.15 crore were adjusted during the year. 805 AC bills for ₹ 43.87 crore were drawn in March 2024 were not due during the year. DCC bills in respect of 1,134 AC bills involving ₹ 66.92 crore was pending as on 31 March 2024 of which 304 AC bills for ₹ 22.81 crore remained outstanding pertaining to the years prior to 2023-24. Status of unadjusted AC bills as on 31 March 2024 are as given in **Table 4.6**.

Table 4.6: Year-wise status of unadjusted AC Bills as on 31 March 2024

(₹ in crore)

Year	AC Bills drawn		AC Bills cleared during 2023-24		Outstanding AC Bills up to 31 March 2024	
	No. of Bills	Amount	No. of Bills	Amount	No. of Bills	Amount
Up to 2020-21	153	6.75	36	0.59	117	6.16
2021-22	19	7.96	09	0.07	10	7.89
2022-23	448	12.08	271	3.32	177	8.76
2023-24	843*	44.26	13	0.15	830	44.11
Total	1,463	71.05	329	4.13	1,134	66.92

*Includes 805 AC Bills drawn in March 2024.

The major defaulting departments that had not submitted DCC bills are Fire Service Organisation (₹26.76 crore), Relief and Rehabilitation Department (₹19.20 crore), Election Department (₹ 7.60 crore), Home (Police) Department (₹ 4.10 crore) and Transport Department (₹ 3.00 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

(₹ in crore)

Sl. No.	Name of Department	2021-22		2022-23		2023-24		Total	
		No. of Bill	Amount						
1.	Fire Service Organisation	0	0	0	0	03	26.76	03	26.76
2.	Rehabilitation Department	4	7.84	4	6.47	0	0	8	14.31
3.	Election Department	0	0	112	2.10	484	5.50	596	7.60
4.	Home (Police) Department	0	0	0	0	0	0	7	4.10
5.	Transport Department	0	0	0	0	3	3.00	3	3.00

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 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 2023-24, ₹ 137.41 crore was credited in 38 PD Accounts under Major Head 8443-106. Out of ₹ 137.41 crore, ₹ 26.34 crore was transferred from the Consolidated Fund of the State of which ₹ 22.90 crore was transferred in March 2024 and rest ₹ 111.07 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 ₹ 320.98 crore as on 31 March 2024. As per information provided by the State Government, 177 Administrators of Personal Ledger (PLA) Account (out of 181) 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 of 24 Administrators of Personal Deposit Account had not been provided by the State Government. Status of PD accounts as on 31 March 2024 are given in **Table 4.8**.

Table 4.8: Status of PD Accounts

(₹ in crore)

Opening Balance as on 01 April 2023		Addition during the year 2023-24		Withdrawal during the year 2023-24		Closing Balance as on 31 March 2024	
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
205	349.95	Nil	137.41	Nil	166.38	205	320.98

The relevant figures are available in Statement No.21 of the Finance Accounts 2023-2024.

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. At the close of the financial year, the amount lying unutilised in 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 balances 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 2023-24, the State Government transferred/deposited ₹ 570.86 crore into the bank accounts of 646 DDOs for disbursement. State Government issued (February 2017) instructions for closure of Current Deposit (CD)/Savings Bank (SB) Accounts of the DDOs by 31 March 2017 and to deposit the unspent balances lying in their CD/SB Account into the Government Account. However, Finance Department's order (March 2017) further stipulated that DDOs may maintain one bank account for the purpose of salary.

As per information received from the State Government (August 2024), in respect of 756 out of 1,482 DDOs, there were ₹ 550.14 crore lying in the CD/SB Account of 674 DDOs while in 82 DDOs accounts, there was no balance in the accounts as on 31 March 2024. The funds were meant for incurring expenditure on different heads like office expenses, committed liabilities, Central/State schemes which have 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 2023-24 could not be vouched as correct to that extent.

Out of 756 DDOs, 50 DDOs (*seven per cent*) having multiple bank accounts were selected randomly in three districts³¹ for verification of status of unspent balance lying in the CD/SB Accounts maintained by them.

Examination (September 2024) of records of the test checked DDOs revealed that in respect of 17 DDOs, ₹ 90.86 crore was lying in the CD/SB Account as on 31 March 2024 while only ₹ 88.64 crore was disclosed to the Finance Department. As a result, the unspent balance of ₹ 2.22 crore lying in the bank account of 17 DDOs as on 31 March 2024 was not accounted for in the Finance Accounts. Reasons for non-disclosure were not found on record.

Further in violation of Finance Department orders, 44 bank accounts were being operated without authorisation by 22 DDOs in which there was balance of ₹ 18.02 crore as on 31 March 2024.

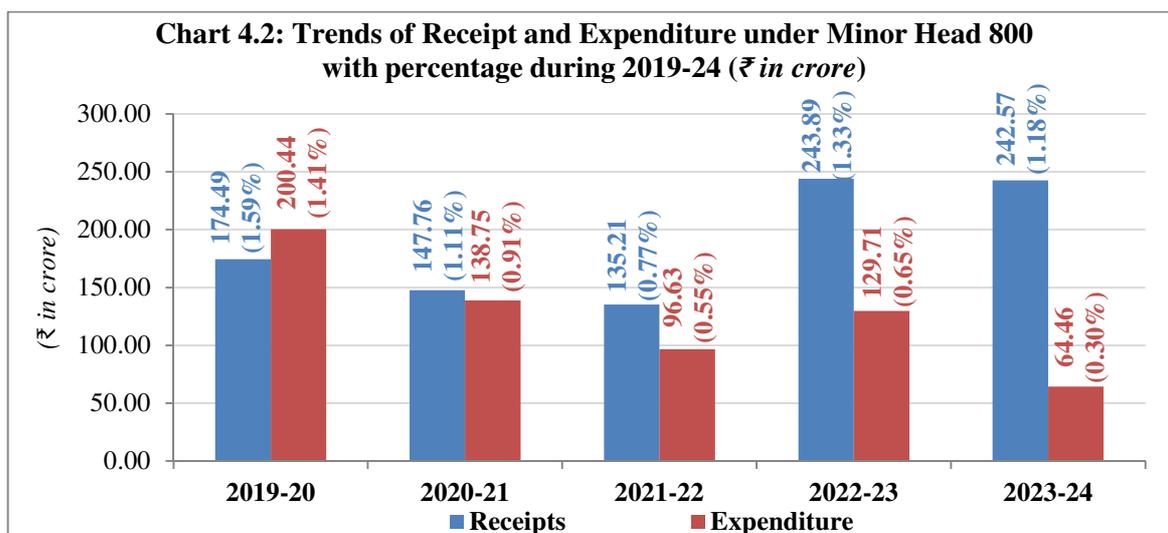
4.10 Indiscriminate use of Minor Head 800

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 2023-24 revealed that the State Government classified receipts of ₹ 242.57 crore in 38 Major Heads of Account, constituting 1.18 *per cent* of the total Revenue Receipts (₹ 20,538.02 crore) under Minor Head 800-Other Receipts in the accounts.

Similarly, expenditure of ₹ 64.46 crore in 15 Major Heads of Accounts, constituting 0.30 *per cent* of total Revenue and Capital Expenditure (₹ 21,176.49 crore) was booked under Minor Head 800-Other expenditure during the year 2023-24.

Receipts and Expenditure booked under Minor Head 800 and its percentage to total Receipts and Expenditure during last five years period 2019-20 to 2023-24 are shown in **Chart 4.2**.



Source: Finance Accounts

³¹ West Tripura, Unakoti and Gomati District.

It was seen that during 2023-24, under the functional Major Head 0852-Industries (₹ 156.65 crore), 0041-Taxes on Vehicle (₹ 46.68 crore), 0059-Public Works (₹ 8.29 crore), 0075-Miscellaneous General Services (₹ 4.52 crore), and 406-Forestry and Wild Life (₹ 10.06 crore) were classified under Minor Head 800 respectively. Details of significant receipts and expenditure under Minor Head 800 are shown in **Table 4.9** and **Table 4.10** respectively.

Table 4.9: Significant receipts booked under Minor Head 800-Other Receipts during financial year 2023-24

(₹ in crore)

Sl. No.	Major Head/Description	Receipts under Minor Head 800	Total Receipts	Percentage to total receipts
1.	0041-Taxes on vehicles	46.68	142.73	32.71
2.	0049-Interest Receipts	3.62	27.15	13.33
3.	0055-Police	3.97	145.94	2.72
4.	0059-Public Works	8.29	8.61	96.28
5.	0075-Miscellaneous General Service	4.52	25.80	17.52
6.	0406-Forestry and Wildlife	10.06	16.56	60.75
7.	0852-Industries	156.65	156.65	100

Source: Finance Accounts.

Table 4.10: Significant expenditure booked under Minor Head 800-Other Expenditure during financial year 2023-24

(₹ in crore)

Sl. No.	Major Head	Expenditure under Minor Head 800	Total Expenditure	Percentage to total expenditure
1.	2059-Public Works	6.80	336.77	2.10
2.	2216-Housing	8.29	151.26	5.48
3.	2801-Power	15.00	99.43	15.09
4.	3275-Other Communication Services	3.29	3.29	100
5.	4070-Capital Outlay on Other Administrative Services	12.58	30.02	41.91
6.	5054-Capital Outlay on Roads and Bridges	13.92	749.43	1.86

Source: Finance Accounts.

It was observed that 41.91 per cent of total expenditure under the functional Major Head 4070-Capital Outlay on Other Administrative Services 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.

4.11 Operation of discontinued head

During 2023-24, the State Government made budget provision of ₹ 8.17 crore 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. However, no expenditure was incurred under this head.

The State Government should take necessary measures not to use the discontinued 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.

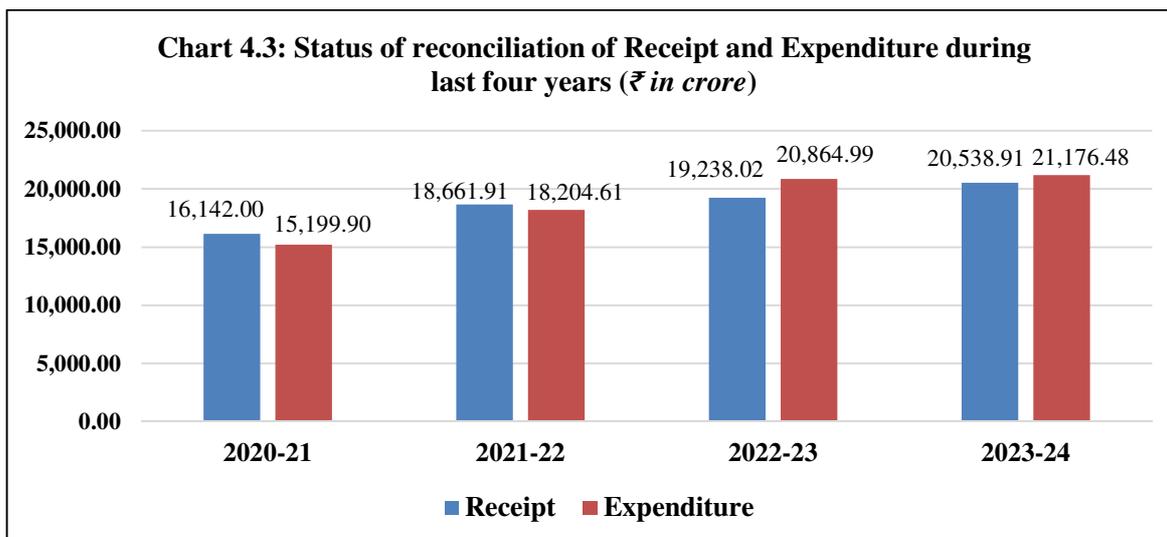
The details of outstanding balances under Suspense and Remittance Heads during the last five years from 2019-20 to 2023-24 are shown in **Appendix 4.2**.

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 2023-24, all the 64 Controlling Officers (CCOs) of the Government of Tripura reconciled 100 *per cent* of their Receipts (₹ 20,538.91 crore) and expenditure of ₹ 21,176.48 crore (including Public Debt and Loans and Advances) respectively.

Chart 4.3 shows the status of reconciliation during the last four years period from 2020-21 to 2023-24:



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 2024 as per record of Principal Accountant General (A&E) was ₹ 237.12 crore (debit) and that reported by the RBI was ₹ 237.07 crore (Credit). There was a net difference of ₹ 0.05 lakh (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 2024.

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 4.11: 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	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

Sl. No.	Accounting Standards	Essence of IGAS	Compliance by State Government	Impact of deficiency
		along with additions, deletions, invoked, discharged and outstanding at the end of the year.		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 2023-24, the State Government budgeted and booked expenditure of ₹ 1,488.52 crore under capital head instead of revenue head, out of which ₹ 1,482.43 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 were understated during the year 2023-24 which is discussed at paragraph no. 2.4.3
3.	IGAS-3: Loans and Advances made by Government	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	Partially complied (Statement 7 and 18 of Finance Accounts)	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

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 utilization as on 30 September 2024, 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 51 bodies or authorities, nine bodies or authorities did not submit their Accounts since inception to 2023-24 and the accounts of the 35 bodies were pending for one to 14 years as on September 2024. 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 2024 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 Principal 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 Principal 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 2023-24. The Treasuries submitted the monthly accounts within the stipulated period in the last four months of the financial year. There was negligible delay for the rest of the months ranging from one to four days in submission of the monthly accounts.

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 2022-23 was sent to the State Government on 16 April 2024 for placing in the State Legislative Assembly. The Audit Report was placed in the Tripura Legislative Assembly on 04 September 2024. Further, follow up action on the report has not been received from the State Government as of March 2025.

4.19 Conclusions

- ❖ 2,867 Utilisation Certificates (UCs) in respect of grants aggregating ₹ 960.87 crore given to Departments of the State Government during the period up to March 2024 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 2023-24, ₹ 44.26 crore was drawn through 843 AC Bills of which 805 AC bills of ₹ 43.87 crore (99.11 *per cent*) were drawn in March 2024. DCC bills in respect of a total of 1,134 AC bills involving ₹ 66.92 crore were pending as on 31 March 2024. Non adjustment of advances for long period is fraught with the risk of misappropriation.
- ❖ During 2023-24, ₹ 137.41 crore was credited to the PD Account of which ₹ 26.34 crore was transferred from the Consolidated Fund of the State and the rest amount was deposited by Challan. As on 31 March 2024, there were 205 PD accounts with the balance of ₹ 320.98 crore.
- ❖ During 2023-24, the State Government transferred/deposited ₹ 570.86 crore into DDOs Bank Accounts. As per information furnished by the State Government, there was an unspent balance of ₹ 550.13 crore in 674 DDOs' Bank Account as on 31 March 2024.
- ❖ The State Government classified ₹ 242.57 crore (Receipts) under Minor Head 800-Other Receipts constituting 1.18 *per cent* of Revenue Receipts. Similarly, the State booked as expenditure of ₹ 64.46 crore under Minor Head 800-Other Expenditure constituting 0.30 *per cent* of Revenue and Capital expenditure during the year 2023-24.
- ❖ There was an outstanding amount of ₹ 1,499.13 crore in respect of various claims which pertains up to the end of December 2024. Such unpaid claims will create miscellaneous liabilities of the State Government to the next financial years.
- ❖ Out of 51 bodies or authorities, nine bodies or authorities did not submit their accounts since inception and the accounts of the 35 bodies were pending for 1 to 14 years as on September 2024.

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 utilization 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 finalization 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.*

Agartala

The: 05 May 2025



(SHAIENDRA VIKRAM SINGH)
Principal Accountant General (Audit), Tripura

Countersigned

New Delhi

The: 13 May 2025



(K. SANJAY MURTHY)
Comptroller and Auditor General of India

