

**CHAPTER-IV:  
QUALITY OF ACCOUNTS AND  
FINANCIAL REPORTING  
PRACTICES**



## Chapter IV: Quality of Accounts and Financial Reporting Practices

*This chapter comments on the quality of accounts rendered by various authorities of the State Government and issues of non-compliance with prescribed financial rules and regulations by various departmental officials of the State Government.*

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.

### **4.1 Funds outside Consolidated Fund or Public Account of the State**

Article 266 (1), 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 the 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 money 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.

#### **4.1.1 Irregularities in accounting of receipts and expenditures by the Power Department of Sikkim**

The Sikkim Financial Rules (SFR) stipulates that all money received by or on behalf of Government should be brought into Government account without delay; and “the head of every Department/office shall be responsible to ensure that all revenue, receipts or other sums due to Government are regularly and promptly assessed, realized and credited to Government Account under the relevant head of account”. Further, as per the provisions of Articles 266(3), 267(2) and 283(2) of the Constitution of India, no authority may incur any expenditure or enter into any liability involving expenditure or transfer of money for investment or deposit from Government Account unless such expenditure or transfer, as the case may be, has been sanctioned by general or special orders of Government or by any authority to which power has been duly delegated on its behalf.

The Power Department of Sikkim (PDS) is entrusted with management of electricity operations in the State. The activities of PDS include generation of electricity, supply of electricity, create, operate and maintain infrastructure required for distribution of electricity within the State. In addition, the PDS also conducts trading *i.e.* selling and purchasing of electricity outside the state. As PDS is a

government Department, it is required to follow Government accounting rules for accounting of receipts<sup>28</sup> and expenditure.

**Table 4.1** shows the details of irregularities *w.r.t* accounting of receipts and expenditure during 2019-20 during audit of PDS.

**Table 4.1: Irregularities *w.r.t* accounting of receipts and expenditure by PDS**

(₹ in crore)

Particulars	Amount Involved	Audit Observations
<b>Receipts</b>		
<b>Sale proceeds of electricity sold outside the State (Surplus Power)</b>	103.69	PDS does not credit the sale proceeds of electricity sold outside the state into Government Account, instead the same is credited into a bank account.
<b>Royalty receipts from the HEPs located in the State</b>	284.60	Royalty amounting to ₹ 284.60 crore from five <sup>29</sup> HEPs had not been credited into Government Account and was lying in the Bank Accounts maintained by the PDS. <ul style="list-style-type: none"> <li>• The royalty receipts of ₹ 238.97 crore from two<sup>30</sup> HEPs are being paid for repayment of loans availed by Sikkim Power Investment Corporation Limited (SPICL, a State PSU) from Power Finance Corporation (PFC) and</li> <li>• During 2019-20 the royalty receipts of ₹ 45.63 crore from the remaining three<sup>31</sup> HEPs were not transferred to Government Account, and was lying in the bank account as on 31 March 2020.</li> </ul>
<b>Total</b>	<b>388.29</b>	
<b>Expenditure</b>		
<b>Purchase of electricity</b>	261.86	During the winter season the State experiences shortage in electricity. The PDS purchases electricity from the revenue earned by selling the surplus electricity and the expenditure was incurred from the same bank account in which the receipts from the sale of electricity outside the state are credited (Sl. No.1). As such the expenditures were being incurred without approval of Legislature and were not reflected in Government Accounts.
<b>Repayment of Loans</b>	225.75	The PDS had borrowed loans from PFC, through

<sup>28</sup> The PDS has three mainsources of revenue (i) sale proceeds of electricity sold to outside the State, (ii) royalty receipts from the Hydro-electric Projects (HEPs) located in the State and (iii) sale proceeds of electricity within the state.

<sup>29</sup> i). Chuzachen (GATI), ii) Teesta Stage III (TeestaUrja Ltd) iii) JorethangLopp (DANS Energy), iv) Dikchu (Sneha Kinetic) and v) Tashiding (Shiga Energy)

<sup>30</sup> i). Chuzachen (GATI): Out of royalty amounting to ₹ 23.06 crore, ₹ 9.84 crore was transferred to SPICL, which was used for servicing loan from PFC. The balance amount of ₹ 12.83 crore was invested in FD and ₹ 0.39 crore was lying the bank account, ii) Teesta Stage III (TeestaUrja Ltd): royalty amounting to ₹ 215.91 crorewas directly paid by this HEP to PFC for repayment of loans availed by SPICL.

<sup>31</sup> i) JorethangLopp (DANS Energy): ₹ 14.30 crore, ii) Dikchu (Sneha Kinetic): ₹ 15.93 crore and iii) Tashiding (Shiga Energy): ₹ 15.40 crore.

Particulars	Amount Involved	Audit Observations
		SPICL. The servicing of the loans availed by the SPICL from PFC was done from the royalty money received from two HEPs (Sl. No. 2). However, the legislative approval for incurring expenditure on servicing of loans was not obtained. Therefore, these expensed were also not included in Government Account.
<b>Total</b>	<b>487.61</b>	

As can be seen from the above, Revenue Receipts of ₹ 388.29 crore earned from sale proceeds of electricity sold to outside the State and royalty receipts from the HEPs located in the State, were not deposited in the Consolidated Fund of State by PDS. This led to understatement of Government Revenue Receipts by ₹ 388.29 crore and overstatement of Revenue Deficit to that extent. Further, an expenditure of ₹ 487.61 crore had been incurred without routing through Government Accounts resulting in understatement of Government expenditure by ₹ 487.61 crore with consequential understatement of Revenue Deficit and Fiscal Deficit. This led to an overall understatement of Revenue Deficit and Fiscal Deficit by ₹ 99.32 crore during 2019-20.

In reply (February 2021), the Power Department stated that the department is ready to streamline the present system as required and mandatory under Rules/Norms.

***Recommendation: Departments should adhere to the Government Accounting Rules and all the transactions of financial assistance to Departments and State Bodies should be routed through Government Accounts to reflect actual financial position of the State.***

## **4.2 Off-Budget Borrowings**

Off-budget borrowings or off-budget financing generally refer to use of those financial resources by the Government for meeting expenditure requirements in a particular year or years, which are not reflected in the budget for that year/ those years for seeking grant/ appropriation, hence remaining outside legislative control. These are financed through Government owned or controlled public sector enterprises or departmental commercial undertakings, which raise the resources through market borrowings on behalf of the Government. However, the Government is to repay the debt and/or service the debt from its budget. Therefore, off-budget borrowings/ financing involve (a) payment of interest on recurrent basis and (b) repayment of the borrowings from budget as and when it is due.

Further, the State Fiscal Responsibility & Budget Management (SFRBM) Act, 2010 provides for prudent and sustainable debt management consistent with fiscal stability through limits on State Government's borrowings, including off-budget and achieving greater transparency in fiscal operation of the Government and

conduct of fiscal policy in a medium term fiscal framework<sup>32</sup> and for matters connected therewith or incidental thereto.

In line with the Act, the MTFP contains medium term fiscal objectives of the Government, evaluation of performance of the prescribed fiscal indicators in the previous year and the likely performance during the current year. Further, the Plan also contains the policies of the State Government for the ensuing financial year relating to taxation, expenditure, borrowings and other liabilities, subsidies, lending and investments, guarantees, off-budget borrowings and activities of Public Sector Undertakings that have potential budgetary implication.

Two Government Entities (PSUs) raised loans amounting to ₹ 245.60 crore during 2019-20 for implementation of State Government Schemes/ Programmes, as detailed in **Table 4.2:**

**Table 4.2: Off-Budget Borrowings during 2019-20**

(₹ in crore)

Name of the Institution	Bank/ Financial Institution	Borrowings of the Institution during 2019-20	Maximum amount Guaranteed/ LOC issued	Purpose of Loan	Source of Repayment (Principal & Interest)
<b>Sikkim Housing and Development Board</b>	HUDCO	139.58	361.00	Chief Minister's Rural Housing Mission Phase-I	Budgetary Support (Rural Development Department, GoS)
<b>State Trading Corporation of Sikkim</b>	CBI, Gangtok	106.02	300.00	Multispeciality Hospital, Socheygang (Procurement of equipment)	Budgetary Support (Health Department, GoS)
<b>Total</b>		<b>245.60</b>			

As can be seen from the table above, the borrowings made by the PSUs have budgetary implications since the repayment of the loans raised was to be done through budgetary support, these borrowings would have been made part of the MTFP for the year 2019-20 and 2020-21. However, none of these loans raised by PSUs amounting to ₹ 245.60 crore during 2019-20 formed part of the outstanding liabilities of the State Government, which was violative of the FRBM Act. As such, these borrowings led to understatement of fiscal liabilities by ₹ 245.60 crore as on 31 March 2020.

On this being pointed out, Controller (Accounts), Finance Department stated that the borrowings were made by the PSUs for funding the capital nature of work of the departments concerned. The Department further replied that the State Government did not make these borrowings and the State Government had only

<sup>32</sup> As per Section 3 of the SFRBM Act, the State Government has to lay before the State Legislature, a Medium Term Fiscal Plan along with Budget. The Medium Term Fiscal Plan (MTFP) sets forth a year rolling target for the prescribed fiscal indicators.

stood as a guarantor for which, details are shown in Statement 9 of the Finance Accounts.

The reply was not acceptable, as the PSUs had borrowed funds for implementation of Government projects / schemes as such, these loans were availed through SPUs to keep the State's borrowings within the ceilings prescribed under FRBM Act. Moreover, these loans were not reflected in the MTFP as stipulated in SFRBM Act.

During the Exit Conference Meeting, the Principal Accountant General brought the matter of off-budget borrowings to the notice of the members of FD and emphasised that such practices compromise the prudent and sustainable debt management on the part of the State Government.

***Recommendation: The Government may enhance the scope and coverage of budget provision by including the extra budgetary resources given to various State Government PSUs/entities for implementation of various State Government Schemes/ Programmes etc.***

### **4.3 Funds transferred directly to State implementing agencies**

As per GoI decision (08 July 2015), all assistance to Centrally Sponsored Schemes (CSS) and Additional Central Assistance (ACA) under the various schemes would be released directly to the State Government and not to the Implementing Agencies (SIA) in the State and hence these funds would be routed through the State Budget from 2015-16 onwards. However, during 2019-20, the GoI transferred ₹ 40.13 crore directly to Implementing Agencies in the state (Details in **Appendix 4.1**). The out-side the budget funds transferred by GoI to SIAs during 2019-20 was more as compared to the previous year's amount which stood at ₹ 18.83 crore.

Out of ₹ 40.13 crore, major portion *i.e.* ₹ 7.50 crore (18.69 *per cent*) was transferred for MPLAD (Member of Parliament Local Area Development) Scheme, Rastriya Gokul Mission - ₹ 6.78 crore (16.90 *per cent*), Sikkim State AIDS Control Society - ₹ 5.54 crore (13.81 *per cent*), Sikkim Tourism Dev Corp - ₹ 3.03 crore (7.55 *per cent*), Sikkim University ₹ 2.88 crore (7.18 *per cent*), Establishment of AYUSH ₹ 2.82 crore (7.03 *per cent*), Sikkim State NSS Cell ₹ 1.66 crore (4.14 *per cent*) and Registrar General High Court of Sikkim ₹ 1.61 crore (4.01 *per cent*).

As the funds were not routed through the State Budget/ State Treasury System, the Annual Finance Accounts did not capture these funds and to that extent, the State's receipts and expenditure as well as other fiscal variables/ parameters derived from them did not represent the complete picture. Further, direct transfers from the GoI to the SIAs run the risk of poor oversight.

### **4.4 Delays in submission of Utilisation Certificates of Grants-in-aid**

Rule 115 of SFR states that in the case in which conditions are attached with the utilisation of a grant in the form of specification or particular objects or expenditure or the time within which the money must be spent, or otherwise, the sanctioning

authority shall be primarily responsible for certifying to the Accountant General, where necessary, the fulfilment of conditions attached to grant, unless there is any special rule or order to the contrary. Further, Rule 116 (1) of the SFR stipulates that every grant made for a specific object is subject to implied conditions: (i) that the grant shall be spent upon the object within a reasonable time of one year from the date of issue of the letter sanctioning grant and (ii) that any portion of the amount which is not ultimately required for expenditure upon that object shall be duly surrendered to Government.

Utilisation Certificates (UCs) outstanding beyond the specified periods indicate absence of assurance on utilisation of the grants for intended purposes and the expenditure shown in the accounts to that extent cannot be treated as final.

Grantor obtains assurance through means of UCs about proper utilisation of the funds placed at the disposal of the Grantee for the sanctioned purpose. Any delay in furnishing UCs to the Grantor or an inaccuracy in such reporting essentially undermines the control mechanism designed to prevent the diversion from the intended purposes as well as timely utilisation of grants. To the extent of non-receipt of UCs, the expenditure shown in accounts cannot be treated as final nor can it be confirmed that the amount has been expended for the purpose sanctioned.

Status of outstanding UCs as per the records of the office of the Sr. Deputy Accountant General (Accounts & Entitlement) {(Sr. DAG) (A&E)} Sikkim is given at **Appendix 4.2**.

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

(₹ in crore)

Year	Opening Balance		Additions		Clearance		Closing Balance	
	Nos.	Amount	Nos.	Amount	Nos.	Amount	Nos.	Amount
Up to 2017-18	1806	176.40	281	95.18*	554	77.87	1533	193.71
2018-19	1533	193.71	230	87.06	459	108.56	1304	172.21
2019-20	1304	172.21	306	65.96**	174	34.18	1436	203.99

**Source: Finance Accounts and VLC data**

\* The oldest outstanding UCs pertains to 2002-03 amounting to 1.24 crore.

\*\* Except where the sanction order states otherwise, utilisation certificates in respect of grants disbursed during 2019-20 become due only during 2020-21.

It can be seen from the above table that 1436 UCs involving an amount of ₹ 203.99 crore were awaited as on 31 March 2020. Out of these, 1138 UCs worth ₹ 140.33 crore were outstanding as on 31 March 2020. The remaining 298 UCs for ₹ 63.66 crore pertaining to 2019-20 will become due in 2020-21 only.

Year-wise trend of outstanding UCs for the period 2013-20 is given in the following table.



**Table 4.4: Year wise break up of awaiting/ outstanding UCs**

(₹ in crore)

Year	Number of UCs awaiting/ outstanding	Amount
2013-14	4877	634.24
2014-15	4848	598.67
2015-16	3314	429.62
2016-17	1808	176.40
2017-18	1533	193.71
2018-19	1304	172.21
2019-20	1436	203.99

Source: Figures furnished by A&E office (VLC)

As can be seen from the table above, the State has managed to reduce its number of awaiting/ outstanding UCs from 4877 in 2013-14 to 1304 in 2018-19 but the number of awaiting/ outstanding UCs increased to 1436 during 2019-20.

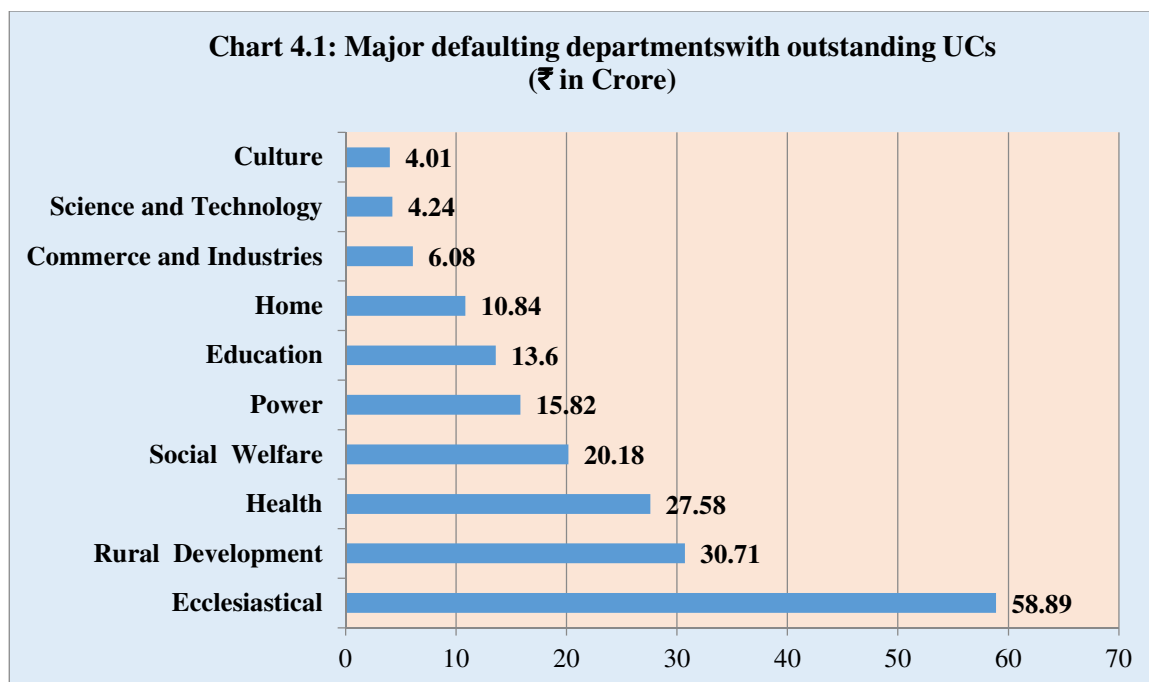
High pendency of UCs was fraught with the risk of misappropriation, thus it is imperative that the State Government should monitor this aspect closely and hold the concerned persons accountable for submission of UCs in a timely manner.

The major defaulting departments are listed in **Table 4.5**.

**Table 4.5: Major defaulting departments who had not submitted UCs**

Major Defaulting Department	Number	Amount (₹ in crore)	Percentage of outstanding UCs
Ecclesiastical	116	58.89	28.87
Rural Development	91	30.71	15.06
Health	26	27.58	13.52
Social Welfare	377	20.18	9.89
Power	20	15.82	7.75
Education	16	13.60	6.67
Home	16	10.84	5.31
Commerce and Industries	20	6.08	2.98
Science, Technology	20	4.24	2.08
Culture	141	4.01	1.97

Source: Figures furnished by A&E office



Source: Figures furnished by A&E office

The major defaulting departments which failed to submit utilisation certificates with ten *per cent* or more of the total outstanding UCs were Ecclesiastical with ₹ 58.89 crore (28.87 *per cent*), Rural Development – ₹ 30.71 crore (15 *per cent*), Health – ₹ 27.58 crore (14 *per cent*) and Social Welfare – ₹ 20.18 crore (10 *per cent*).

During the Exit Conference, the Principal Accountant General requested the Finance Department to settle the outstanding UCs as per existent rules, to which, Director of Budget assured that a meeting will be held soon to expedite settlement of outstanding UCs.

## 4.5 Abstract Contingent bills

### 4.5.1 Pendency in submission of Detailed Contingent (DC) Bills against Abstract Contingent (AC) Bills

The drawal of contingent charges on items of expenditure by a State Government, for which final classification and supporting vouchers is not available at the time of drawal are made on ‘Abstract Contingent’ (AC) Bills. Initially made as advance, its subsequent adjustments are ensured through submission of Detailed Contingent (DC) bills within a stipulated period of drawal of AC bill. DC bill consists of abstract of expenditure along with sub-vouchers for amount drawn through AC bill. Drawing and Disbursing Officers are required to present Detailed Countersigned Contingent (DC) bills duly countersigned by the Controlling Officer in all these cases within the period prescribed in the State Treasury Rules.

Government of Sikkim, Finance Department Office Circular No. 168/Fin (Accts) dated 27 December 1983 states that Drawing and Disbursing Officers (DDOs) are required to present Detailed Contingent (DC) Bills containing vouchers in support

of final expenditure within three months of the withdrawal of Abstract Contingent (AC) Bills. Besides, the DDOs should not make payments through AC Bills unless DC Bills for previous month are submitted to the Controlling Officers. Non-submission of DC Bills renders the expenditure under AC Bills opaque. Details of DC Bills outstanding as on 31 March 2020 are given below.

**Table 4.6: Details of DC Bills Outstanding**

Year	AC Bills Drawn		DC Bills submitted		Unadjusted AC Bills	
	No.	Amount (₹ in crore)	No.	Amount (₹ in crore)	No.	Amount (₹ in crore)
Upto 2017-18	17934	496.11	15875	456.96	2059	39.15
2018-19	1131	77.78	701	60.93	430	16.85
2019-20	754	15.16	269	3.28	485	11.88
<b>Total</b>	<b>19819</b>	<b>589.05</b>	<b>16845</b>	<b>521.17</b>	<b>2974</b>	<b>67.88</b>

*Source: VLC data of office of the Sr. DAG (A&E).*

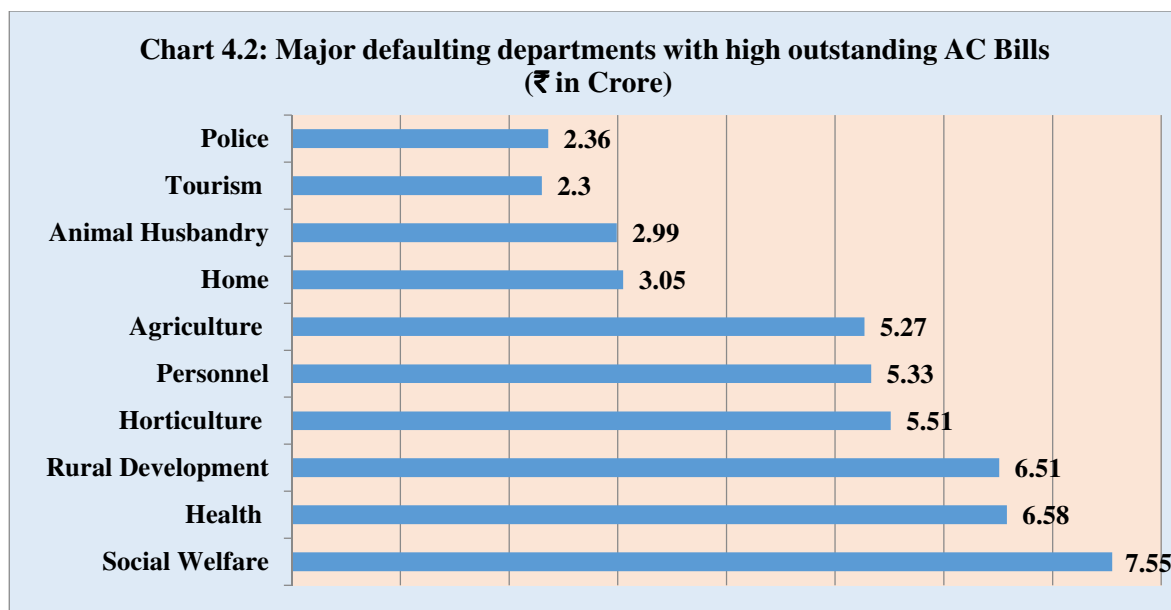
Out of ₹ 15.16 crore drawn through 754 AC Bills during 2019-20, ₹ 5.99 crore (39.52 per cent) was drawn through 77 AC Bills in March 2020 and of this, ₹ 4.21 crore (27.77 per cent) was drawn through 26 AC Bills on the last day of the financial year. Significant expenditure against AC Bills in the last month of the financial year indicates that the drawals were made primarily to exhaust the budget provisions and points to inadequate budgetary planning. The oldest outstanding AC Bills amounting to ₹ 0.18 crore pertained to 2001-02.

The ten major defaulting departments with high outstanding AC Bills as on 31 March 2020 are given in the table and chart below:

**Table 4.7: Major defaulting departments who had not submitted DC bills**

Sl. No.	Departments	No.	Amount (₹ in crore)	Percentage of outstanding AC Bills
1	Social and Welfare	182	7.55	11.13
2	Health	171	6.58	9.70
3	Rural Development	178	6.51	9.58
4	Horticulture	155	5.51	8.12
5	Personnel	107	5.33	7.85
6	Agriculture	56	5.27	7.76
7	Home	295	3.05	4.49
8	Animal Husbandry	47	2.99	4.40
9	Tourism	90	2.30	4.31
10	Police	339	2.36	3.48

*Source: Figures furnished by A&E office*



Source: Figures furnished by A&E office

As can be seen from the Chart 4.2 and table 4.7 above, the Social Welfare Department was a major defaulting department with highest amount of outstanding AC bills amounting to ₹ 7.55 crore (11.13 per cent of total outstanding AC bills) with 182 numbers of outstanding AC bills. In terms of number of outstanding AC bills the Police Department with 339 numbers and Home Department with 295 numbers of outstanding AC bills were the top defaulters.

The office of Sr. DAG (A&E) has been highlighting the status of outstanding DC bills to the Finance Department on monthly basis, however the outstanding balances persisted.

Due to the non-submission of DC bills, there was no assurance that expenditure has actually been incurred before the close of the financial year for the stated purpose. Department-wise pending DC bills for the years up to 2019-20 are detailed in **Appendix 4.3**.

Expenditure against AC bills at the end of the year indicates poor public expenditure management and may point to the drawal being done primarily to exhaust the budget provision. Non-adjustment of advances for long periods is fraught with the risk of misappropriation and therefore, requires close monitoring by the respective DDOs for ensuring submission of DC bills. Further, to the extent of non-receipt of DC bills, the expenditure shown in the Finance Accounts cannot be asserted as correct or final.

During Exit Conference Meeting, Principal Accountant General also asked to settle the outstanding Abstract Contingent Bills as per existent rules to which the Secretary cum Controller of Accounts agreed.

**4.5.2 Outcome of review on pendency in submission of Detailed Contingent (DC) Bills in Department of Personnel and Sikkim Information Commission**

A review of Abstract Contingent (AC) Bills drawn during the period 2015-16 to 2019-20 by Department of Personnel (DOP) including Sikkim Information Commission (SIC) was conducted in October 2020.

The SIC is an independent quasi-judicial body established in 2006 under the provision of section 15 of the RTI Act 2005 and all the administrative and accounts related works of SIC were performed by DOP before April 2009. Thereafter SIC performed its functions independently. However, the SIC was operating the same Major Head 2052 as was being operated by DOP.

The findings arising out from review of AC Bills drawn by DOP including SIC during the period 2015-20, are given in the following paras:

**4.5.2.1 Discrepancies in Departmental figures against the figures maintained by the office of the Sr. DAG, A&E, Sikkim**

According to Sub-Para 7.16 and 7.17 of para 7 below Rule 227 of Sikkim Financial Rules, 1979, the Controlling Officer/Drawing and Disbursing Officer of the Department/Office is required to obtain the copy of statement regularly from Pay and Accounts Office (PAO) and the statement as obtained should be verified from his records kept in the Advance Register and reconciled with the PAO monthly and reconciliation of accounts should be done with the Office of the Sr. Deputy Accountant General (Sr. DAG) (A&E), Sikkim at the time of reconciliation of accounts. After reconciliation with the Office of the Sr. DAG (A&E), Sikkim, a certificate of reconciliation and adjustment effected is to be obtained by the Department for record and references.

During review of pendency of advances of DOP, it was noticed that the records maintained by the office of the Sr. DAG (A&E), showed ₹ 4.99 crore outstanding from 2004-05 to 2019-20 towards various advances, viz., Impersonal Advances (Contingency) - ₹ 4.97 crore and Personal Advances (Medical and Tour Advances) - ₹ 0.02 crore were lying unadjusted which did not match with the Department's figures, viz. Impersonal Advances (Contingency) - ₹ 3.80 crore. The year wise pendency of advances in respect of the DOP with that of the figures maintained by the office of the Sr. DAG (A&E) office is given in **Appendix 4.4** and figures of advances lying pending with the Department since 2015-16 to 2019-20 is shown in the table below:

**Table 4.8: Details of Advances of DOP**

(Amount in ₹)

Year	Figure of A&E office			Departmental Figure		
	Contingency Advance	Medical /TA Advance	Total	Contingency Advance	Medical / TA Advance	Total
Upto 2015-16	49533725	110604	49644329	37916929	0	37916929
2016-17	27766	50000	77766	35000	0	35000

Year	Figure of A&E office			Departmental Figure		
	Contingency Advance	Medical /TA Advance	Total	Contingency Advance	Medical / TA Advance	Total
2017-18	33588	0	33588	20636	0	20636
2018-19	0	50000	50000	0	0	0
2019-20	91355	0	91355	0	0	0
<b>Total</b>	<b>49686434</b>	<b>210604</b>	<b>49897038</b>	<b>37972565</b>	<b>0</b>	<b>37972565</b>

Source: Office of the Sr. DAG (A&E) and Departmental figures

Similarly, the pendency of advances in respect of SIC revealed that the Office of the Sr. DAG (A&E), Sikkim showed ₹ 0.33 crore outstanding from 2009-10 to 2019-20 towards various advances, viz., Impersonal Advances (Contingency)-and Personal Advances (Medical and Tour Advances) -₹ 0.04 crore were lying unadjusted. These figures did not match with SIC's figures, viz. Impersonal Advances (Contingency) ₹ 0.4 crore and Personal Advances (Medical -₹ 0.05 crore and Tour Advances -₹ 0.24 crore). The year wise pendency of advances in respect of the SIC with that of the figures maintained by the office of Sr. DAG (A&E) office is shown in the table below:

Table 4.9: Details of Advances of SIC

(Amount in ₹)

Year	Figure of A& E Office			Departmental figure		
	Contingency Advance	Medical/TA Advance	Total	Contingency Advance	Medical /TA Advance	Total
2009-10	5695	0	5695	0	6000	6000
2010-11	0	0	0	0	35000	35000
2011-12	0	0	0	0	26158	26158
2012-13	834478	0	834478	245686	58000	303686
2013-14	0	0	0	0	0	0
2014-15	547068	0	547068	88358	0	88358
2015-16	116404	340000	456404	122912	0	122912
2016-17	50000	105000	155000	479000	75000	554000
2017-18	990989	0	990989	1070989	110000	1180989
2018-19	402000	0	402000	477000	200000	677000
2019-20	0	0	0	0		0
<b>TOTAL</b>	<b>2946634</b>	<b>445000</b>	<b>3391634</b>	<b>2483945</b>	<b>460158</b>	<b>2994103</b>

Source: Office of the Sr. DAG (A&E) and Departmental figures

In spite of the standing rule provision, the DOP and SIC had not properly reconciled the figures, leading to a difference of ₹ 1.23 crore (DOP ₹ 1.19 crore and SIC ₹ 0.04 crore).

**Recommendation:** Timely reconciliation may be done with figures of the PAO and AG's office to avoid discrepancies in accounts.

#### 4.5.2.2 Delay in adjustment of outstanding AC bills

Rule 20(5) of Sikkim Services (Medical Facilities) Amendment Rules, 2007 stipulates that 'The amount of advance should be adjusted against the claim for reimbursement of expenditure as admissible under this rules and the balance, if any,

recovered from the pay of the Government Servant concerned in ten equal monthly instalments'. Similarly, as per Rule 213 and 216 of Sikkim Financial Rules, the Head of Department may with the concurrence of Finance Department sanction a tour advance. The amount of advance granted under this section shall be adjusted immediately on the completion of the tour or by the 31 March whichever is earlier. Advances drawn in the month of March may, however, be adjusted on completion of the tour or by the 30<sup>th</sup> April whichever is earlier.

It was observed (October 2020) in audit that due to inaction of DOP and SIC, contingency advances for supply and implementation of schemes amounting to ₹ 4.05 crore (DOP ₹ 3.80 crore and SIC ₹ 0.25 crore) remained unadjusted for period ranging between up to two years and more than ten years. Similarly, personnel advances amounting to ₹ 0.05 crore also remained unadjusted for above mentioned period as on March 2020. In such cases, the chances of recovery become remote. The details of outstanding advances of these organisations are shown below:

**Table 4.10: Details of year-wise outstanding advances**

(₹ in lakh)

Period of pendency	DOP		SIC		Total	
	Contingency advance	Personal advance	Contingency advance	Personal advance	Contingency advance	Personal advance
More than 10 years	37937392	0	0	6000	37934897	6000
More than 5 years and less than 10 years	2495	0	334044	119158	336539	119158
More than 2 years and less than 5 years	55636	0	1672901	185000	1728537	185000
Up to 2 years	0	0	477000	200000	477000	200000
<b>Total</b>	<b>37995523</b>	<b>0</b>	<b>2483945</b>	<b>510158</b>	<b>40476973</b>	<b>510158</b>

*Source: Audit analysis based on departmental figures*

#### **4.5.2.3 Improper maintenance of Advance Registers**

Sub-Para 7.6 of Para 7 below Rule 227 of Sikkim Financial Rules, 1979 stipulates that the Head of Department/Office should review the Advance Register at frequent intervals to ensure that the advances do not remain outstanding for more than the period stipulated for settlement. The Controlling Officer should ensure that every effort is made to get the work done or supplies completed against the advances expeditiously.

DOP till March 2009 had maintained one combined Advance Register of both the Departments (DOP and SIC). However, since 2009-10 the SIC has maintained separate advance register of its own.

While verifying these Advance Registers of both the Departments, audit observed that the Advance Registers were not monitored by the Department/Office concerned to ensure that the advances did not remain outstanding for more than the period stipulated for settlement and to monitor the submission of detailed bills there against. Thus, non-adherence to the Rules and non-compliance with instructions

resulted in accumulation of huge outstanding advances amounting to ₹ 5.32 crore (DOP ₹ 4.99 crore and SIC ₹ 0.33 crore). Non settlement of advances within the scheduled period indicated deficient financial management and lack of effective control and monitoring over expenditure by the Controlling Officers.

**Recommendations:**

- *It may be ensured that the outstanding personal advances be recovered from the defaulters from their salaries and for other advances the DDOs may evolve a system for settlement of the advances in a timely manner.*
- *Advances should be monitored closely for effective control and action should be taken against officials who failed to adjust advances in a timely manner.*

**4.6.1 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 Accountant General (A&E) and obtain approval to open appropriate Minor Heads.

Details of receipts and expenditure booked under Minor Head 800 – Other Expenditure during financial year 2017-18 to 2019-20 are given below.

**Table 4.11: Receipts and expenditure booked under Minor Head 800 – Other Expenditure during the period 2017-20**

(₹ in crore)

Year	Receipts booked under Minor Head 800	Percentage of Receipts	Expenditure booked under Minor Head 800	Percentage of Expenditure
2017-18	370.87	7.11	434.56	7.68
2018-19	386.32	6.53	805.89	12.36
2019-20	388.43	8.02	588.90	8.53

Source: Finance Accounts

During the year 2019-20, the State Government booked ₹ 388.43 crore under 800-Other Receipts in 32 Revenue Receipts Heads and ₹ 588.90 crore under 800-Other Expenditure in 30 Expenditure Heads, constituting 8.02 per cent of total revenue receipts and 8.53 per cent of the total expenditure (Revenue and Capital) under the respective Major Heads. Thus, routine operation of Minor Heads 800 is to be discouraged, since it renders the accounts opaque and affects transparency and nature of transactions.

Instances where a substantial proportion (50 per cent or more) of the receipts and expenditure were classified under the Minor Head 800-Other Receipts/ Other Expenditure are given in the tables below:



**Table 4.12: Significant expenditure booked under Minor Head 800 – Other Expenditure during financial year (50 per cent or more)**

(₹ in crore)

Major Head	Major Head Description	Total Expenditure	Expenditure under Minor Head 800	Percentage
2217	Urban Development	171.75	149.23	87
4216	Capital Outlay on Housing	71.69	71.69	100
2245	Relief on Account of Natural Calamities	41.14	26.58	65
4801	Capital Outlay on Power Projects	20.41	20.41	100
2075	Miscellaneous General Services	33.15	18.57	56
2216	Housing	22.83	17.01	74
4225	Welfare of SC/ST/OBC	5.22	4.63	89
2852	Industries	4.23	4.23	100
2810	Non-Conventional Sources of Energy	2.84	2.84	100

**Table 4.13: Significant receipts booked under Minor Head 800 – Other Receipts during financial year (50 per cent or more)**

(₹ in crore)

Major Head	Major Head Description	Total Receipts	Receipt under Minor Head 800	Percentage
0801	Power	256.37	256.37	100
0059	Public Works	23.13	22.15	96
0406	Forestry and Wild Life	15.78	12.58	80
0070	Other Administrative Services	12.65	11.76	93
1452	Tourism	11.67	10.47	90
0217	Urban Development	4.16	4.16	100
0210	Medical and Public Health	2.48	2.08	84
0407	Plantations	2.00	2.00	100
0202	Education, Sports, Art and Culture	3.55	1.93	55
0403	Animal Husbandry	1.35	0.81	60
0852	Industries	0.73	0.65	90
0401	Crop Husbandry	0.68	0.40	59
0515	Other Rural Development	0.31	0.31	100
0853	Non-ferrous Mining and Metallurgical Industries	0.19	0.19	100
0235	Social Security and Welfare	0.18	0.18	100
0702	Minor Irrigation	0.12	0.12	100
0250	Other Social Services	0.07	0.07	100
0056	Jails	0.01	0.01	100

In exit conference meeting held with FD, on the issue of booking under MH 800, the PAG raised the issue of routine operation of the head and requested the Finance Department to operate the appropriate Minor Heads.

#### **4.6.2 Suspense and Remittances**

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. The position of gross figures under major suspense heads for the last three years is given in **Table 4.14**.

**Table 4.14: Outstanding Balances under Suspense and Remittance Heads**

(₹ in crore)

Particulars	2017-18		2018-19		2019-20	
<i>(I) Major Head (MH) 8658- Suspense</i>						
<b>Minor Head</b>	<b>Dr.</b>	<b>Cr.</b>	<b>Dr.</b>	<b>Cr.</b>	<b>Dr.</b>	<b>Cr.</b>
101-PAO - Suspense	17.57	13.68	21.48	20.57	5.20	1.05
Net	Dr 3.89		Dr 0.91		Dr 4.15	
102-Suspense Account (Civil)	14.15	14.57	28.66	29.56	2.46	2.98
Net	Cr 0.42		Cr 0.90		Cr 0.52	
112 – Tax Deducted at Source	46.44	51.70	50.82	57.17	8.83	16.91
Net	Cr 5.26		Cr 6.35		Cr 8.08	
123-AIS Suspense	0.01	0.31	0.01	0.33	0.01	0.33
Net	Cr 0.30		Cr 0.32		Cr 0.32	
135-Cash Settlement between A.G. Sikkim and other States	2.47	2.34	2.83	2.75	0.31	0.09
Net	Dr 0.13		Dr 0.08		Dr 0.22	
<i>(II) MH 8658- Cash Remittance and adjustment between officers rendering accounts to same Accounts Officers</i>						
102-Public Works Remittances	1957.16	2338.37	2162.11	2416.17	3473.54	3622.89
Net	Cr 3,81.21		Cr 2,54.06		Cr 1,49.35	
103-Forest Remittances	36.36	48.50	33.22	49.90	120.38	130.61
Net	Cr 12.14		Cr 16.68		Cr 10.23	
108-Other Remittances	74.05	85.56	1,21.05	1,24.50	233.23	231.99
Net	Cr 11.51		Cr 3.45		Dr 1.24	

Source: Figures furnished by A&E office

Outstanding debit balance under 101-PAO Suspense head would mean that the AG on behalf of a PAO, which were yet to be recovered, has made payments. The variation in net balances of the components under suspense is given below:

- Outstanding credit balance would mean that the AG on behalf of a PAO, which were yet to be paid, has received payments. The net debit balance under this head from ₹ 0.91 crore in 2018-19 increased to ₹ 4.15 crore in 2019-20. On clearance/settlement of this, the cash balance of the State Government will increase.
- The net suspense account balance decreased from ₹ 0.90 crore to ₹ 0.52 crore in 2019-20 as compared to previous year.
- Receipts on account of TDS are credited to TDS Suspense and the balances under this suspense head are to be cleared when the receipts of TDS are transferred to the Income Tax Department. There was outstanding credit balance of ₹ 8.08 crore under this head as on 31 March 2020.
- The net AIS suspense balance during all three years remained almost same at ₹ 0.30 to ₹ 0.32 crore.
- The Cash Settlement balance between PAG Sikkim and other States increased to ₹ 0.22 crore in 2019-20 as against the balance of previous years.

During the Exit Conference Meeting, on the issue of PAO and Cash Settlement Suspense, Deputy Director of Pension, Gratuity, Insurance & Provident Fund

(PGIPF) stated that letter has been issued to the concerned Ministries for clearance. The Secretary cum Controller of Accounts assured that the matter will be taken up for clearance of outstanding amount. The Pr. AG observed that substantial amount was outstanding under this suspense head, this issue should be treated with due urgency.

#### **4.7 Reconciliation of Receipts and Expenditure between CCOs and Sr. Deputy Accountant General (A&E)**

To exercise effective control of expenditure, to keep it within the budget grants and to ensure accuracy of their accounts, all Chief Controlling Officers (CCOs) are required to reconcile the Receipts and Expenditure recorded in their books every month during the financial year with the figures accounted for in the office of the Senior Deputy Accountant General (A&E). For the financial year 2019-20, all the CCOs completed reconciliation for all Revenue and Capital expenditure of ₹ 6905.69 crore and Revenue Receipt of ₹ 4841.27 crore respectively.

**Table 4.15: Status of reconciliation during the three years 2017-18 to 2019-20**

Year	Total No. of Controlling Officers	Fully Reconciled	Partially Reconciled	Not reconciled at all
Receipts				
2017-18	38	38	Nil	Nil
2018-19	38	38	Nil	Nil
2019-20	38	38	Nil	Nil
Expenditure				
2017-18	47	47	Nil	Nil
2018-19	47	47	Nil	Nil
2019-20	47	47	Nil	Nil

*Source: Figures furnished by A&E office*

As per the records of office of Sr. DAG (A&E), the State Government had reconciled 100 *per cent* of all their Receipts and Expenditure through CCOs and DDOs with the figures booked in the accounts of the Sr. DAG (A&E).

#### **4.8 Reconciliation of Cash Balances**

Under a resolution passed in the year 1968-69, the State Bank of Sikkim (SBS) has been vested with the responsibility by the Government of Sikkim of receiving money on behalf of Government and making all Government payments and keeping custody of the balances of Government. It was seen there were differences in cash balances as per the records of Sr. DAG (A&E) and SBS each year. As per records of Sr. DAG (A&E) the cash balance of Government with the State Bank of Sikkim as on 31 March 2020 was ₹ 299.96 crore. But as per the record of the State Bank of Sikkim, the cash balance stood at ₹ 265.23 crore leaving behind an unreconciled balance of ₹ 34.73 crore.

The difference in cash balance between the figures of Sr. DAG (A&E) and SBS for last five years is shown below:

**Table 4.16: Differences in cash balances**

(₹ in crore)

Financial Year	As per records of office of Sr. DAG (A&E)	As per records of State Bank of Sikkim (SBS)	Difference
2015-16	210.80	135.71	75.09
2016-17	59.34	39.91	19.43
2017-18	548.77	514.56	34.21
2018-19	70.20	38.78	31.42
2019-20	299.96	265.23	34.73

Source: Figures furnished by A&E office

The difference was mainly due to non-reconciliation of figures by the State Treasuries with the SBS.

During the Exit Conference Meeting on non-reconciliation of government cash balances with SBS, PAG suggested to hold tripartite meeting with SBS, Finance Department and Office of the Sr. DAG (A&E), Sikkim to settle the matter. The Secretary cum Controller of Accounts acceded to this.

#### **4.9 Compliance with Accounting Standards**

Three Indian Government Accounting Standards (IGASs) have been notified by the Ministry of Finance, Government of India viz., IGAS 1- Guarantees given by the Government, IGAS 2- Accounting and classification of Grants-in-aid and IGAS 3- Loans and Advances made by Government. These three Accounting Standards describe the disclosure norms for Guarantees, Principles for Accounting and Classification of Grants-in-aid and disclosure norms for Loans and Advances made by Government in the Financial Statements of Government respectively.

The disclosure requirements as per IGAS -1, IGAS 2 and IGAS-3 have been complied with in the Finance Accounts of Government of Sikkim.

#### **4.10 Submission of Accounts/Separate Audit Reports of Autonomous Bodies**

The audit of accounts of 14 Autonomous Bodies (ABs) in the State has been entrusted to the CAG under Section 20(1) of the C&AG (DPC) Act, 1971.

Fifty-eight accounts of above 14 ABs were pending for submission to Audit with pendency ranging between one and 13 years. Sikkim Khadi and Village Industries Board had highest pendency as it had not submitted accounts for 12 years. The AB-wise details of pendency are given in **Appendix 4.5**.

#### **4.11 Departmental Commercial Undertakings/Corporations/Companies**

The Heads of departments in the Government are to ensure that the undertakings prepare and submit such accounts to the PAG for audit within a specified timeframe. The position of arrears in preparation of accounts is given as follows:

**Table 4.17: Arrears in finalisation of accounts and Government investment of government companies/corporations**

Sl. No.	Name of the Undertakings	Accounts finalised up to	Investment as per the last accounts finalised (₹ in crore)
1	Government Fruit Preservation Factory (GFPF)	2018-19	0.00
2	Temi Tea Estate	2017-18	0.00
3	State Bank of Sikkim	2018-19	0.53
4	State Trading Corporation of Sikkim	2018-19	1.61
5	Teesta Urja Limited	2018-19	0.00
6	Teesta Valley Power Transmission Limited	2019-20	0.00
7	Sikkim Power Investment Corporation Limited	2019-20	0.01
8	Sikkim Power Development Corporation	2018-19	15.35
9	Sikkim Industrial Development & Investment Corp	2018-19	12.80
10	SC, ST & OBC Development Corporation	2017-18	9.30
11	Sikkim Tourism Development Corporation	2016-17	6.46
12	Sikkim Hatcheries Limited	2017-18	0.44
13	Sikkim Poultry Development Corporation	2017-18	0.00
14	Sikkim Livestock Processing Development Corporation	2013-14	0.35
15	Namchi Smart City Limited	2018-19	1.02
16	Gangtok Smart City Development Limited	2018-19	0.00
17	Sikkim Handlooms and Handicraft Development Corporation Limited	2016-17	0.92
<b>Total</b>			<b>48.79</b>

Source: Figures compiled from Companies and PSUs Annual Accounts

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

In order to identify new institutions which attract audit under Sections 14 and 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) {C&AG (DPC)} Act, 1971, the State Government/Heads of the Departments are required to furnish to Audit every year detailed information about the financial assistance given to various institutions, the purpose of assistance granted and the total expenditure of the institutions. None of the departments had submitted this information, though specifically called for.

The substantially funded Autonomous Bodies/Authorities are required to submit their annual accounts for audit by the CAG under the provision, *ibid.* A total of 58 annual accounts of 19 Autonomous Bodies/Authorities for the period from 2014-15 to 2017-18 had not been received in the office of Principal Accountant General till December 2020 as detailed in **Appendix 4.6**. The age-wise delay in submission of accounts is detailed in the table below.

**Table 4.18: Statement Showing Age-wise Non-furnishing of Accounts**

Sl.No.	Range of delays in number of years	Total number of accounts
1	Five years and above	12
2	Three and four years	28
3	Two years and below	18
<b>Total</b>		<b>58</b>

Due to non-finalisation of accounts, the same could not be audited. Thus, it could not be ensured whether the grants and expenditure had properly been accounted for and whether the purpose for which the grants were provided had actually been achieved.

Due to non-finalisation of accounts, the stakeholders were not able to assess financial status of these bodies. Besides, delay in finalisation of accounts carries the risk of financial irregularities remaining undetected apart from violation of the provision of the respective legislations under which these bodies were constituted.

Thus, there is a need for the Autonomous Bodies/ Authorities to submit their accounts to Audit in a timely manner.

#### **4.13 Misappropriations, losses, thefts, etc.**

State Financial Rules lay down detailed instructions regarding responsibility for losses sustained through fraud or negligence of individuals, loss or destruction of Government property and report thereof to the Police/Accountant General.

There were six cases of misappropriation involving Government money amounting to ₹ 264 lakh {Rural Development (₹ 97.40 lakh), Transport Department (₹ 8.78 lakh), Building & Housing (₹ 157.56 lakh) and Finance Department (₹ 0.26 lakh)} out of which an amount of ₹ 1.78 lakh was recovered from the tanker driver concerned of the Sikkim Nationalised Transport in February 2020. The unrecovered amount of ₹262.22 lakh is pending at the end of 2019-20 where the final action was still pending. The department-wise break-up of pending cases and age-wise analysis of misappropriation cases are as following.

**Table 4.19: Profile of pending cases of misappropriation, loss, defalcation, etc.**

Age-profile of the pending cases				Nature of the cases	Action taken by the Department	Amount Received
Range in years	Number of cases	Name of the Department	Amount involved ₹ in lakh			
0-5	02	Rural Development	7.99	Cash transaction was not recorded in the cash book	Action yet to be taken by the Department	Nil
			89.41	Short supply of stock materials by Block Office to the Beneficiaries	Enquiry is being conducted by the O/o the ADC (Dev), Rabongla, South Sikkim	Nil
	01	Building & Housing	157.56	Misappropriation	Departmental Enquiry Committee has been set-up. Further the case has been referred to State Vigilance Deptt and registered vide case no-1/2020 u/s 409 IPC and it is under investigation.	Nil

Age-profile of the pending cases				Nature of the cases	Action taken by the Department	Amount Received
Range in years	Number of cases	Name of the Department	Amount involved ₹ in lakh			
5-10	01	Finance	00.26	Cash embezzlement by staff	The person involved in the case is still untraceable.	Nil
	01	Transport	01.78	Shortage of POL during transportation in SNT tanker	Driver of the SNT tanker involved. Departmental enquiry under process	₹ 1.78 deposited vide bank receipt no. 19205-1100 / 529 dated 20.02.2020
15-20	01	Transport	07.00	Shortage of POL during transportation in SNT tanker	Case referred to Vigilance Department for investigation	Nil
<b>Total</b>	<b>06</b>		<b>264.00</b>			<b>1.78</b>

*Source: Departmental and audited figures*

During the Exit Conference Meeting with the FD, the matter relating to pending cases of misappropriation, loss, defalcation *etc.* was discussed and the Controller of Accounts assured to write to the Heads of Rural Development Department, Building and Housing Department, Finance and Transport Department for speedy settlement of the cases.

#### **4.14 Follow up action on State Finances Audit Report**

The preparation of Report on State Finances started in 2008-09 and the Public Accounts Committee (PAC) had discussed the Reports for the years 2009-10 and 2010-11. PAC recommended compliance with the recommendations as contained in the Report of the Comptroller and Auditor General of India on State Finances for 2009-10. In respect of the Report for the year 2010-11, the PAC stated that it would appreciate the setting up of a prudent financial management mechanism and that persistent planning may be required wherever there is need to do so. Reports on State Finances upto 2010-11 has been discussed in the PAC and 2011-12 to 2018-19 have not been discussed by the PAC.

#### **4.15 Conclusions**

During the year 2019-20, all the Controlling Officers reconciled the Government receipts and expenditure with the figures in the books of the Sr. DAG (A&E).

However, the practice of not furnishing UCs in a timely manner resulted in pendency of large number of UCs. At the end of March 2020, 1436 UCs involving an aggregate amount of ₹ 203.99 crore were pending for submission even after a lapse of one to seventeen years by various departments. Advances amounting to ₹ 67.87 crore remained unsettled as on March 2020 distorting the amount of expenditure being shown as spent.

Audit noticed that the Power Department (PDS) did not deposit Revenue receipts of ₹ 388.29 crore (selling surplus power outside the State: ₹ 103.69 crore and royalty: ₹ 284.60 crore) in the Consolidated Fund of the State during 2019-20. Besides, PDS had also incurred expenditure of ₹ 261.86 crore towards purchase of

power without routing it through the Government account and they transferred ₹ 225.75 crore to SPICL for repayment of loan availed on behalf of Government of Sikkim without obtaining legislative approval. These transactions, which were not routed through the State Budget and Accounts, led to an overall understatement of Revenue Deficit as well as Fiscal Deficit by ₹ 99.32 crore during 2019-20.

During 2019-20, the State Government advised its PSUs to raise debt from financial institutions and two PSUs (Sikkim Housing and Development Board and State Trading Corporation of Sikkim) raised ₹ 245.60 crore which have been guaranteed by the State. The State Government will further provide budgetary support for repayment of debt alongwith interest. Non-furnishing of detailed information about financial assistance given to various institutions and non-submission of accounts by 14 Autonomous Bodies/ Authorities as per timelines led to non-compliance with Financial Rules. There were also delays in placement of SARs to Legislature, thereby diluting of accountability of these Bodies.

There were five cases of misappropriation involving Government money in respect of four Departments with money value of ₹ 2.62 crore at the end of 2019-20 where final action was pending.

#### **4.16 Recommendations**

- *Departments should adhere to the Government Accounting Rules and all the transactions of financial assistance to Departments and State Bodies, should be routed through Government Accounts, to reflect actual financial position of the State.*
- *It is recommended that Government may enhance the scope and coverage of budget provision by including the extra budgetary resources given to various State Government PSUs/ entities for implementation of various State Government Schemes/ Programmes etc.*
- *Finance Department may chalk out an action plan for ensuring submission of all pending UCs. Further, release of further grants should be linked with submission of outstanding UCs.*
- *Finance Department may make special efforts to settle old outstanding AC bills. At the same time, the DDOs should be asked to ensure that the DC bills are submitted within prescribed time, in order to stem the accretion of unadjusted AC bills. Advances should be monitored closely for effective control and old outstanding AC bills should be adjusted by making special efforts in a time bound manner.*
- *Timely reconciliation may be done with figures of the PAO and AG's office to avoid discrepancies in Accounts.*
- *It may be ensured that the outstanding personal advances be recovered from the defaulters from their salaries and for other advances the DDOs may evolve a system for settlement of the advances in a timely manner.*



- *Advances should be monitored closely for effective control and action should be taken against officials who failed to adjust advances in a timely manner.*
- *In order to make accounts transparent, the Government should operate appropriate Minor Heads instead of booking under Minor Head 800.*
- *Finance Department may consider evolving a system to expedite the process of compilation and submission of annual accounts by autonomous bodies and departmentally run undertakings in timely manner to assess their financial position. Appropriate action should be taken against defaulting bodies.*
- *The Government needs to put in place necessary mechanism to ensure timely submission of SARs before the Legislature.*
- *The Government should prepare a time bound framework for taking prompt action in cases of misappropriation, loss, theft, etc. and strengthening the internal control system in Departments to prevent recurrence of such cases.*

