

Annexure-V



Annual Review Report
on the working of Forest Divisions in the
State of Maharashtra
2018-19

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**Annual Review on the working of Forest Divisions
in the State of Maharashtra for the year 2018-19.**

Introduction

As per Para 9.10 of C.A.G.'s M.S.O. (A&E) Vol.-I, this office prepares and submits the report on "Annual Review on the Working of Forest Department" for every financial year to the Government of Maharashtra and to the Comptroller and Auditor General of India.

The Annual Review Report for the year 2018-19 gives overall picture of accounting aspects of the Forest Department of Government of Maharashtra. It intends to bring out general omissions, deficiencies, irregularities noticed in maintenance and submission of accounts of Forest Department. Similarly, it also brings out irregularities noticed during inspection of Forest Divisions by the Local Audit Parties of the office of the Accountant General (Audit)-II, Maharashtra, Nagpur so that the Government can take corrective measures for the improvement of working of Forest Divisions.

There is much scope for improvement in the preparation of Monthly Accounts of Forest Divisions. Currently, some of the compiled accounts of Forest Divisions are submitted electronically, whereas some are submitted in physical format. If all these accounts are received electronically, misclassification of receipts and expenditure, arithmetical errors and need of changing the opening and closing balances manually can be avoided and agreement of compiled accounts with enclosed schedules/abstracts will be easier to arrive at. This would help in preventing undue delay in the posting of compiled accounts in VLC system of this office.

At present, this office receives accounts of 132 divisions out of 172 divisions of Forest department in electronic format. Due to non-computerization of accounts of 40 divisions pertaining to Social Forestry Department, this office receives monthly accounts of these divisions manually. The matter has been taken up with Principal Chief Conservator of Forest, Social Forestry, Maharashtra and it is expected that the department would complete the task in the near future and this office will receive all accounts in electronic form only.

I hope this report would help the department to rectify the general omissions, lapses, irregularities and would lead to overall improvement in the system of Forest Accounts.

Dated: 17-12-2019

Place: Nagpur

-Sd-
L. Hangsing
Accountant General

Annual Review on the working of Forest Divisions in the State of Maharashtra for the year 2018-19.

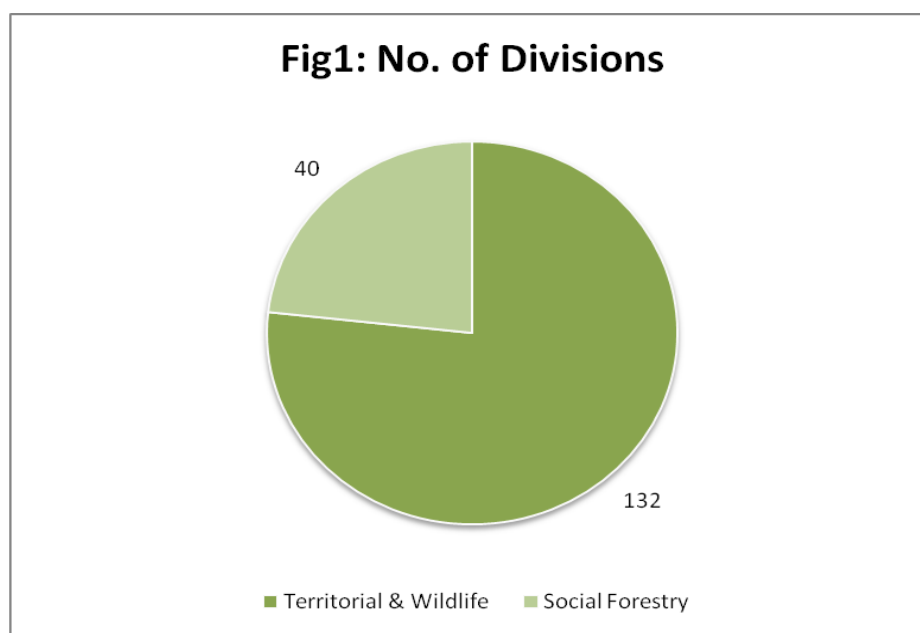
1. Organizational set-up of Forest Department:-

The entire working of the Forest Department falls under the administrative purview of the Revenue and Forest Department.

The territorial jurisdiction of Forest Area is divided into circles and each circle is further divided into several divisions.

The Head of Forest Force is Principal Chief Conservator of Forest, Nagpur who controls 26 circle offices, and 132 forest divisions. The Head of Social Forestry is Principal Chief Conservator of Forest, Social Forestry, Maharashtra who controls 07 circle offices and 40 Social Forestry Divisions.

The name of offices, circles and divisions are listed in *Annexure 'A'*.

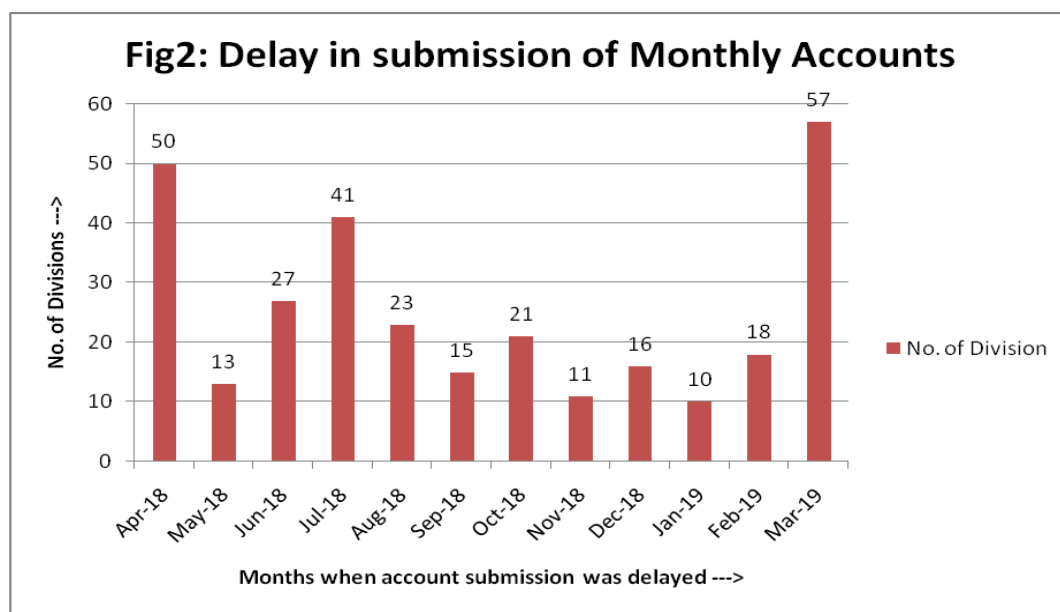


2. Submission of Accounts:-

As per para 2.11 of Manual of Forest Accounts, due date for submission of Monthly Accounts is fixed as 10th of succeeding month for all the Drawing and Disbursement Officers of Forest Department (Forest Divisions). However, the same has been advanced to 8th of the succeeding month to which the transactions relate, vide this office letter no. DO/FA/c- I/Closing of Monthly Account/322 dated 11th February, 2016.

It was noticed that out of 172 forest divisions, 117 divisions (68%) did not observe the due date of submission of Monthly Accounts (submission delayed by 5 days and more).

The list of the divisions which did not adhere to the timeline for submission of monthly accounts is given in *Annexure 'B'*. Necessary instructions in this regard need to be issued at higher level to ensure timely submission of monthly accounts to this office.



3. Online submission of Account

The department has started submission of online accounts from August, 2014. At present, out of 172 forest divisions, 132 divisions submit their monthly accounts online. Due to non-computerization of 40 Social Forestry Divisions, these divisions render their monthly accounts manually. The administrative department may take appropriate action to get their monthly accounts computerized as soon as possible, in consultation with C-DAC.

Following anomalies were noticed on scrutiny of online submitted accounts:

- i) The divisions capture the subhead wise accounts properly while preparing accounts electronically. However, instead of preparing Major Head wise Form-25 separately for Plan/Non-Plan and Voted/Charged classification, divisions club all the items in one form.
- ii) **MH 8782, Minor Head-103-** It consists of the data about remittances/cheques, pertaining to a division. However, divisions are depicting the nomenclature wrongly as 8782-I Forest Remittance or 8782-II Forest Cheque. It is expected that the

divisions should record complete classification of the transactions pertaining to 8782-Remittances, 103-Forest Remittances as shown below:

- a) **8782-I** Forest Remittance as [8782(MH)-00(SMH)-103(MNH)-001(SH)-00(DH)]
- b) **8782-II** Forest Cheque as [8782(MH)-00(SMH)-103(MNH)-002(SH)-00(DH)]
- c) **8782- III** Other Remittances as[8782(MH)-00(SMH)-103(MNH)-003 (SH) 00 (DH)]
- d) **8782-IV** Inter Divisional Transfer as [8782(MH)-00(SMH)-103(MNH)-004(SH)-00(DH)]

iii) Under **Major Head 8443** Forest Deposit, it is expected that the divisions would exhibit year wise details of closing balances in plus-minus memo for effective monitoring of cases of lapsed deposits and initiating proper action in time to clear such items.

4. Retention of Huge Cash Balances by Forest Divisions:

As per Rule 459 of The Maharashtra Treasury Rules, 1968, moneys received by the officers of Forest Department shall be paid as soon as possible into the nearest treasury for credit as forest remittances. Also, as per instructions issued by the Government from time to time, cash balances retained by forest divisions at the end of the financial year, which includes actual cash, demand drafts and temporary advances should be kept to a bare minimum.

On review of the cash balances of the forest divisions as on 31.03.2019, it was observed that the cash balances ranging from Rs. 4,446/- to Rs. 8,88,44,912/- were retained by 13 divisions.

Scrutiny of accounts revealed that the Deputy Conservator of Forest, Allapalli and Deputy Conservator of Forest, Gondia had retained heavy cash balances of Rs. 8,88,44,912/- and Rs. 56,66,933/- respectively. Necessary instructions need to be issued at higher level to prevent such instances.

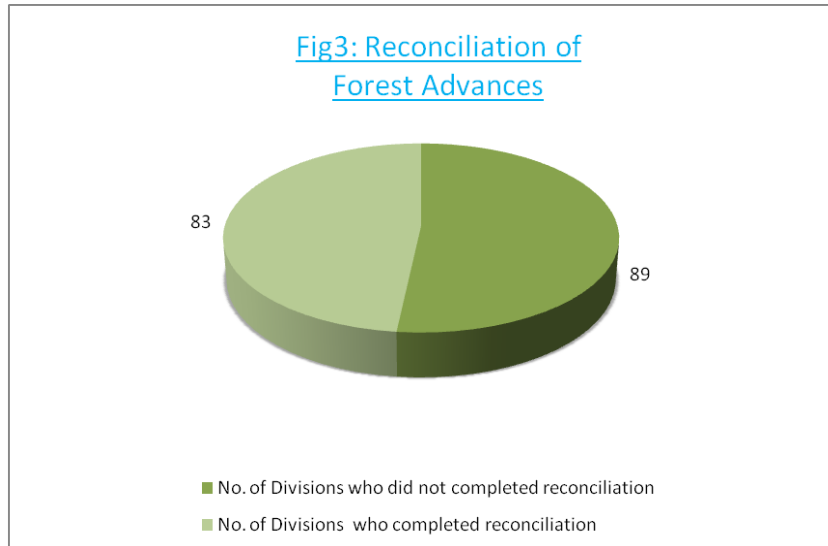
Table 1: Closing balance under M.H.8671 Departmental Balances as on 31st March 2019 of Forest Divisions

Division Code FRD	Name of Division	Closing Balance as on 31/ 03/2019
003	DY.C.F.WADSA	4,446/-
021	Dy.C.F.SIRONCHA	2,86,461/-
022	DY.C.F.ALLAPALLI	8,88,44,912/-
023	DY.C.F.BHAMRAGARH	14,02,484/-
024	DY.C.F.(T&M)BALLARSHAH	5,21,733/-
025	Dy. C.F. CENTRAL CHANDA	60,924/-
041	DY.C.F.NAGPUR	29,297/-
042	DY.C.F.GONDIA	56,66,933/-
044	DY.C.F.BHANDARA	30,655/-
099	DY.C.F.MEWASI DIVISION, TALODHA	23,254/-
132	DY.C.F.NANDED	2,80,000/-
136	DY.C.F.AMARAVATI	35,553/-
185	DY.C.F.AKOLA	1,11,981/-
	TOTAL	9,72,98,633/-

5. Retention of Large balances under Forest Advances (Major Head 8550)

As per Article 290 of Bombay Forest Manual Volume I, when a subordinate officer who is not authorized to draw cheque against the drawing account of the Divisional Officer is given a cash advance of suitable amount to enable him to make the disbursements entrusted to his charge, the amount of the advance should be debited in the accounts of the officer making the advance to the minor head "Forest Advances" under the Major head "Advances not bearing interest/Advance repayable", as an advance to the disbursing officer concerned. When an account of the advance is rendered by the disbursing officer, the amount of the expenditure incurred should be credited to "Forest Advances" by a per contra debit to the appropriate sub head of accounts classification. However it was seen that huge balances amounting to Rs. 497.71 lakh remained outstanding under "MH 8550-101 Forest Advances" without any reconciliation.

The practice of retention of such large balances as advances due to disallowed vouchers is against standards of financial propriety and therefore needs to be stopped immediately. Out of 172 divisions, 83 divisions have reconciled their balances under MH 8550. Necessary instructions need to be issued to the 89 divisions who have not reconciled their balances yet. (List enclosed as *Annexure "C"*).

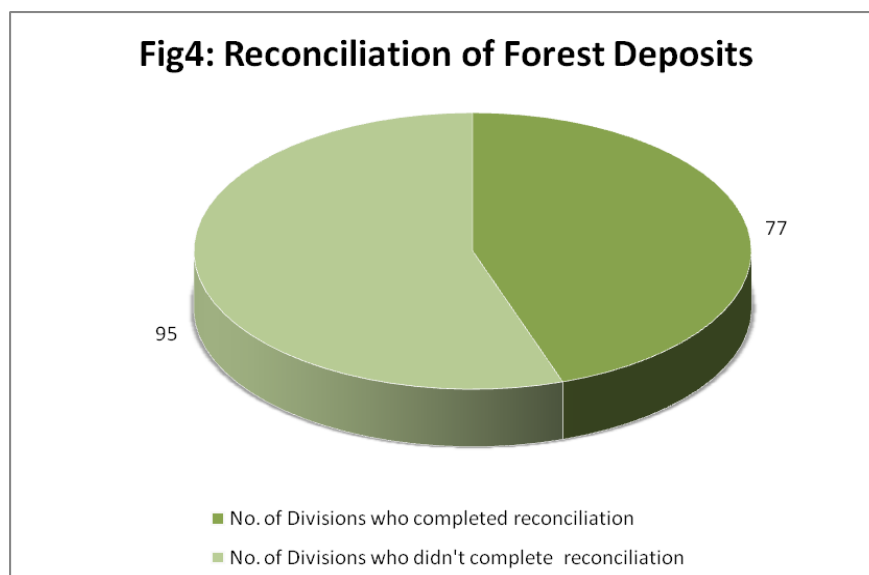


6. Reconciliation of balance under MH 8443(109) Forest Deposit

As on 31st March, 2019, the balances amounting to Rs.12601.99 lakh were outstanding under MH **8443-109** Forest Deposits. As per the provision laid down in Article 449 of Bombay Forest Manual Volume-I, immediately after 31 March each year, a statement of deposits or balances of that year which lapse after remaining outstanding for three years under Article 380 should be submitted to the Accountant General's Office for crediting into Government account through T.E. Proposal for the same is not being received from some of the divisions which should also be reviewed.

Out of 172 divisions, 77 divisions have reconciled their balances under head of account 8443-109. The remaining 95 divisions that have not reconciled their Forest Deposits may be directed to complete the reconciliation work on priority.

(List is enclosed as *Annexure 'D'*).



7. Non submission of Statements of Reconciliation with Treasuries with respect to Forest Remittances (Major Head 8782-103)

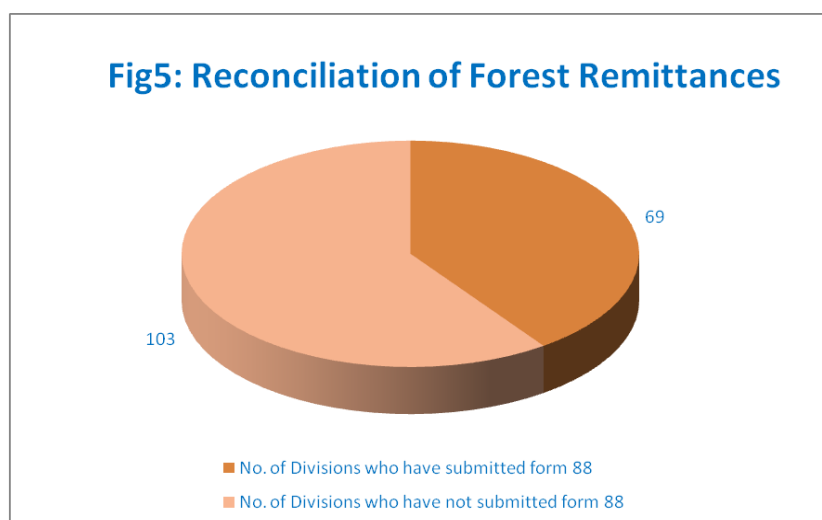
As per provisions laid down in Article 328 and 433 of Bombay Forest Manual Volume I, the Divisional Officers are required to reconcile the amounts remitted into treasuries and cheque drawn by them with the concerned treasury figures. Documents such as CTI (Consolidated Treasury Issues) CTR (Consolidated Treasury Receipts) issued by Treasury officers should accompany the statement of reconciliation with treasuries (Form 88) so as to check the correctness of drawals and receipts.

Scrutiny of records revealed that out of 172 divisions, 103 divisions did not reconcile their drawal/receipts with treasuries during the year 2018-19. (List enclosed as *Annexure "E"*.) and hence the correctness of drawals and receipts could not be checked.

The total un-reconciled amount in respect of Forest department is as under:-

(i)	MH-8782-103-I Remittances	Rs. 27.00 Crore (Credit)
(ii)	MH-8782-103-II Cheque	Rs. 48.41 Crore (Credit)
(iii)	MH-8782-103-III Other Remittances	Rs. 13.70 Crore (Credit)
(iv)	MH 8782-103-IV Inter Division Transfer	Rs. 37.91 Crore (Credit)

TOTAL Rs 127.02 Crore (Credit)



Despite continuous pursuance by this office, Divisional offices failed to submit the correct and complete reconciled statements (Form 88) in the prescribed proforma. Hence, the possibility of misappropriation of Government money cannot be ruled out.

On verification of "Schedule of Remittances with Treasuries" submitted by the Divisions, it was noticed that remittances and cheques not encashed for more than 1 year are lying under the Major Head 8782-109-Forest Remittances. As per provisions of Rule 652 of Maharashtra Treasury Manual, the government cheque is valid only for three months from

the date of issue. Taking into consideration the huge outstanding under the above classification, possibility of misclassification and improper maintenance of records at Division/Treasury level cannot be ruled out. Government may review the position on priority and take corrective measures and issue directions to concerned divisions to complete the reconciliation of Forest Remittances and Forest Cheques in a time bound manner. Government may also instruct all the divisions to ensure timely submission of this important schedule every month to Accountant General's Office. Non reconciliation of cheque and remittances for such a long period may induce a risk of fraudulent drawal of cheques and fake submission of challans.

The administrative department may issue appropriate orders to the concerned Divisional and Controlling Officers to expedite the compliance.

Further, the department should review the position of outstanding balances under Major Head **8782-103**-(iii) Other Remittances and (iv) Transfer between Forest Officers and reconcile the same.

8. Non-submission of Form 24G acknowledgement copy with the monthly cash account:

As per the accounting principles, Taxes deducted at source by the Division have to be booked under MH **8658 (112)** TDS suspense for further book adjustments by the Accountant General's office. For the purpose of assessment by the income tax office, the divisions have to file the returns in Form 24 G, stating their unique Account Identification Number (AIN) along with the information sent to this office in TDS schedule. Further, they are required to enclose the copy of the acknowledgement of receipt, received from the Income tax Department as a token of submission of Form 24 G with the monthly account submitted to this office. However, it is observed that very few divisions are submitting this acknowledgement regularly. It is also observed that large number of divisions have not acquired the AIN number from Income Tax Department. It is suggested that the Government may issue necessary instructions to Divisional authorities to comply with the above mentioned provisions in a time bound manner.

9. Special irregularities noticed by Central Audit Wing in Audit Notes issued during 2018-19

Sr. No	Year of IR	Name of the division	Para No.	Subject	Amount
1.	2018-19	Chief Conservator of Forest, (Territorial), Nagpur	2	Non execution of compensatory afforestation work due to selection of site resulted in price escalation to the tune of Rs. 28.12 crores.	Rs. 28.12 crores
2.	2018-19	Chief Conservator of Forest, (Territorial), Nagpur	4	Loss of revenue due to non-auction to Tendu units amounting to Rs. 5.24 crores.	Rs. 5.24 crores

10. Position of Pending Audit Para's

	Issued during 2018-19		Clearance of paras/ IR issued during 2017-18
	IR	Para	Para/IR
Expenditure	11	44	00/00
Revenue	00	00	00/00

**Statement of Paras issued during 2018-19 is given as Annexure 'F'*

11. Major irregularities noticed in the Local Audit during 2018-19 are given below:
NIL

12. Details of Audit Notes for the year 2018-19 is given in Annexure 'G'.

-Sd-

Dy. Accountant General (Accounts & VLC)