

Chapter
III

Financial Reporting

Sound internal controls and compliance with rules and procedures contribute significantly to good governance. These also ensure relevant, reliable and timely financial reporting and assist the State Government in meeting its basic stewardship responsibilities, strategic planning and appropriate decision making. This Chapter provides an overview of the State Government's compliance with various financial rules, procedures and directives during the year 2012-13.

3.1 Delay in furnishing Utilisation Certificates

The Gujarat Financial Rules¹ provide that for the grants provided for specific purposes, Utilisation Certificates (UCs) should be submitted within twelve months of the closure of the financial year by the institution or organisation concerned to the Head of Department concerned and after verification; these should be forwarded to the Accountant General. However, 16,586 UCs aggregating ₹ 9,121.46 crore due in respect of grants paid during the period 2001-02 to 2012-13 were outstanding as on 31 March 2013. The department-wise break-up of outstanding UCs is given in **Appendix 3.1** and the age-wise position of delays in submission of UCs is summarised in **Table 3.1**.

Table 3.1: Age-wise arrears of Utilisation Certificates

Sr. No.	Range of Delay in Number of Years	Utilisation Certificates Outstanding	
		Number	Amount
1.	Upto one year	1,162	2,303.80
2.	1-3	2,419	2,377.15
3.	3-5	1,111	2,879.03
4.	5-7	1,059	909.90
5.	7-9	2,119	347.18
6.	9 and above	8,716	304.40
	Total	16,586	9,121.46

Source: Information compiled by Accountant General (A&E), Gujarat

Almost 30 *per cent* of the outstanding UCs of ₹ 3,005.14 crore pertained to the Urban Development and Urban Housing Department. The Social Justice and Empowerment Department had yet to furnish ₹ 1,832.42 crore of UCs and ₹ 908.62 crore of UCs were to be received from the Industries & Mines Department for the period 2001-13.

¹ Rule 154 and 155 of the Gujarat Financial Rules, 1971

Review of utilisation certificates in selected departments

As per the Gujarat Financial Rules, 1971 (GFR) administrative department may sanction grants-in-aid (GIA) to an institution or body, subject to the condition that the sanction is in accordance with the Rules or principals prescribed in these Rules or prescribed with the previous consent of the Finance Department (FD). With a view to ascertain how far the authorities were adhering to these Rules relating to GIA, Audit test checked (August 2013) the records of the administrative department/ controlling officers of the Department of Agriculture and Co-operation (ACD)(July 2013) and the Department of Ports and Transport (PTD) along with its units. The findings in this regard areas given below:

3.1.1. Non observance of the Gujarat Financial Rules, 1971

Rule 153(2) of the GFR provides that every order sanctioning a GIA should clearly indicate the details such as, the objects of giving GIA, the conditions attached to it and also its nature (i.e. capital/revenue and/or recurring or non-recurring). In case of non-recurring grant for specified object, the order shall also specify the time limit within which the amount of the grant or the amount of each instalment thereof, as the case may be, is to be spent. Further, if a recurring GIA is given to the same institution for the same purpose, the competent officer should ensure that the unspent balance of the previous year has either been surrendered to the Government or has been taken into account in sanctioning the grant for the subsequent year. A certificate to this effect should be incorporated in the order sanctioning the grant.

While verifying the data in respect of GIA disbursed by the Director of Agriculture, the Commissioner of Fisheries and the Commissioner of Cooperation under ACD for the year 2010-11 and 2011-12, Audit noticed that the sanctioning authority had released grants without receiving UCs of the previous grant.

While sanctioning the GIA to various Agriculture Universities for implementation of State as well Centrally Sponsored Schemes of ₹ 242.22 crore during 2012-13, the ACD did not specify the nature (recurring or non-recurring) of the grant. Further, it was observed that while sanctioning the GIA for the successive years for “Krishi Mahotsav” to Gujarat Agro Industries Corporation Limited (GAIC) and Gujarat State Seeds Corporation Limited (GSSC) for the period 2010-13, the ACD did not reckon the unspent balance of the previous years.

Similarly in case of Gujarat Maritime Board (GMB), Audit noticed that the nature (recurring or non-recurring) and the time frame for utilisation of the grant was not specified by the PTD while sanctioning (2012-13) the GIA of ₹ 192 crore. The sanctioning authority had also not incorporated any certificate of unspent balance of the previous grant while sanctioning the GIA.

3.1.2. Non Utilisation of Grant-in-aid

Director of Agriculture under ACD allotted ₹ 19.34 crore grant to GAIC for execution of different Projects during 2010-11, viz., Cobalt 60 based Irradiation Projects, Tomato Cluster Development, Setting up of a Modern Potato Cold Storage at Deesa and Tissue Culture Plant project. During test check of records of GAIC, it was observed that the GAIC had utilised ₹ 1.19 crore till

March 2011 and transferred the remaining ₹ 18.15 crore to other nodal agencies of the State Government at the instance of Director of Agriculture.

This indicated that the sanctioning authority had released the full grant amount without properly assessing the requirement of the funds for execution of the projects by GAIC.

Audit observed that in respect of three² universities there were grants of ₹ 0.68 crore relating to terminated schemes co-ordinated by Indian Council of Agriculture Research (ICAR). These schemes were terminated prior to 2006-07 but no steps have been taken to surrender these amounts to GoI. Further, in case of GoI schemes being implemented by the Anand Agricultural University, grant of ₹ 0.08 crore and ₹ 4.83 crore was lying unspent for a period of last two years and for a period of two to four years respectively. No steps have been taken to reconcile the unspent balances.

In respect of PTD, Gujarat State Road Transport Corporation was sanctioned a loan for purchase of new buses with the condition to furnish UC during 2010-11 for ₹ 296 crore under normal and tribal component of budget estimates. It was observed that only ₹ 164.33 crore was spent for the purchase of buses. However, no UC was furnished to the PTD (August 2013).

3.1.3. Transaction through single bank account

The GAIC and GSSC receive GIA from ACD for various schemes financed by the State/ Central Government. It was observed that the above public sector undertakings (PSUs) maintain only single bank account for all transactions of GIA as well as for their regular transactions. Thus, there was a possibility for using the scheme funds for other purposes including the parking of funds in banks/financial institutions for earning the interest.

Insisting the grantee to maintain a separate bank account for GIA would enable the sanctioning authority to compile the data on the unspent grant amount and the interest earned there on. These data are vital in assessing and sanctioning the grant amount for the successive years to the same grantee.

3.1.4. Non submission of UC in prescribed format

The UC has to be submitted as per the Form 19 A as prescribed by the Central Government under Rule-212(1) of the General Financial Rules, 2005 and has to disclose the types of checks carried out for authenticity of certificate. GMB receives grant for administrative expenses and grant for capital project every year. The GMB submits UCs to the PTD at the end of each quarter with respect to these grants.

During the scrutiny of UCs submitted by GMB in last three years for ₹ 530.84 crore, Audit observed that the GMB was not submitting the UCs in prescribed form.

Further, in respect of grant of ₹ 188.84 crore for administrative charges for the period 2010-13, it was noticed that there was a difference between the grants recognised in annual accounts and the actual grant received as per the sanction

² Anand Agricultural University, Sardar Krushinagar Dantiwada Agricultural University and Navsari Agricultural University

order. The grant was in excess by ₹ 22.69 crore in year 2010-11 and less by ₹ 21.12 crore in 2011-12, but the UCs submitted by the GMB certified the amount of expenditure of grant was as per the sanction order. In respect of 2012-13 grant of ₹ 65.07 crore was sanctioned for which GMB has to submit the UC during 2013-14.

The Departments should ensure timely submission of utilisation certificates in respect of the grants released for specific purposes and put in place a system to watch proper utilisation of grants along with the checks prescribed in Gujarat Financial Rules, 1971.

3.2 Non-receipt of information pertaining to bodies/authorities substantially financed by the Government

In order to identify the institutions which attract Audit under Sections 14 and 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, the Government/Heads of Department (HoD) are required to furnish to Audit every year, detailed information about the financial assistance given to various institutions, the purposes for which assistance was given, and the total expenditure of the institutions. Further, Regulation on Audit and Accounts 2007 provide that the Governments and HoD which sanction grants and/or loans to bodies or authorities shall furnish to the Audit Office by the end of July every year a statement of such bodies and authorities to which grants and/or loans aggregating ₹ 10 lakh or more were paid during the preceding year indicating (a) the amount of assistance (b) the purpose for which the assistance was sanctioned and (c) the total expenditure of the body or authority.

On taking up the issue with various Departments (August 2013), only four³ out of 26 Departments furnished the details of grants in aid given to various bodies and authorities during 2012-13. Based on this, 12 new bodies/authorities under the Forest Department have been identified for Audit. In the absence of complete information on the financial assistance given, reasonable assurance could not be provided to the Legislature/Government about the manner in which the grants sanctioned/paid by them had been utilised. This dilutes the legislative control over government expenditure systems.

The FD (September 2013) replied that necessary instructions had been issued to all the Departments to furnish details by July of respective year. The receipt of information from the remaining Departments is still awaited (December 2013).

³ Energy and Petrochemical, Forest, Finance, Ports and Transport

3.3 Non-submission/delay in submission of accounts by Autonomous Bodies/Authorities

There are 189 autonomous bodies/ authorities covered by Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 identified for audit by the Comptroller and Auditor General of India. These are audited with regard to their transactions, operational activities and accounts, review of systems/procedures and internal controls etc.

A total of 479 annual accounts of 124 autonomous bodies/ authorities due up to 2012-13 were not received as of 30 November 2013 by the Accountant General (Economic and Revenue Sector Audit) and the Accountant General (General and Social Sector Audit). Further, 93 accounts (including accounts of earlier years) relating to 38 bodies/authorities, audit of which was due, were audited during the year 2012-13.

The details of the accounts which were due for Audit but not received are given in **Appendix 3.2** and their age-wise pendency is presented in **Table 3.2**.

Table 3.2: Age-wise arrears of Annual Accounts due from Government Bodies

Sr. No.	Delay in Number of Years	No. of the Bodies/Authorities
1	Less than one year	40
2	1-3	26
3	3-5	25
4	5-7	22
5	7-9	10
6	9 and above	1
	Total	124

Source: Information compiled by Accountant General (E&RS Audit) & Accountant General (G&SS Audit), Gujarat

It can be seen from the above table that in respect of 33 autonomous bodies/authorities, accounts were in arrears for more than five years. Of these, the accounts of Gujarat University, Ahmedabad since 1999-2000 and Gujarat Ecology Commission, Gandhinagar, Dr. V H Dave Homeopathic Medical College & Hospital, Akshar Purshottam Arogya Mandir, Vaghodia, Goraj, Vadodara, Institute of Kidney Diseases and Research Centre, Ahmedabad and Seth V S General Hospital & Seth Chinai Maternity Hospital, Ahmedabad since 2004-05 were in arrears. In the absence of annual accounts the accountal/utilisation of the grants and loans disbursed to these bodies/authorities could not be verified by Audit.

In response to Audit observations for the year 2011-12, FD stated (December 2012) that necessary instructions were issued to all the concerned Departments to take appropriate action in respect of the pending annual accounts. Year after year Audit has asked for the submission of annual accounts, however, due to apathy of the bodies/authorities in maintaining their own accounts and laxity in their controlling Departments, adequate steps were not taken by them to expedite the finalisation of their accounts.

3.4 Submission of Accounts/Audit Reports of Autonomous Bodies

Several autonomous bodies have been set up by the State Government in the various fields of development, housing, etc. These autonomous bodies attract audit under Section 19(2), 19(3) and 20(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. These are audited with regard to their transactions, operational activities and accounts, review of systems and procedures and internal management and financial controls etc. The separate audit report (SAR) in relation to each account is submitted to the Government. The audit of accounts of 29 such autonomous bodies in the State has been entrusted to the C&AG of India. However, only three⁴ bodies have rendered accounts in time. For the remaining 26, the periods of delay are given in **Appendix 3.3**. Out of 29 autonomous bodies, 18 do not require placement of their SARs before the State Legislature (**Appendix 3.3**).

The frequency distribution of autonomous bodies according to the delays in submission of accounts to the Audit and placement of SARs in the Legislature after the entrustment of Audit to the C&AG is summarised in **Table 3.3**.

Table 3.3: Delays in Submission of Accounts and tabling of Separate Audit Reports

Delays in submission of Accounts (in Months)	Number of Autonomous Bodies	Delays in submission of SARs in Legislature (in Years)	Number of Autonomous Bodies
0-6	9	0-1	5
6-12	-	1-2	2
12-18	4	2-3	-
18-24	-	3-4	1
24 & above	13	4-5	-
Total	26		8

Source: Information compiled by Accountant General (E&RS Audit) & Accountant General (G&SS Audit), Gujarat

Four Area Development Authorities⁵ auditable under section 20(1) have not submitted their accounts since the period of entrustment for audit i.e. 2007-08 onwards.

In response to the observations issued for the year 2011-12, the Finance Department had stated (December 2012) that necessary instructions were issued to all the concerned Departments to take appropriate action in respect of the pending annual accounts. However, adequate steps were not taken to expedite the finalisation of accounts by the autonomous bodies.

⁴ Gujarat Rural Housing Board, Gandhinagar, Gujarat Municipal Finance Board, Gandhinagar, Gujarat Maritime Board, Gandhinagar.

⁵ Junagadh Area Development Authority, Ambaji Area Development Authority, Alang Area Development Authority, Kevadia Area Development Authority

3.5 Departmental commercial undertakings

The Departmental Undertakings of certain Government Departments performing activities of commercial and quasi-commercial nature are required to prepare *pro forma* accounts in the prescribed format annually, showing the working results of financial operations, so that the Government can assess their working. The finalised accounts of departmentally managed commercial and quasi-commercial undertakings reflect their overall financial health and efficiency in conducting their business. In the absence of timely finalisation of accounts, the investment of the Government remains outside the scrutiny of Audit/State Legislature. Consequently, corrective measures, if any, required for ensuring accountability and improving efficiency cannot be taken in time. Besides, the delay in all likelihood also opens the system to the risk of fraud and leakage of public money.

The HoDs in the Government are to ensure that the undertakings prepare and submit such accounts to the Accountant General for audit within a specified time frame.

One undertaking under the FD i.e. Directorate of Insurance, Gandhinagar, which deals with General insurance activities for the State Government has submitted accounts for the period till 2011-12 and have been duly audited. The accounts for the period 2012-13 are due for audit (September 2013).

3.6 Failure to account for amount drawn on Abstract Contingent Bills

As per Rule 302 of the GFR read with the Government Resolution dated 5 February 1976, every drawing officer has to certify in each Abstract Contingent (AC) bill that the Detailed Contingent (DC) bills for all contingent charges drawn by him prior to the first of the current month have been forwarded to the respective controlling officers for countersignature and transmission to the Accountant General.

Despite above Rule provisions, AC bills (10,970 Nos.) of ₹ 343.86 crore were drawn up to March 2013 by 21 Departments for which DC bills were not furnished (March 2013). Year-wise details are given in **Table 3.4**.

Table 3.4: Pendency in submission of Detailed Countersigned Contingent Bills against Abstract Contingent Bills

(₹ in crore)		
Year	Outstanding AC bills	Amount of AC bills
Upto 2005-06	2,481	35.09
2006-07	477	5.90
2007-08	417	6.86
2008-09	312	4.26
2009-10	328	8.65
2010-11	617	17.69
2011-12	1,126	34.82
2012-13	5,212	230.59
Total	10,970	343.86

Source: Information compiled by Accountant General (A&E), Gujarat

Department-wise details of pending DC bills for the years up to 2012-13 are given in **Appendix 3.4**. The Home Department had a pendency of 2,718 bills

of ₹ 119.79 crore and the Education Department had 3,280 bills pending of ₹ 100.10 crore.

In response to observations issued for the year 2011-12, the FD stated (December 2012) that necessary instructions had been issued to all the concerned departments to expedite the process of reconciliation/submission of pending DC bills. However, adequate steps were not yet taken by the Department concerned to expedite the submission of DC bills by the drawing officers (September 2013).

Further, the FD replied (January 2014) that it was under consideration to develop a module in Integrated Financial Management System to monitor submission of DC bills and that the Home Department had appointed a nodal officer for settlement of pending DC bills which facilitated settlement of pending DC bills with AG in the current financial year. It was further stated that all the departments would be instructed to settle the pending DC bills in line of the actions taken by Home Department.

A rigorous monitoring mechanism should be put in place in the Departments to ensure adjustment of the advances drawn in Abstract Contingent bills, as required under the extant Rules.

3.7 Personal Deposit Accounts

Government is authorised to open Personal Deposit Accounts (PD Accounts) in order to deposit (Public Account) money by transferring funds from the Consolidated Funds to Public Accounts for specific purposes. Generally, the designated Administrators are required to transfer the unspent balances back to Government Accounts (Consolidated Funds) and to close such accounts on the last working day of the financial year. These transfers between Consolidated Fund and Public Accounts are in the nature of book transfer without any actual cash flow.

There were 509 PD Accounts in District Treasuries in operation as on 31 March 2013 having a balance amount of ₹ 383.41 crore. All the Administrators of PD Accounts had carried out reconciliation of their balances with the treasury offices. During 2012-13, eight inoperative PD Accounts with a balance of ₹ 0.18 crore were closed.

3.8 Misappropriations, losses, defalcations, etc.

The State Government reported 166 cases of misappropriation, defalcation, etc, involving government money of ₹ 8.37 crore (up to March 2013) on which final action was pending. The department-wise break up of pending cases and age-wise analysis is given in **Appendix 3.5** and nature of these cases is given in **Appendix 3.6**. The age-profile of the pending cases and the number of cases pending in each category i.e. theft and misappropriation/loss as emerged from these appendices are summarised in **Table 3.5**.

Table 3.5: Age-Profile of Misappropriations, Losses, Defalcations, etc.

(₹ in crore)

Age-Profile of the Pending Cases		
Range in Years	Number of Cases	Amount Involved
Upto 5	7	0.05
5 – 10	33	5.36
10 – 15	23	2.15
15 – 20	17	0.13
20 – 25	28	0.35
25 and above	58	0.33
Total	166	8.37

Source: Information compiled by Accountant General (E&RS Audit) & Accountant General (G&SS Audit), Gujarat

Reasons for which these cases are outstanding are given in **Table 3.6**.**Table 3.6: Reasons for Outstanding Cases of Misappropriations, Losses, Defalcations, etc.**

Reasons for the Delay/Outstanding Pending Cases		Number of Cases	Amount (₹ in crore)
i)	Awaiting departmental and criminal investigation	33	3.31
ii)	Departmental action initiated but not finalised	41	0.28
iii)	Criminal proceedings finalised but execution of certificate for the recovery of the amount pending	16	0.04
iv)	Awaiting orders for recovery or write off	21	0.09
v)	Pending in the courts of law	53	4.60
vi)	Others	2	0.05
Total		166	8.37

Source: Information compiled by Accountant General (E&RS Audit) & Accountant General (G&SS Audit), Gujarat

Out of the total 166 cases involving ₹ 8.37 crore outstanding, 33 cases involving ₹ 3.31 crore were awaiting departmental action/criminal investigation which needs to be speeded up. In 53 cases pending with the courts of law involving ₹ 4.60 crore, a case of ₹ 3.43 crore pertaining to the Roads and Buildings Department was outstanding since 2003-04. The internal controls in all the organisations should be strengthened to prevent recurrence of such cases. Narmada, Water Resources and Water Supply and Kalpsar Department had 22 cases and Land Revenue Department had 19 cases which are pending for more than 25 years.

3.9 Operation of omnibus Minor Head 800

During the past two decades, the range and diversity of the Government activity had increased manifold, outpacing the number of available programme minor heads. The omnibus Minor Head 800 –accommodates the expenditure which could not be classified under the available programme minor heads.

During 2012-13, expenditure aggregating ₹ 11,062.38 crore, constituting 12.17 *per cent* of the total expenditure was classified under Minor Head 800-Other Expenditure against 71 Major Heads under Revenue and Capital Sections. Entire expenditure on Ports and Light Houses (Major Head 3051), Capital outlay on miscellaneous general service (Major Head 4075), Capital outlay on nutrition (Major Head 4236) and Capital outlay on iron and steel industries (Major Head 4852), were classified under omnibus Minor Head – 800 instead of depicting distinctly. Also, 57.93 *per cent* expenditure of Power (Major Head 2801) was classified under this Major Head.

Similarly, revenue receipts aggregating ₹ 3,507.63 crore constituting 4.66 per cent of total receipts, were classified under omnibus Minor Head '800-Other Receipts' under 56 Major Heads under Revenue and Capital Sections. Entire receipts of Medium Irrigation (Major Head 0701) and power (Major Head 0801) and 71.61 per cent receipt of Major Irrigation (Major Head 0700), were classified under omnibus Minor Head – 800 instead of depicting distinctly.

Classification of large amounts under the omnibus Minor Head 800 – Other Expenditure/Receipts affects the transparency in financial reporting, as it fails to indicate disaggregated information on different activities of the Government separately in the accounts. This shows that the existing structure of the Government Accounts does not truly reflect the current activities of the Government in these Departments and is required to be updated/ modified.

In order to ensure greater transparency in financial reporting, large amounts received or expended under various programmes should be depicted in Accounts distinctly, instead of clubbing the same under the Minor Head '800-Other expenditure' and '800-Other receipts'.

3.10 Comments on Accounts

3.10.1 Transparency in accounts

To bring out greater transparency and to enable informed decision making in Government Accounts, the TwFC had recommended inclusion of certain statements/appendices in the Finance Accounts which would give details of subsidies given, both explicit and implicit, expenditure on salaries by various departments/units, detailed information on pensioners and expenditure on government pensions, data on committed liabilities in the future, statement on debt and other liabilities as well as repayment schedule, accretion to or erosion in financial assets held by the Government including those arising out of changes in the manner of spending by the Government, implications of major policy decisions taken by the Government during the year or new schemes proposed in the budget for future cash flows and statement on maintenance expenditure with segregation of salary and non-salary portions.

Presently, in the Finance Accounts of the State, the appendix on subsidy does not provide information regarding implicit subsidies. Regarding details of salary, the data captured in accounts is related to State sector only, and those regarding the aided institutions details are included under the grants released to them. The appendix on maintenance expenditure does not give data on salary expenditure. Accounting reforms are required to be undertaken to bring the data available into accounts to make the accounts more transparent.

3.10.2 Important factors affecting accuracy of accounts

The accounts of the Government are kept on cash basis. Certain transactions that arise in Government Account, the receipts and payments of which cannot at once be taken to a final head of receipt or expenditure owing to lack of information as to the nature or for any other reasons, are to be booked temporarily under the 'Suspense Head'. On the receipt of relevant details/information these heads of accounts are finally cleared by minus debit or minus credit when the amounts under them are booked to their respective final heads of accounts. If these amounts remain uncleared, the balances under

the suspense heads would accumulate and would not reflect Government's receipts and expenditure accurately. Debt, Deposit and Remittances heads account for such transactions where the Government, as a custodian of public money, receives and holds such money in trust.

The accuracy of the State Finance accounts 2012-13 has been adversely affected by large number of transactions under suspense heads awaiting final classification. A general review of the transactions showed the following:

- **Outstanding balances under major suspense accounts**

The balances under certain major suspense heads of accounts, as recorded in the ledger maintained by Accountant General (Accounts and Entitlement), are indicated in **Table 3.7**.

Table 3.7: Suspense Head (8658 – Suspense Accounts)

Name of Minor Head	2010-11		2011-12		2012-13	
	Dr	Cr	Dr	Cr	Dr	Cr
101- Pay and Accounts office Suspense	85.63	4.78	73.75	4.02	111.78	2.18
	Net Dr 80.85		Net Dr. 69.73		Net Dr. 109.60	
102- Suspense Accounts (Civil)	25.95	-6.43	25.54	-6.99	109.61	50.52
	Net Dr. 32.38		Net Dr. 32.53		Net Dr. 59.09	
110- Reserve Bank suspense Central Accounts Office	293.14	0.49	293.36	4.43	148.40	-95.82
	Net Dr. 292.65		Net Dr. 288.93		Net Dr. 244.22	

Source: Finance Accounts

The Finance Accounts reflect the net balances under these heads. The outstanding balances are worked out by aggregating the outstanding debit and credit separately. The implications of the balances under these heads are discussed in the succeeding paragraphs.

- **Pay and Accounts Office (PAO) Suspense**

This minor head is operated for the settlement of inter-departmental and intergovernmental transactions arising in the books of PAOs and the Accountant General. Transactions under this minor head represent either recoveries effected or payments made by an Accounts Officer on behalf of another Accounts Officer, against whom the minor head "PAO Suspense" has been operated. Credit under the head is cleared by 'minus credit' when cheque is issued by the Accounts Officer in whose books initial recovery was accounted for. Debit under 'PAO Suspense' is cleared by 'minus debit' on receipt and realisation of cheque from the Accounts Officer on whose behalf payment was made.

Outstanding debit balance under this head would mean that payments have been made by the Accountant General on behalf of a PAO, which are yet to be recovered. Outstanding credit balance would mean that payments have been received by the Accountant General on behalf of a PAO, which are yet to be paid. The net debit balance under this head has decreased during 2011-12 but again increased during 2012-13. On clearance/settlement of this, the cash balance of the State Government will increase.

- ***Suspense Account (Civil)***

This transitory minor head is operated for accounting of the transactions, which for want of certain information/documents viz., vouchers, challans etc., cannot be taken to the final head of expenditure or receipt. This minor head is credited for recording receipts and debited for expenditure incurred. On receipt of the requisite information/documents etc., the minor head is cleared by minus debit or minus credit by per contra debit or credit to the concerned major/sub-major/minor heads of accounts.

Outstanding debit balance under this head would mean payments were made which could not be debited to final expenditure head for want of details like vouchers etc. Outstanding credit balance would mean amounts were received which could not be credited to the final receipt head for want of details. The net debit balance under this head has shown a sudden spurt during 2012-13 indicating that necessary details for classification of final expenditure head were not available. Steps need to be taken for obtaining the requisite details.

3.11 Conclusion and Recommendations

Conclusion

Though the Finance Department has assured to issue fresh instructions to concerned Administrative Departments for having proper reporting mechanism, there was no change in status of most of the issues reported earlier regarding delay/non submission of UCs, details of loans/grants, submission of accounts, submission of pending DC bills, etc. Year after year Audit ask for the submission of annual accounts, however, due to apathy of the bodies/authorities in maintaining their own accounts and laxity on part of their controlling Departments, adequate steps were not taken by them to expedite the finalisation of their accounts.

Non-submission of utilisation certificates of ₹ 9,121.46 crore indicated lack of proper monitoring by the Departments in utilisation of grants given for specific purposes. The Government Departments need to furnish details of loans and advances given to different autonomous bodies/authorities. There has been non-submission/delay in submission of accounts of autonomous bodies/authorities. There was delay in submission of Detailed Contingent bills against large amounts drawn on Abstract Contingent bills for ₹ 343.86 crore by the Departmental authorities. The 166 outstanding cases of misappropriations, losses etc, and non-recovery of amounts indicated lack of efforts by the Departments to make good the losses and fix responsibility. Further, accountal of various important items of expenditure relating to various sectors, revenue receipts etc. under omnibus Minor Head – 800 resulted in non-classification of diverse activities of the Government under available minor heads.

Recommendations

The Departments should ensure timely submission of the annual accounts in respect of the autonomous bodies/authorities.

Departmental enquiries in all fraud and misappropriation cases should be expedited to bring the defaulters to book.

Accounting reforms by introducing separate object heads to capture data on salary/ non-salary items of expenditure in respect of the maintenance, salary expenditure of the staff of aided institutions and PSUs, as recommended by the Twelfth Finance Commission, is required to be undertaken.



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