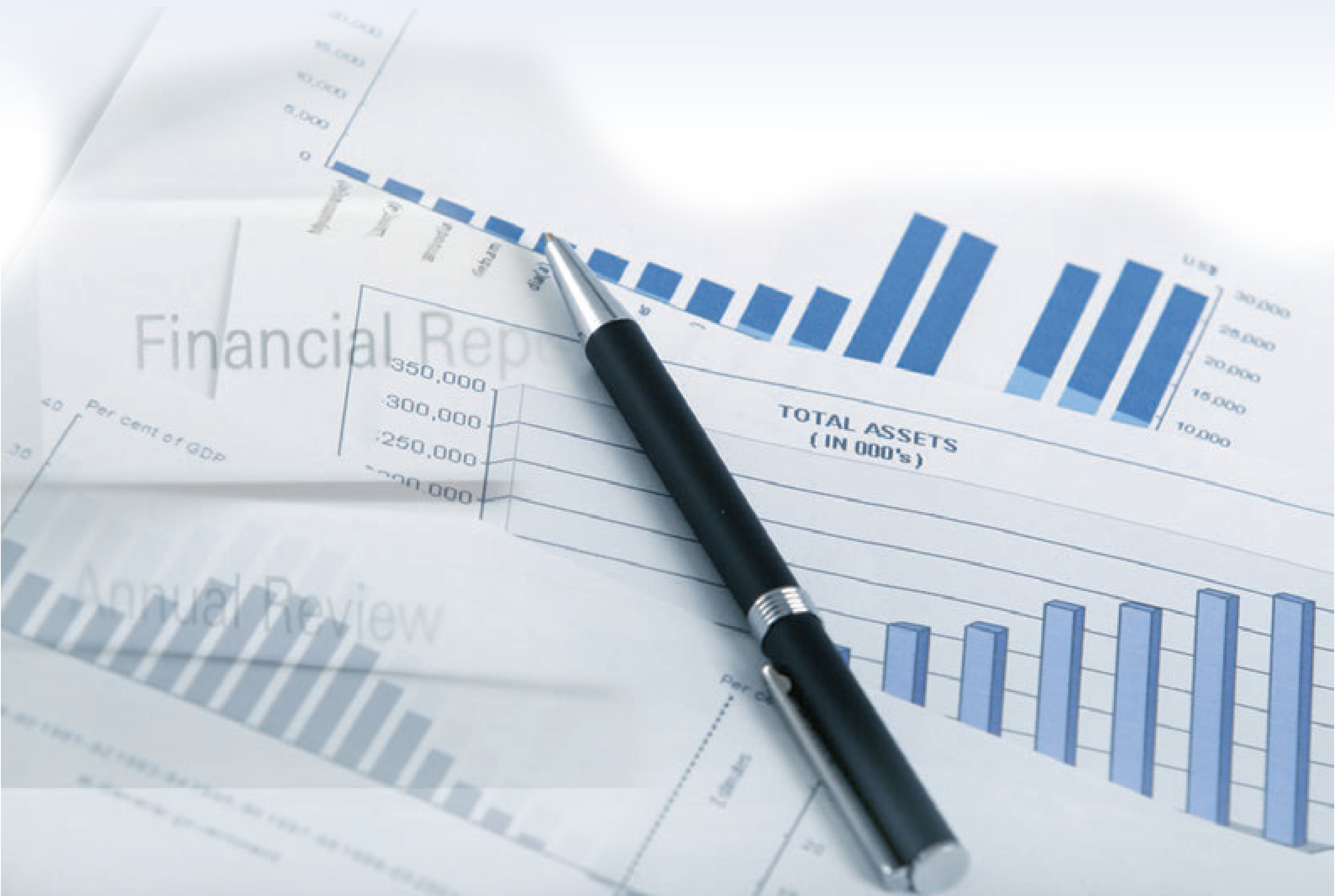
Chapter - III

Financial Reporting



Chapter III Financial Reporting

A sound internal financial reporting system based on compliance with financial rules is one of the attributes of good governance. This chapter provides an overview and status of compliance of the departments of the State Government with various financial rules, procedures and directives during the current year.

3.1 Non-submission of utilization certificates

Financial rules stipulate that for the grants provided for specific purposes, utilization certificates (UCs) should be obtained by the departmental officers from the grantees and, after verification, these should be forwarded to the Principal Accountant General (A&E) within 18 months from the date of their sanction unless specified otherwise. However, 207 UCs aggregating ₹ 615.48 crore in respect of grants paid upto 2012-13 were in arrears as detailed in **Appendix 3.1**.

The status of outstanding UCs is given in **Table 3.1.**

Table 3.1: Year-wise arrears of utilization certificates

(₹ in crore)

Year	Number of Utilization Certificates awaited	Amount
Upto 2010-11	59	35.93
2011-12	56	128.16
2012-13*	92	451.39
Total	**207**	**615.48**

Source: *Notes to Finance Accounts*

** For the grants paid during 2012-13, the Utilization Certificates will become due only during 2013-14.*

Major cases of non-submission of utilization certificates related to Health and Family Welfare Department (85 *per cent*). Non-submission of UCs defeats the very purpose of legislative control over public purse and is fraught with the risk of the funds released for various schemes/programmes having been misused or diverted for unauthorized purposes.

3.2 Non-receipt of information pertaining to institutions substantially financed by the Government

To identify the institutions which attract audit under Sections 14 and 15 of the CAG's (Duties, Powers and Conditions of service) Act, 1971, heads of the Government departments are required to furnish to Audit every year information about the institutions to which financial assistance of ₹ 25 lakh or more was given, the purpose for which assistance was granted and the total expenditure of the institutions.

Thirteen departments did not furnish the information pertaining to 309 institutions receiving grants aggregating ₹ 25 lakh or more for periods ranging from two years to more than 10 years, as detailed in **Appendix 3.2.**

In response to the observations of Audit for the year 2009-10 Finance Department had issued instructions (April 2011) to all the Secretaries of Administrative departments to furnish the required information to the Accountant General directly. However, there was no significant improvement in the position as 309 institutions had still not furnished the particulars.

3.3 Status of submission of accounts of autonomous bodies and placement of audit reports before the State Legislature

Several autonomous bodies have been set up by the State Government in the field of village and small industries, urban development, etc. The audit of accounts of eleven bodies in the State has been entrusted to the CAG. These are audited with regard to their transactions, operational activities and accounts, conducting regulatory/compliance audit, review of internal management and financial control, review of systems and procedures, etc.

Separate audit reports in respect of four autonomous bodies for the year 2010-11 and seven autonomous bodies for the year 2011-12 were yet to be placed before the State Legislature.

The status of entrustment of audit, rendering of accounts, issuing of audit reports and their placement before the State Legislature are indicated in **Appendix 3.3**.

3.4 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 finalization 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 heads of departments in the Government are to ensure that the undertakings prepare and submit such accounts to Principal Accountant General for audit within a specified time frame. Out of the eight undertakings, which have been closed/transferred/converted into co-operative federations, proforma accounts in respect of two undertakings were due from 1969-70. The position of arrears in preparation of proforma accounts by the undertakings is given in **Appendix 3.4.**

The Finance Department replied (December 2013) that, with the online computerisation of treasury and the system of drawal on treasuries by preferring bills, there appears to be no necessity for preparation of proforma accounts. The Administrative Departments of these undertakings will be instructed to examine the necessity or otherwise of maintaining of proforma accounts. Karnataka Government Insurance Department will continue to render proforma accounts.

3.5 Misappropriations, losses, etc.

There were 57 cases of misappropriation, losses, etc., involving Government money amounting to ₹ 6.80 crore as at the end of 2012-13 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 the nature of these cases is given in **Appendix 3.6.** The particulars of the pending cases in each category of theft and misappropriation are given in **Table 3.2.**

Table 3.2: Profile of pending cases of misappropriations and theft

(₹ in crore)

Nature of the cases	Number of cases	Amount involved
Theft	11	0.06
Misappropriation	46	6.74
Total	**57**	**6.80**

Source: *Information compiled by office of Pr.AG (G&SSA), Pr.AG (E&RSA) and Pr.AG(A&E)*

Around 97 *per cent* of the amount involved pertained to departments of Water Resources (₹ 4.50 crore), Forests, Ecology and environment (₹ 1.33 crore) and Public Works (₹ 0.75 crore).

3.6 Non- receipt of stores and stock accounts

The annual accounts of stores and stock are required to be furnished by various departments to Audit by 15 June of the following year. The half yearly accounts of Public Works, Water Resources and minor Irrigation Departments are due to be received by 15 December of the year and 15 June of the following year. Delay in receipt of stores and stock accounts have been commented upon in successive audit reports.

The position of arrears relating to submission of stores and stock accounts by 13 departments involving 109 offices as of September 2013 is indicated in **Appendix 3.7.**

3.7 Abstract Contingent bills

Under Rule 36 of the Manual of Contingent Expenditure, 1958 the Controlling and Disbursing Officers are authorized to draw sums of money by preparing Abstract Contingent (AC) bills, by debiting service heads, and are required to present detailed contingent bills (vouchers in support of final expenditure) to the Principal Accountant General (A&E) through treasuries. Detailed bills aggregating ₹ 122.04 crore, drawn on 9,789 AC bills, were pending as at the end of March 2013, as detailed in **Table 3.3.** Controlling officers should also ensure that no amounts are drawn from the treasury unless required for immediate disbursement**.**

Table 3.3: Pending Abstract Contingent bills

(₹ in crore)

Year	Abstract Contingent bills drawn		Detailed Contingent bills rendered		Outstanding Abstract Contingent bills	
	No. of Bills	Amount	No. of bills	Amount	No.	Amount
Upto 2010-11	38,459	327.80	34,026	288.84	4,433	38.96
2011-12	8,019	97.44	6,094	69.45	1,925	27.99
2012-13	6,356	76.98	2,925	21.89	3,431	55.09
Total	**52,834**	**502.22**	**43,045**	**380.18**	**9,789**	**122.04**

Source: *Notes to Finance Accounts – 2012-13*

Out of ₹ 76.98 crore drawn against AC bills in 2012-13, bills for ₹ 44.90 crore were drawn in March 2013, of which, ₹ 2.71 crore were drawn on the last day of the financial year.

The withdrawal of money on an AC bill is accounted against the functional Major Head in the consolidated fund. Unless the accounts are settled within the time allotted, the expenditure stands inflated. This impacts the fiscal indicators of the Government (Revenue surplus/fiscal deficit). Instructions were issued by the Finance Department to all Principal Secretaries/ Secretaries to Government (June 2010) for settlement of accounts within the stipulated period.

Review of Abstract Contingent bills under grant No.18 – Commerce and Industries and grant No. 19 – Urban Development was conducted between July-September 2013 and the findings are detailed below.

3.7.1 Non-submission/delayed submission of detailed bills

According to Rule 37(b)(3) of the Manual, DDOs are required to send detailed bills in respect of AC bills drawn by them to their Controlling Officers before the closure of the first week of the following month in which AC bills are drawn for onward transmission to PAG (A&E) by the fifteenth of the same month.

As of September 2013, 87 DDOs (Deputy Commissioners and Tahasildars) had not submitted Non payment Detailed Contingent bills for ₹ 5.72 crore drawn on 158 AC bills for the purpose of elections to Urban Local Bodies.

Further, there was delay upto 2 years in forwarding the detailed bills for ₹ 1.38 crore on 57 AC bills by 45 DDOs during 2010-13 to the Treasury/ Pr.AG(A&E).

3.7.2 Shortfall in achievement of financial and physical targets due to delay in getting approval of Finance Department.

A sum of ₹ 24.90 lakh was provided in the budget for the year 2012-13 to organize awareness programmes in different districts by the Department of Mines and Geology for proper utilization of ground water, conservation of water and importance of rain water harvesting. As the amount required was in excess of ₹ 2 lakh, the Department (May 2012) requested the Secretary, Minor Irrigation department to accord approval for withdrawal of sums through AC Bills after getting the authorization from the Finance department. As the Finance department's approval was communicated only in January 2013 after a delay of seven months, the department could organize only nine awareness camps out of 48 targeted by incurring an expenditure of ₹ 5.10 lakh. It was replied that further camps could not be organized because notification for the examinations of schools and colleges were issued and code of conduct came into existence for Assembly elections.

3.8 Personal Deposit Accounts

The Karnataka Financial Code provides for opening of Personal Deposit (PD) accounts with permission from Government in cases where the ordinary system of accounting is not suitable for transactions. PD accounts created by debit to the Consolidated Fund of the State should be closed at the end of the financial year. Administrators of the accounts should intimate the Treasury Officer the balance to be transferred to the Consolidated Fund. For continuation of PD accounts beyond the period of its currency, administrators are required to seek the permission of the Finance Department. Periodical reconciliation of PD accounts with treasury accounts is the responsibility of the administrators concerned.

3.8.1 Funds kept in PD Accounts

The transactions relating to PD accounts for the period 2008-13 are detailed in **Table 3.4.**

Table 3.4: Funds in PD accounts

(₹ in crore)

Year	Opening balance	Receipts/Deposits	Withdrawals	Closing balance
2008-09	691.29	1,593.31	1,438.29	846.31
2009-10	846.31	3,491.10	3,123.18	1,214.23
2010-11	1,214.23	2,201.06	1,942.39	1,472.90
2011-12	1,472.90	2,737.35	2,732.00	1,478.25
2012-13	1,478.25	3,582.23	2,974.30	2,086.18

Source: *Finance Accounts*

As the balances in the deposit account have been showing an increasing trend over the years, action is required to be initiated to follow the provisions of the code for write back /cleaning up of balances in respect of funds which have outlived their utility.

The closing balance of ₹ 2,086.18 crore mainly related to the following Administrators.

(₹ in crore)

Sl. No	Administrators	Amount
1	Personal deposits General	279.24
2	Deputy Commissioners	1,709.80
3	H.D.F.C.	8.50
4	Sugar Price Equalization Fund	13.96
	Total	**2,011.50**

Source: *DDR Ledger*

3.8.2 Reconciliation of Personal Deposit (PD) accounts

The purpose of PD accounts is to enable drawing and disbursing Officers (DDOs) to incur expenditure pertaining to a scheme, for which funds are placed at their disposal, by transfer from the Consolidated Fund of the State. Administrators are required to close these accounts on the last working day of the year by crediting the unspent balances to the Consolidated Fund. During 2012-13, an amount of ₹ 871.16 crore was transferred to PD accounts. Under the rules, Administrators of PD accounts are required to reconcile the balances of these accounts with the treasury officers (where the detailed accounts are maintained by the treasuries) and with the Principal Accountant General (A&E) (where the detailed accounts are maintained by the Principal Accountant General). Information on reconciliation of figures by the Administrators with the treasuries is not available, but none of the Administrators of the 55 PD accounts have reconciled their accounts with the Principal Accountant General (A&E).

Review of Grant 18 revealed non-reconciliation of balances in Personal Deposit Accounts in the Department of Handloom and Textiles as at the end of March 2013 as detailed below:

Particulars (as at the end of March 2013)	Amount (in ₹.)
Closing Balance as per cash book as on 31.03.2013	20,000.00
Closing balance as per Treasury Schedule as on 31.03.2013	5,20,977.83
Less :Un-encashed cheque	1,60,120.00
Add : Cheque deposited but not cleared	3,63,640.00
Net difference	7,04,497.83

The Department replied (July 2013) that on verifying the Treasury schedules an amount of ₹ 3,99,175 has wrongly been credited to the account during April 2008 and that a letter has been addressed to District Urban Treasury to reverse the entry. For the remaining balance of ₹ 3,05,323 action is being taken to trace the difference.

The number of operative / inoperative PD accounts is indicated in the **Table 3.5** and the details of adverse balances thereof are in **Appendix 3.8.**

Under the rules, the State Government is required to close all PD accounts remaining inoperative for more than three years. As on March 31, 2013, 25 PD Accounts with an outstanding balance of ₹ 70.55 crore were inoperative for more than three years. Details are given below:

Table 3.5: Operative / In-operative PD accounts

(₹ in crore)

Particulars	Personal Deposit Accounts			
	Credit		Debit*	
	No. of Accounts	Amount	No. of Accounts	Amount
Operative PD Accounts	13	2,063.14	17	47.51
In-Operative PD Accounts*	20	72.02	5	1.47

Source: *Finance Accounts*

As could be seen from the table, debit balances (adverse) totalling ₹ 47.51 crore appeared in respect of Seventeen administrators (operative PD Accounts) and ₹ 1.47 crore in respect of five administrators (in-operative PD Accounts), indicating the need for reconciliation.

3.8.3 Court attachment of Personal Deposit (PD) account

According to the guidelines issued for development of roads in Sugar factory areas, cess at the rate of rupees ten per ton were to be collected by the commercial tax department and credited to the Consolidated Fund as tax revenue. Budget provision for development of roads in sugar factory area for a financial year was to be made with reference to the actual collection of cess made in the second preceeding year to the budget year and the funds were provided under the capital head of account. The Commissioner, Sugarcane Development and Director of Sugar was to operate the PD account to enable use of the fund continuously without lapse of the fund.

Consequent upon the default by a sugar factory[14] in re-payment of loan amounting to ₹ 4.68 crore guaranteed by the Directorate of Cane sugar, the PD account with a balance of ₹ 1.90 crore was attached by the Debt Recovery Tribunal (DRT) in July 2004 whereupon the Commissioner, Sugarcane Development and Director of sugar stopped operating the PD account and instead operated a Savings Bank (SB) Account for carrying out the transaction.

3.9 Reconciliation of receipts and expenditure

To exercise effective budgetary control over expenditure and to ensure accuracy in accounts, all Controlling Officers are required to reconcile every month, the receipts and expenditure recorded in their books with the figures accounted for by the Principal Accountant General (A&E). Reconciliation of receipts has been completed for a value of ₹ 73,722.41 crore (94 *per cent* of total receipts of ₹ 78,209.26 crore). Reconciliation of expenditure has been completed for a value of ₹ 53,328.59 crore (58 *per cent* of total expenditure of ₹ 91,771.73 crore). Non-reconciliation of accounts has an impact on the assurance on the completeness and correctness of the receipts and expenditure figures depicted in the accounts.

3.10 Bookings under Minor head 800 – 'Other Receipts' and 'Other Expenditure'

The expenditure of the government under the Consolidated Fund is classified under revenue and capital under various functional major heads. The sub-major heads and minor heads representing the sub-functions/ programmes are opened below the major heads. The minor head 800 is an omnibus head, opened in the accounts, when a particular item of expenditure/receipt cannot be accommodated in any of the existing minor heads. An amount of ₹ 28,335.98 crore under Revenue, Capital and Loan Major Heads of accounts of expenditure had been classified under the minor head '800-Other Expenditure' in the accounts, constituting about 31 *per cent* of the total expenditure (Revenue, capital and Loan) during the year. Several schemes/ programmes/ activities such as rural road works, sewerage and sanitation scheme – Suvarna Grama, Rashtriya Krishi Vikasa Yojana, Accelerated Irrigation Benefit Programme, equities, investments, etc., having huge expenditure are accounted under the minor head 800. Such accounting obscures transparency in accounts for informed decision making.

[14] Sahakari Sakkare Kharkhane Niyamitha, Aland

Similarly ₹ 22,064.20 crore under Revenue, Capital and Loans Major Heads of accounts on receipts side were classified under the minor head '800 - Other Receipts' in the accounts constituting about 28 *per cent* of the total receipts.

Finance Department replied (December 2013) that, a committee was constituted for the purpose of review of such transactions, and action has been taken to transfer such expenditure/receipt to other minor heads wherever found feasible. In respect of cases where proper minor heads could not be identified, the issue has been taken up with CAG/CGA for clarification.

3.11 Comments on Accounts

3.11.1 Non-remittance of compensation amount to Government account

The Police Department had transferred (March 2008) 2556.08 sq. metres of land at three places in Bangalore to Bangalore Metro Rail Corporation Limited (BMRCL) for the Metro Rail Project, for which the Corporation had paid (June and October 2008) an amount of ₹ 7.12 crore towards compensation. As per the provisions of Karnataka Financial Code (KFC), the amount so received should be remitted in full without any delay into Government account. However, the Commissioner of Police did not remit the compensation amount, into the Treasury but deposited it in a Savings Bank account of a Nationalised Bank held in the name of Deputy Commissioner of Police (Administration). The Commissioner of Police ordered (November 2008) utilization of the compensation of ₹ 7.12 crore along with interest earned (₹ 0.06 crore) thereon, for construction of a Police Station and Staff Quarters through Karnataka State Police Housing Corporation Limited though these works did not have the approval of the Legislature.

Thus, the appropriation of compensation amount for departmental expenditure was in contravention of the provisions of KFC. The Department accepted (September - 2013) violation of KFC provisions by Commissioner of Police and stated that action was under examination by Government, which was also reiterated by the Finance Department (December - 2013).

3.11.2 Transparency in accounts

To bring out greater transparency and to enable informed decision making in Government Accounts, the TFC had recommended inclusion of certain statements/appendices in the Finance Accounts which would give details of expenditure at object head level such as salaries, maintenance expenditure, subsidies including implicit subsidies, debt liabilities, cash flow statement etc.

Non-inclusion of salary details in respect of PRI employees in the Finance Accounts of the State Government and the overlapping of heads relating to the salary expenditure of ULBs are discussed in para 1.6.3. Subsidy expenditure shown in accounts being incomplete on account of exclusion of items of expenditure forming implicit subsidy are also discussed in the same para.

The appendix on maintenance expenditure does not give data on salary expenditure.

Accounting reforms are required to be undertaken to bring the data into accounts for transparency.

The State Government had stated (October 2011) that the maintenance expenditure was split into work charged establishment and maintenance at sub head level in the List of Major and Minor Heads of Accounts. Efforts would be made to provide estimates separately either at sub head level or object head level from 2012-13 Budget estimate. However, inspite of circular instructions the data on salary was not captured in the accounts.

3.11.3 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. This head is cleared on receipt of relevant details/information. DDR 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 factors like (i) large number of transactions under suspense heads awaiting final classification and (ii) increasing number and magnitude of adverse balances under Debt, Deposit and Remittances (DDR) heads. A general review of the transactions showed the following:

a) Outstanding balances under major suspense accounts

Certain intermediary/adjusting heads of accounts known as 'Suspense heads' are operated in Government accounts to reflect transactions of receipts and payments which cannot be booked to a final head of account due to lack of information as to their nature or for other reasons. 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. The balances under certain major suspense heads of accounts, as recorded in the ledger maintained by PAG (A&E), are indicated in **Table 3.6.**

Table 3.6: Suspense Head (8658 – Suspense Accounts)

(₹ in crore)

Name of Minor head	2010-11		2011-12		2012-13	
	Dr	Cr	Dr	Cr	Dr.	Cr.
101 – Pay and Accounts Office Suspense	60.49	0.05	71.14	2.45	68.91	1.41
Net	Dr. 60.44		Dr.68.69		Dr.67.50	
102 – Suspense Account (Civil)	25.24	6.86	24.51	6.71	23.76	8.93
Net	Dr. 18.38		Dr.17.80		Dr.14.83	
110 – R B Suspense – Central Accounts Office	59.24	99.82	140.20	182.48	20.30	60.22
Net	Cr. 40.58		Cr.42.28		Cr.39.92	

***Source**: DDR Ledger/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 Pr. 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 Pr. Accountant General on behalf of a PAO, which were yet to be recovered. Outstanding credit balance would mean that payments have been received by the Pr. Accountant General on behalf of a PAO, which were yet to be paid. The net debit balance under this head has been showing an increasing trend. 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 decreased only marginally during the year.

❖ ***Reserve Bank Suspense, Central Accounts Office***

This minor head is operated in the books of State Government for repayment of loans and payment of interest in respect of Central Loans received by the Government. At the time of repayment of loan and payment of interest thereon by the State Government, this head is debited by crediting the loans/interest head. The credit balance under this head was ₹ 39.92 crore, decrease of ₹ 2.36 crore over the previous year, indicating that corresponding clearances had not been made by the concerned Pay and Accounts Offices for the above amount.

b) Adverse balances under DDR Heads

Adverse balances are negative balances appearing under those heads of accounts, where there should not be a negative balance. For example, against the accounting head of any loan or advance, a negative balance will indicate more repayment than the original amount advanced. As revealed by Finance Accounts for the year 2012-13, adverse balances under E-Public Debt amounted to ₹ 144.88 crore, while under F-Loans and Advances it was ₹ 21.67 crore. The adverse balance under E-Public Debt was mainly on account of credits not being accounted under the Consolidated Fund (National Co-operative Development Corporation Loans - 6003-108). In respect of Government of India Loans (Major Head 6004), it was on account of write-off of Central Loans on the recommendations of Thirteenth Finance Commission (balances outstanding as per books of accounts as at 31 March 2010). In respect of loans and advances it was on account of non-reconciliation/misclassification in accounts.

Finance Department stated (December 2013) that, the adverse balances under loans and advances are mostly under miscellaneous loans for which details are not available either with Pr.AG (A&E) or with the department as these loans relate to very old period. It is therefore not possible to reconcile the balances and find out the reasons for adverse balances. These balances may have to be written back to miscellaneous government account treating them as un-reconciled balances which has reached a dead end and not susceptible for reconciliation/verification.

3.12 Conclusion

Detailed bills against abstract contingent bills have been found wanting since long and large sums of money were being retained in PD Accounts against the principle of Legislative financial control. Non-reconciliation of expenditure and receipts was to the extent of 42 *per cent* of total expenditure and six *per cent* of total receipts respectively. There were adverse balances under certain accounts in Consolidated Fund heads, which required remedial action for clearance.

3.13 Recommendations

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 Panchayat Raj Institutions, as recommended by the Finance Commission, are required to be undertaken. Immediate steps need to be taken for review of status of PD accounts and closure of inoperative ones. Review of suspense heads needs to be done to bring the transactions to the final heads in the accounting year itself.

BANGALORE
The 04.02.2014

(D.J. BHADRA)
Principal Accountant General
(General and Social Sector Audit)

COUNTER SIGNED

NEW DELHI
The 05.02.2014

(SHASHI KANT SHARMA)
Comptroller and Auditor General of India