

A sound internal financial reporting system with relevant and reliable information significantly contributes to efficient and effective governance by the State Government. Compliance with financial rules, procedures and directives as well as the timeliness and quality of reporting on the status of such compliance is, thus, one of the attributes of good governance. Reports on compliance and controls, if effective and operational, assist the Government in meeting its basic stewardship responsibilities, including strategic planning and decision-making.

Issues related to completeness of accounts

4.1 Funds outside Public Account of the State

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

It was observed that funds meant to be credited to the Public Account was not credited therein as discussed in detail below:

- **Rural Employment Cess**

The West Bengal Rural Employment and Production Act, 1976 was enacted with the objective to provide for additional resources for promotion of employment in rural areas and for implementing rural production programmes. The Act envisaged a levy of surcharge on land revenue and imposition of Rural Employment Cess on all immovable properties on which road and public work cesses are assessed. The Act also envisaged creation of the West Bengal Rural Employment and Production Fund (WBREPF) for this purpose.

Audit noticed that WBREPF was not created by the State Government. During 2019-20, an amount of ₹ 1,534.16 crore⁴⁷ was collected as Rural Employment Cess. Non-transfer of ₹ 1,534.16 crore, being collection of Rural Employment Cess has resulted in overstatement of revenue receipts of the Government and understatement of revenue deficit and fiscal deficit (Refer **Table 1.7**).

⁴⁷ ₹ 1,525.57 crore on Rural Employment Cess on coal mines and ₹ 8.59 crore on Rural Employment Cess (other than tea states and coal mines)

4.2 Non-discharge of liability in respect of interest towards interest bearing reserve funds

At the beginning of 2019-20, under the category 'Reserve Fund bearing Interest' there was a balance of ₹ 265 crore in the State Disaster Response Fund (SDRF), of which ₹ 184 crore was invested. Interest payment towards the remaining balance (₹ 81 crore) had been estimated at ₹ 4.45 crore. During 2019-20, despite budget provision of ₹ 37 crore, Government did not pay interest (Table 4.1) in the fund.

Table 4.1: Non-discharge of liability in respect of interest towards interest bearing reserve funds

Name of the Interest bearing reserve funds	Balance as on 31 March 2019	Budget provision during 2019-20	Interest paid during the year
	(₹ in crore)		
State Disaster Response Fund	81	37	Nil

Note: Interest rate calculated taking average Ways and Means interest rate of 5.49 per cent

Source: Finance Accounts

Due to non-payment of interest, Revenue Deficit and Fiscal Deficit was understated by ₹ 4.45 crore (Refer Table 1.7).

4.3 Funds transferred directly to State implementing agencies

The Union Government transfers substantial funds directly to State implementing agencies/ Non-Governmental Organisations for implementation of various schemes and programmes. Since these funds are not routed through the State Budget, these were not reflected in the Accounts of the State Government.

During 2019-20, in respect of MPLAD⁴⁸ scheme, ₹ 210 crore was allotted to 23 District Magistrates (DMs) and the Commissioner, Kolkata Municipal Corporation. Test check of records of eight DMs revealed that of the GoI allotment of ₹ 45.10 crore, only ₹ 10.86 crore (24 per cent) was incurred as of March 2020 (Table 4.2). The DMs could not furnish reasons for funds remaining unspent. Moreover, the impact on implementation of the scheme due to non-utilisation of funds could also not be assessed in the absence of proper replies/ information.

Table 4.2: Funds transferred by Government of India directly to State implementing agencies

Sl. No.	Name of the Implementing Agencies	Government of India releases during 2019-20	Expenditure during 2019-20
		(₹ in crore)	
1.	DM, Hooghly	7.50	2.47
2.	DM, Burdwan East	10.00	0.85
3.	DM, Malda	5.00	0.15
4.	DM, Dakshin Dinajpur	2.57	1.20

⁴⁸ Member of Parliament Local Area Development

Sl. No.	Name of the Implementing Agencies	Government of India releases during 2019-20	Expenditure during 2019-20
		(₹ in crore)	
5.	DM, Burdwan West	2.53	2.49
6.	DM, Murshidabad	7.50	3.41
7.	DM, Bankura	5.00	0.29
8.	DM, Nadia	5.00	Nil
Total		45.10	10.86

Source: Finance Accounts and Departmental records

Issues related to transparency

4.4 Delay in submission of Utilisation Certificates

Rule 330A of the West Bengal Treasury Rules (WBTR) and Subsidiary Rules (SR) 1997 read with Finance Department's order (August 2005) stipulates that Utilisation Certificates (UCs) in respect of Grants-in-aid received by the grantee should be obtained by the departmental officers from the grantees within one year from the dates of release of the grants provided for specific purposes.

Audit scrutiny revealed that as of September 2020, a total of 4,02,964 UCs in respect of grants aggregating ₹ 2,25,712 crore had not been submitted. Age-wise details of delays in submission of UCs is given in **Table 4.3**.

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

Year	Opening Balance as on 1 April 2019		Addition during 2019-20		Clearance during 2019-20		Due for submission upto 2019-20	
	No.	Amount (₹ in crore)	No.	Amount (₹ in crore)	No.	Amount (₹ in crore)	No.	Amount (₹ in crore)
Up to 2017-18	2,88,705	1,57,947	-	-	45	9	2,88,660	1,57,937
2018-19	67,952	42,826	-	-	42	7	67,910	42,819
2019-20	-	-	-	-	-	-	46,394	24,956
Total							4,02,964	2,25,712

*UCs for the GIA disbursed during 2018-19 became due during 2019-20.

Difference of ₹1 crore is due to rounding.

Source: Finance Accounts (2018-19 and 2019-20)

Though such instances of non-submission of UCs are being reported in the Reports of the CAG of India regularly, there has been no improvement as number of pending UCs and the amount increased by 90.16 per cent and 164.88 per cent respectively, over that reported in the Audit Report of 2015-16 (2,11,917 UCs for ₹ 85,212 crore).

Year-wise breakup of outstanding Utilisation Certificates is given in **Table 4.4**.

**Table 4.4: Year-wise breakup of outstanding Utilisation Certificates
(₹ in crore)**

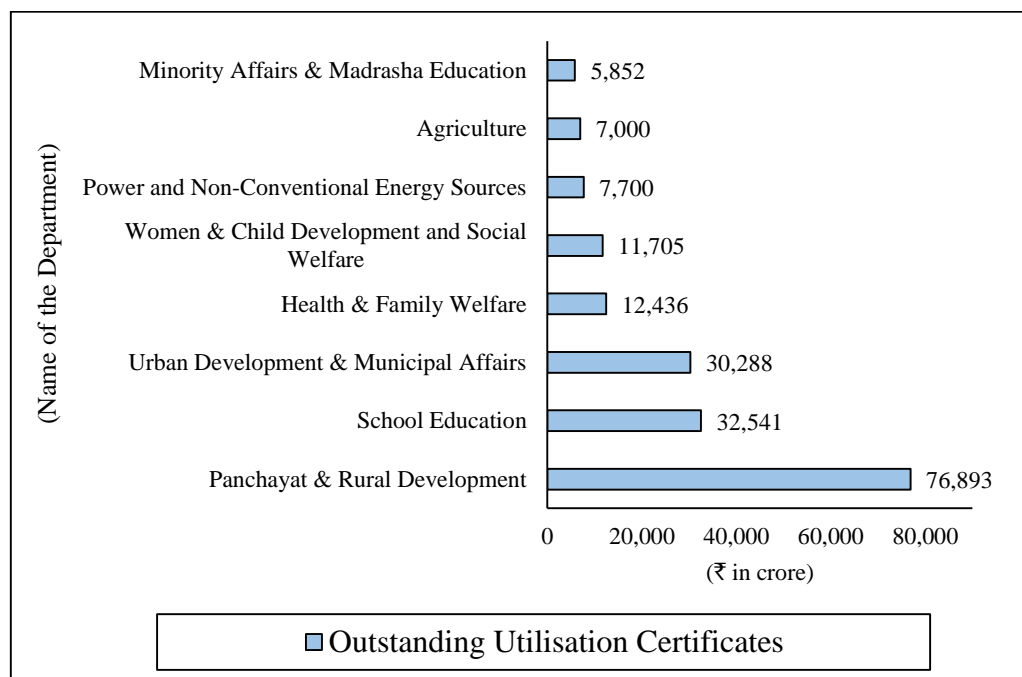
Year	Number of UCs	Amount
Upto 2010-11	1,67,077	37,663
2011-12	8,672	5,406
2012-13	6,149	5,055
2013-14	6,603	4,949
2014-15	4,621	4,871
2015-16	18,400	25,012
2016-17	34,621	36,944
2017-18	42,517	38,037
2018-19	67,910	42,819
2019-20	46,394	24,956
Total	4,02,964	2,25,712

Source: VLC data and Finance Accounts

It can be seen from **Table 4.4** that the outstanding UCs in 2017-20 accounted for 46.88 per cent of the total amount of the outstanding UCs.

Status in respect of eight departments with maximum amount of outstanding UCs (since 2002-03) is given in **Chart 4.1**.

**Chart 4.1: Outstanding amount of UCs in respect of eight departments
(since 2002-03)**



Source: Finance Accounts

Major cases of non-submission of UCs upto 2019-20 pertained to the departments of Panchayat & Rural Development (66,765 UCs for ₹ 76,893 crore), School Education (29,855 UCs for ₹ 32,541 crore) and Urban Development & Municipal Affairs (32,761 UCs for ₹ 30,288 crore). Outstanding

UCs of these three departments accounted for 32.11 *per cent* of the total UCs outstanding and 61.90 *per cent* of the total outstanding amount.

In the absence of UCs, it could not be ascertained whether the recipients had utilised the grants for the purposes for which these were given. This assumes greater importance as pendency in non-submission of UCs is fraught with the risk of misappropriation.

4.5 Abstract Contingent bills

Rule 4.108 of the West Bengal Treasury Rules (WBTR) 2005 stipulates that AC bills are meant for drawal of fund with a view to incurring of expenditure on items which are contingent in nature. Rule 4.138 (5) of WBTR requires that advances drawn through AC bills are to be adjusted through Detailed Contingent bills (DC bills) within one month from the date of completion of the purpose. In no case, this should exceed 60 days from the date of drawal of the AC bill. Year-wise progress in submission of DC bills against the AC bills upto 2017-18, 2018-19 and 2019-20 is given in **Table 4.5**.

Table 4.5: Year wise progress in submission of DC bills against AC bills

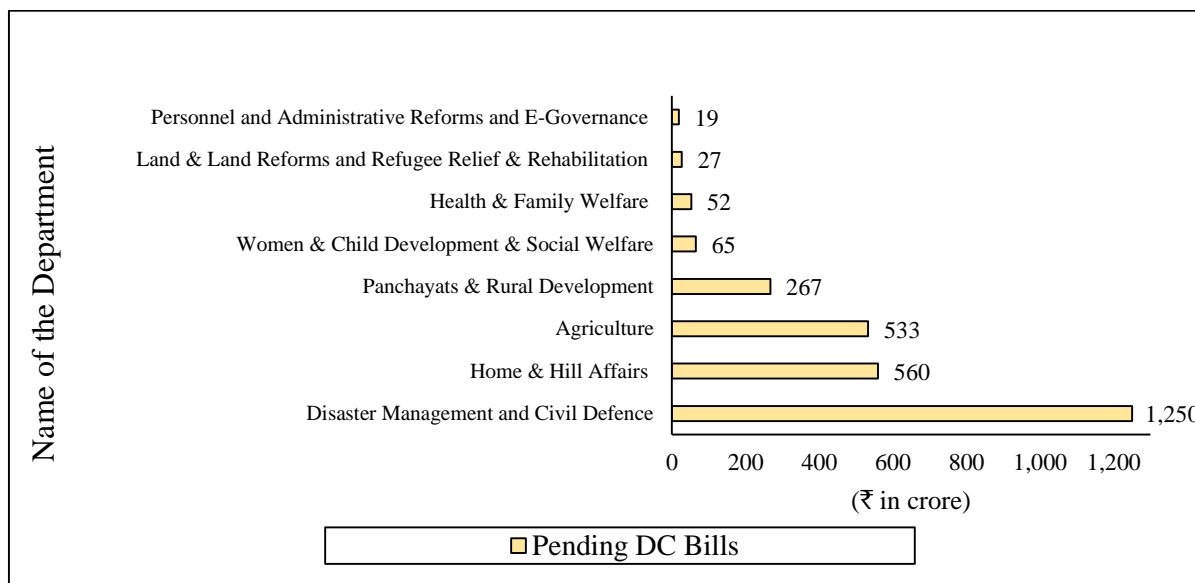
Year	Opening Balance as on 1 April 2019		Addition during 2019-20		Clearance during 2019-20		Closing Balance as on 2019-20	
	No.	Amount (₹ in crore)	No.	Amount (₹ in crore)	No.	Amount (₹ in crore)	No.	Amount (₹ in crore)
Up to 2017-18	8,286	1,739			533	64	7,753	1,675
2018-19	1,241	433	-	-	517	204	724	229
2019-20	-	-	1,988	1,439	751	266	1,237	1,173
Total	9,527	2,172	1,988	1,439	1,801	534	9,714	3,077

Source: Finance Accounts

Pending DC Bills reflects on accounting indiscipline by the Government functionaries and controlling authorities leading to risk of fraud, temporary misappropriation and embezzlement of funds and therefore, requires close monitoring by the respective DDOs. Further, to the extent of non-receipt of DC bills, the expenditure shown in the Finance Accounts cannot be asserted as correct or final.

DC bills pending upto 2019-20 against eight departments where pendency is significant is shown in the **Chart 4.2**.

Chart 4.2: Pending DC Bills in respect of eight departments as on 21 September 2020



Source: Finance Accounts

The departments of Disaster Management and Civil Defence (₹ 1,250 crore; 2,479 AC bills), Home & Hill Affairs (₹ 560 crore; 2,644 AC bills) and Agriculture (₹ 533 crore; 147 AC bills) accounted for 54.25 per cent of the total outstanding AC bills.

Two departments which cleared maximum AC bills through submission of DC bills were Home & Hill Affairs (₹ 2,781 crore; 36.15 per cent) and Disaster Management & Civil Defence (₹ 1,604 crore; 20.84 per cent).

Audit review of the reasons behind AC bills remaining unadjusted in respect of four DDOs⁴⁹ revealed the following:

- AC bills amounting to ₹ 30 crore drawn (between December 2018 and February 2019) by the Accounts Officer, NBMC⁵⁰ for upgradation of NBMC, Darjeeling under PMSSY-III⁵¹ (State share) schemes remained unadjusted owing to non-completion of the schemes. Drawal of funds through AC bills in this case violates Rule 4.108 of WBTR since upgradation of NBMC was a work of capital nature with funds being allocated by the State Government under Major Head '4210'.
- Commandant, State Armed Police, 6th Battalion, Barrackpur stated that AC Bills of ₹ 43.79 crore drawn (between February 2018 and March 2020) for purchase of arms was yet to be adjusted since arms were not supplied by the vendors.

⁴⁹ (i) Accounts Officer, North Bengal Medical College; (ii) Commandant, State Armed Police, 6th Battalion, Barrackpur; (iii) Accounts Officer, State Election Commission and (iv) Deputy Director of Agriculture (Administration), Paschim Medinipur

⁵⁰ North Bengal Medical College

⁵¹ Pradhan Mantri Swasthya Suraksha Yojana-III

- Accounts Officer, State Election Commission stated that AC bills of ₹ 180 crore drawn (March 2018) for conducting Panchayat General Election-2018 remained unadjusted as the amount was yet to be spent.
- AC bills of ₹ 196 crore drawn (between December 2019 and March 2020) by Deputy Director of Agriculture (Administration), Paschim Medinipur for providing compensation to *Bulbul*⁵² affected farmers was stated to be unadjusted owing to the pandemic from the middle of March 2020.

4.6 Personal Deposit Accounts

Personal Deposits (PD) are maintained in the treasuries in the nature of banking accounts. These are commonly known as Personal Ledger (PL) Accounts or Personal Deposit Accounts.

As per the WBTR, the PD Accounts enable its Holders/ Administrators to incur expenditure pertaining to a scheme, for which funds are placed at their disposal, by transfer from the Consolidated Fund of the State.

As per Rule 6.09 (1) of the WBTR, PD Accounts shall be closed at the end of the financial year by minus debit of the balance to the relevant service head in the Consolidated Fund of the State⁵³. The account may be opened again in the following year, if necessary.

Analysis revealed the following:

- (a) In terms of WBTR, the Personal Deposit Accounts are to be opened Administrator-wise and scheme-wise, should not be omnibus and opened only if it is absolutely necessary. No details⁵⁴ in this regard were furnished to Audit by the State Government, though called for.

Consequently, the extent of adherence to the procedural norms, could not be vouchsafed in Audit.

- (b) Article 202 of the Constitution of India provides for legislative financial control over public expenditure through the Annual Financial Statement/ Budget. Not transferring the unspent balances lying in PD Accounts to the Consolidated Fund before the closure of the financial year violates legislative intent, which is to ensure that funds approved by it for the financial year are spent during the financial year itself.

4.6.1 Status of PD Accounts in West Bengal

West Bengal Treasury Rule 6.09 provides that 'Personal Deposit Account created by debit to the Consolidated Fund of the State shall be closed at the end of the financial year by minus debit of the balance to the relevant service heads

⁵² Very severe Cyclonic Storm which struck West Bengal in November 2019 causing storm surge, heavy rains and flash floods across the Sunderban delta and its adjoining areas

⁵³ Except, where personal deposits are created by law or rules having the force of law for discharging the liabilities arising out of special enactments

⁵⁴ PD/ PL accounts- (i) Department/ Administrator/ Scheme-wise; (ii) Remained inoperative for more than a period of two years along-with reasons for their non-closure and (iii) Holders' status of annual verification and reconciliation of balances with the treasury

in the Consolidated Fund of the State'. It was, however, noticed that there was a balance of ₹ 5,240 crore in 160 PD Accounts as on 31 March 2020 as shown in **Table 4.6**. Similar such year-end balances were noticed in 2018-19 (₹ 5,466 crore in 159 PD Accounts), in 2017-18 (₹ 4,282 crore in 157 PD Accounts), in 2016-17 (₹ 5,141 crore in 153 PD Accounts) and in 2015-16 (₹ 3,158 crore in 150 PD Accounts).

Table 4.6: Details of PD Accounts

Sl. No.	Description	No. of Accounts	Amount (₹ in crore)
1	Number of PD Accounts at the beginning of the year	159	5,466
2	Addition [#] during the year 2019-20	1	3,038
3	Cleared [@] during the year 2019-20	0	3,264
4	PD Accounts existing at the end of the year	160	5,240

[#]Indicates amounts transferred and credited through challans to existing as well as newly opened PD Accounts (8443-106)

[@]Indicate amounts surrendered and expended from PD Accounts (8443-106)

Source: Finance Accounts of Government of West Bengal (2019-20)

The correctness of the closing balances in PD Accounts as of March 2020 could not be ascertained as the monthly as well as annual verification of balances in the Treasuries was found to be deficient, as elaborated in **Paragraph 4.6.2**.

Non-transfer of unspent balances lying in PD Accounts to the Consolidated Fund of the State entails the risk of misuse of public fund, fraud and misappropriation.

4.6.2 Operation of PD Accounts

(i) Under Rule 6.08 of West Bengal Treasury Rules, non-lapsable PD Accounts, if not operated for a period of two years and if there is reason to believe that the need for such PD Accounts has ceased, are required to be closed.

Test-check in 73 out of 91 treasuries, conducted in 2019-20 in respect of transactions for the year 2018-19, revealed that PD Accounts of 11 operators amounting to ₹ 19.42 crore (pertaining to 75 inoperative schemes) were lying inoperative for more than two years. The amount lying in the PD Accounts resulted in overstatement of expenditure to that extent.

(ii) During 2019-20, an amount of ₹ 768 crore was transferred in March 2020 from the Consolidated Fund of the State. This is 25.29 per cent of the total yearly inflow into the PD accounts, of which, ₹ 13.89 crore was transferred on the last working day of March 2020. This was intended to avoid lapse of budget provisions.

(iii) Test-check of PD Accounts maintained by four DDOs⁵⁵ revealed the following deficiencies:

⁵⁵ District Magistrates (DM) of Howrah, Hooghly, South 24 Parganas and North 24 Parganas

- Discrepancy in closing balance of PD Account Cash Book (₹ 24.56 crore) and corresponding Treasury Pass Book (₹ 36.24 crore) of DM, Howrah due to non-reconciliation as required under WBTR.
 - Retention of unutilised BEUP⁵⁶ funds (₹ 14.49 crore) of the 15th Legislative Assembly by DM, South 24 Parganas even after its dissolution (25 May 2016). As per BEUP guidelines the fund was to be refunded to the Government Account by 31 March 2017.
 - Two DDOs⁵⁷ parked ₹ 0.73 crore in their respective PD Accounts which remained unutilised as of March, 2020.
 - Drawal (29 December 2017) of ₹ 0.10 crore in excess of the balance for payment of honorarium to the staff of Madarasah Siksha by DM, Hooghly.
- (iv) Treasury Inspection during 2019-20 revealed that in 15 out of 73 test-checked Treasuries, monthly as well as annual verification and reconciliation of balances were not carried out by the Administrators of the PD Accounts. Thus, correctness of balances lying in these Accounts remained un-verified.

4.7 Indiscriminate use of Minor head 800

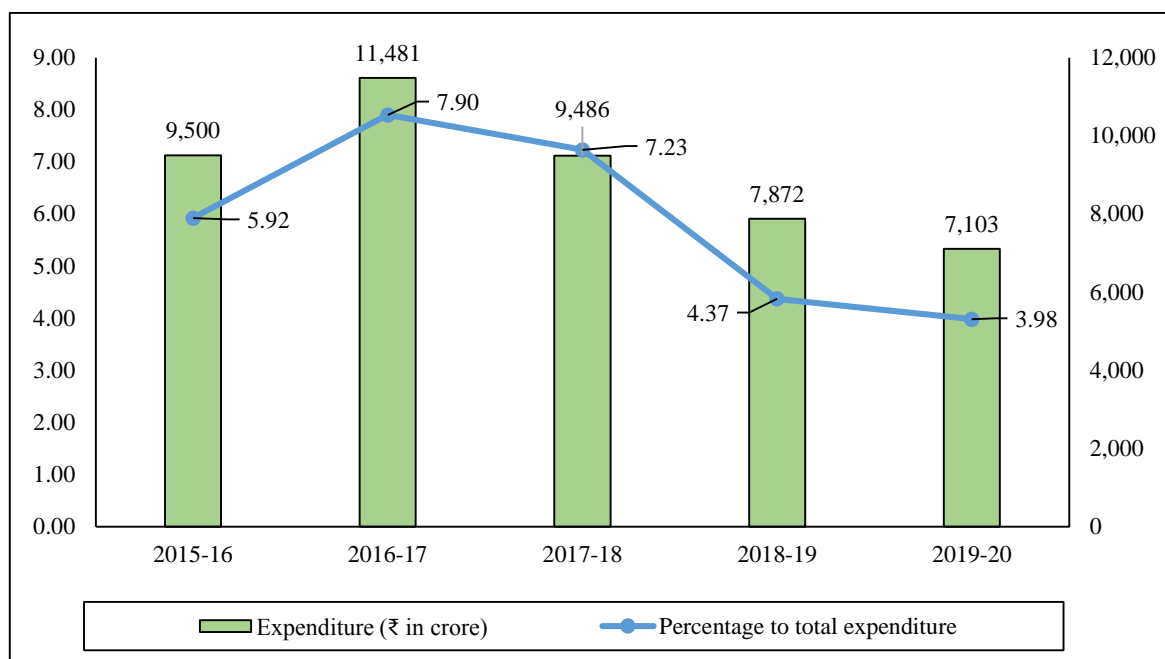
The omnibus Minor Head 800 relating to Other Receipts/ Other Expenditure is to be operated only in cases where the appropriate Minor Head has not been provided under a Major Head in the accounts. If such instances occur on a regular basis, it is the responsibility of the State Government to discuss with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

Government of West Bengal has operated Minor Head 800 extensively during 2015-20. The quantum of expenditure booked under this Minor Head showed a mixed trend over the years. During 2019-20, the State Government booked an expenditure of ₹ 7,103 crore under Minor Head 800 against 63 revenue and capital Major Heads of Account, constituting 3.98 *per cent* of the total revenue and capital expenditure of ₹ 1,78,546 crore. The extent of operation of 'Minor Head 800- Other Expenditure' as a percentage of Total Expenditure during 2015-20 is given in **Chart 4.3**.

⁵⁶ Bidhyak Elaka Unnayan Prakalpa

⁵⁷ District Magistrates of Hooghly (₹ 0.45 crore) & North 24 Parganas (₹ 0.28 crore)

Chart 4.3: Operation of Minor Head 800- Other Expenditure during 2015-20



Source: Finance Accounts

Instances of a significant proportion (50 per cent or more) of the expenditure within a Major Head, being classified under the 'Minor Head 800- Other Expenditure' during 2019-20, are given in Table 4.7.

Table 4.7: Significant expenditure booked under Minor Head 800- Other Expenditure

Major Head	Expenditure under Minor Head 800	Total Expenditure	Percentage
	(₹ in crore)		
4235- Capital Outlay on Social Security and Welfare	642.01	870.79	73.79
4700-Capital Outlay on Major Irrigation	199.64	346.75	57.58
2205-Art & Culture	269.13	319.25	84.30
2250-Other social Services	160.63	163.79	98.07
4408-Capital Outlay on Food Storage and Warehousing	121.63	139.68	87.08
5055-Capital Outlay on Road Transport	104.98	123.51	85.00
5056-Capital Outlay on Inland Water Transport	68.14	68.14	100
4885-Other Capital Outlay on Industries and Minerals	53.28	53.28	100
5452-Capital Outlay on Tourism	29.77	51.87	57.39
3051-Port and Lighthouses	1.00	1.14	87.19

Source: Finance Accounts

DDOs against whom major expenditure occurred under the head of account '800' were (i) Executive Officer, Board of Waqfs, West Bengal (₹ 103 crore), (ii) Managing Director, WBIDCL (₹ 103 crore), (iii) Joint Director of Industry (₹ 100 crore) and (iv) Executive Engineer, Teesta Canal Division (₹ 40 crore).

Receipts amounting to ₹ 1,039 crore (0.73 per cent of total receipts) covering 57 Major Heads were booked under Minor Head 800 during 2019-20. Cases where significant receipts were booked under this Minor Head are given in **Table 4.8**.

Table 4.8: Significant receipts booked under Minor Head 800 – Other Receipts

Major Head	Receipts under Minor Head 800	Total Receipts	Percentage
	(₹ in crore)		
1054-Roads and Bridges	41.68	64.33	64.79
0408-Food Storage and Warehousing	29.36	29.36	100
0217-Urban Development	25.61	25.61	100
0059-Public Works	16.48	19.05	86.51
1456-Civil Supplies	14.37	14.37	100
0215-Water supply and sanitation	5.01	7.38	67.88
0701-Medium Irrigation	4.40	6.33	69.44
0220-Information and Publicity	5.26	5.32	98.76
0071-Contribution and Recoveries towards Pension and Other Retirement benefits	1.83	3.14	58.27
1452-Tourism	2.02	2.02	100

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.

Issues related to measurement

4.8 Outstanding balance under major Suspense and DDR (Debt, Deposit and Remittances) heads

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.

Balances under Suspense and Remittance heads at the end of the year is shown in **Table 4.9**.

Table 4.9: Balances under Suspense and Remittance Heads for the last three years

(₹ in crore)

Sl. No.	Head of Account	2017-18		2018-19		2019-20	
	Ministry/Department with which pending	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
8658-Suspense Account							
1	101-PAO Suspense	184.68	-0.21	168.05	3.92	187.75	5.63
	Net	184.89 (Dr.)		164.13 (Dr.)		182.12 (Dr.)	
2	102-Suspense Account-Civil	697.97	756.99	718.98	869.13	1,064.16	1285.36
	Net	59.02 (Cr.)		150.15 (Cr.)		221.20 (Cr.)	
3	109-Reserve Bank Suspense-Headquarters	-5.64	-4.51	-8.2	-1.92	-5.2	-1.46
	Net	1.13 (Cr.)		6.28 (Cr.)		3.74 (Cr.)	
4	123-A.I.S. Officer Group Insurance Scheme	4.02	2.93	4.29	3.03	4.49	3.13
	Net	1.09 (Dr.)		1.26(Dr.)		1.36 (Dr.)	
5	129-Material purchase settlement Suspense Account	0.02	67.46	0.02	67.46	0.02	67.46
	Net	67.44 (Cr.)		67.44 (Cr.)		67.44 (Cr.)	
8782-Cash Remittances and Adjustments between officers rendering account to the same Accounts Officer							
1	102-P.W. Remittances	66,362.27	66,465.99	66,362.27	66,465.96	66,362.27	66,465.96
	Net	103.72 (Cr.)		103.69 (Cr.)		103.69 (Cr.)	
2	103-Forest Remittances	6,127.5	6,102.29	6,127.5	6,102.29	6,127.5	6,102.29
	Net	25.21 (Dr.)		25.21 (Dr.)		25.21 (Dr.)	
3	8793-Inter State Suspense Accounts	17.15	0.28	14.88	0.22	29.97	0.75
	Net	16.87 (Dr.)		14.66 (Dr.)		29.22 (Dr.)	
Grand Total		3.25 (Cr.)		122.30 (Cr.)		158.16 (Cr.)	

Source: Finance Accounts

It can be seen from **Table 4.9** that owing to non-clearance of suspense and remittance balances, aggregate cash balances were inflated by ₹ 3.25 crore, ₹ 122.30 crore and ₹ 158.16 crore respectively during 2017-18, 2018-19 and 2019-20. Details of suspense and remittance balances and their effect on cash balances during 2019-20 has been shown in **Appendix 4.1**. The reasons for non-clearance of significant balances in suspense and remittance heads were as follows:

- Failed transaction of ₹ 227.31 crore under e-Pradan system in IFMS. On clearance, cash balance will decrease;
- Purchases amounting to ₹ 67.44 crore made on credit by 61 P.W. Divisions remained pending. On clearance, cash balance will decrease;

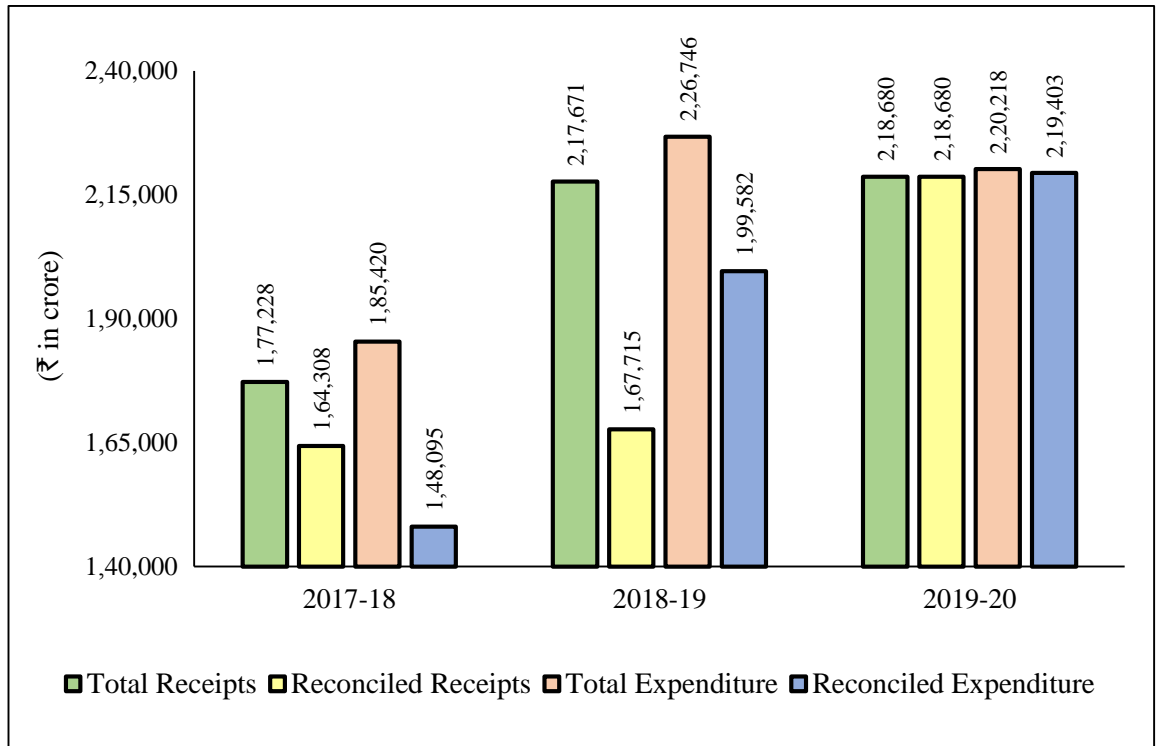
- Cheques amounting to ₹ 322.66 crore and ₹ 114.77 crore issued by Forest and P.W divisions respectively were not encashed at the Treasury. On clearance, cash balance will decrease;
- Remittances of cash/cheque amounting to ₹ 347.87 crore and ₹ 11.08 crore by Forest and P.W Division respectively, were not acknowledged by Treasuries. On being acknowledged, cash balance will increase.

4.9 Non-reconciliation of Departmental figures

Rule 385 of West Bengal Financial Rules (WBFR) stipulates that expenditure recorded in the departments books of account be reconciled every month with the books of the Accountant General (A&E). Reconciliation enables the Chief Controlling Officers (CCOs) to exercise effective control over budget and expenditure. It also ensures accuracy of the accounts. The Public Accounts Committee had also recommended (December 2011) adherence to the stipulations of the WBFR.

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. **Chart 4.4** shows the status of reconciliation of receipts and expenditure *vis-à-vis* total receipts/expenditure.

Chart 4.4: Status of reconciliation during the three years 2017-20



Source: Finance Accounts

During the year 2019-20, reconciliation of receipts was 100 *per cent* while that of expenditure was 99.63 *per cent*. Reconciliation has shown improvement over the past three years.

4.10 Reconciliation of Cash Balances

There should be no difference between the Cash Balance of the State 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 (RBI). As per the Statement of closing balance as on 31 March 2020 worked out by the RBI on 10 April 2020, the State had a credit balance of ₹ 1.62 crore while the closing cash balance as certified by the Principal Accountant General (A&E), West Bengal the State showed a credit balance of ₹ 20.26 crore. Thus, there was a difference of ₹ 18.64 crore (net credit) between the cash balance worked out by the Principal Accountant General (A&E) and reported by the RBI, which requires reconciliation.

Issues related to disclosure

4.11 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. In accordance with this provision, the President of India has so far notified three Indian Government Accounting Standards (IGAS). Compliance to these Accounting Standards by Government of West Bengal in 2019-20 and deficiencies therein are detailed in **Table 4.10**.

Table 4.10: Compliance to Accounting Standards

Sl. No.	Accounting Standards	Essence of IGAS	Compliance by State Government	Impact of deficiency
1.	IGAS-1: <i>Guarantees Given by the Government – Disclosure requirements</i>	The 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 invocation of guarantees and automatic debit mechanism were not furnished.
2.	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.	Not complied	State Government made budgetary provision and classified GIA amounting to ₹ 357.62 crore under Capital Major Heads of Account, instead of under the Revenue section. It did not furnish any information regarding GIA paid in kind during the year.

Sl. No.	Accounting Standards	Essence of IGAS	Compliance by State Government	Impact of deficiency
				Non-compliance led to understatement of revenue deficit and overstatement of capital outlay.
3.	IGAS-3: <i>Loans and Advances made by Government</i>	The 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 (i) interest payments in arrears from Universities, Government Companies, Co-operative Societies, Banks, Government servants and miscellaneous groups and (ii) repayments in arrears from Government servants and miscellaneous groups were not available.

Source: Finance Accounts

4.12 Submission of Accounts/ Separate Audit Reports of Autonomous Bodies

Certification of accounts of Autonomous Bodies (ABs) set up by the State Government is conducted under Sections 19 or 20 of Comptroller and Auditor General of India (Duties, Powers and Conditions of Service) Act, 1971 (CAG's DPC Act).

The ABs coming under the audit purview as per Section 19 or 20 of CAG's DPC Act are required to submit the annual accounts of a financial year to Audit by 30 June of the succeeding year. In respect of 51 ABs which were to render annual accounts to CAG, there were delays in submission of accounts as detailed in **Table 4.11**.

Table 4.11: Age-wise details of delay in submission of Annual Accounts of Autonomous Bodies, as of 30 September 2020

Sl. No.	Delay in Number of Years	No. of Bodies/ Authorities
1	0-1	10
2	1-2	12
3	2 and above	29
Total		51

Source: Records of Autonomous bodies

The status of rendering of accounts to Audit are indicated in **Appendix 4.2**. Out of 51 bodies/ authorities, only ten bodies/ authorities had submitted accounts up to 2019-20 while four District Legal Service Authorities (DLSAs) did not submit accounts since their inception in 1998-99. As of September 2020, 271 annual accounts due up to 2019-20 remained pending.

4.13 Follow up action on State Finances Audit Report

Rules of procedure of the Committee on Public Accounts of the West Bengal Assembly, promulgated in 1977, provide that after tabling the Report in the State Legislature, the State Government departments are required to submit replies to the audit observation within one month. Status of tabling of Audit Reports for the period from 2013-14 to 2018-19 have been shown in **Table 4.12**.

Table 4.12: Status of laying of Audit Reports on State Finances

Year	Submission of Audit Report on State Finances for placement in the Legislative Assembly	Date of laying of Audit Report
2013-14	03.03.2015	04.07.2016
2014-15	25.02.2016	
2015-16	30.01.2017	07.03.2018
2016-17	26.03.2018	11.07.2019
2017-18	17.02.2020	----
2018-19	25.08.2020	----

Source: Records of the Office of the Principal Accountant General (Audit-I), West Bengal and West Bengal Legislative Assembly

SFAR 2015-16 was discussed by the PAC in December 2019. In February 2021, PAC had brought out a report on these paragraphs containing its recommendations. Action Taken Note on such recommendations is yet to be furnished by the State Government. Replies on SFAR 2016-17 are yet to be furnished by the State Government. Such lack of responsiveness especially in respect of SFAR 2016-17, is a matter of serious concern and goes against the basic tenet of legislative control over expenditure from the public exchequer and undermines the importance of the Legislature.


4.14 Conclusions

Positive Indicators	Negative Indicators
Decreased tendency in booking under minor head 800 – Other Receipts/ Expenditure	Non-payment of accrued liabilities for interest bearing reserve funds
	Upward trend of outstanding UCs
Improved status in reconciliation of departmental figures	Increased tendency in keeping of fund in PD accounts
	Increased arrear of annual accounts in respect of Autonomous Bodies and Public Sector Undertakings

4.15 Recommendations

- i. The Government may ensure timely submission of utilisation certificates by the departments in respect of the grants released for specific purposes.
- ii. The Finance Department should review all PD accounts to ensure that all amounts unnecessarily lying in these PD accounts are immediately remitted to the Consolidated Fund. 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.
- iii. 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.
- iv. The Government may consider carrying out adjustment of Abstract Contingent bills within the stipulated period, as required under the Rules.
- v. 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 all such receipts and expenditure are in future booked under the appropriate heads of account.

Kolkata
The 27 July, 2021


(SARAT CHATURVEDI)
Principal Accountant General
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Countersigned

New Delhi
The


(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

02 AUG 2021