

CHAPTER-4
QUALITY OF ACCOUNTS AND FINANCIAL
REPORTING PRACTICES

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This chapter provides an overview on the quality of accounts and compliance of the State Government in its financial reporting practices with prescribed financial rules, procedures, and directives with regard to completeness, transparency, measurement and disclosure.

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, therefore, 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 Issues related to completeness of accounts

4.1.1 Status and Impact of discharged liability of interest towards interest bearing deposits and reserve funds

The Government has a liability to provide and pay interest on the amounts in the interest-bearing deposits and reserve funds. During 2022-23 the Government discharged its liability against all interest-bearing deposits and reserve funds except SDRF as detailed in **Table-4.1** below.

Table-4.1: Discharge of liability in respect of interest towards interest bearing deposits

(₹ in crore)

Sl. No.	Name of the Interest-bearing deposit	Balance as on 1 April 2022	Rate of Interest	Interest due	Amount of Interest paid
1.	Reserve Funds bearing Interest State Disaster Response Fund (SDRF) under MH 8121-121	2.27	7.49 per cent (as per guidelines of SDRF)	0.17	--
2.	Reserve Funds bearing Interest State Compensatory Afforestation Fund under MH 8121-129	2,873.61	3.35 per cent (as informed by GoI Ministry of Environment, Forest and Climate Change)	96.27	150.00*
3.	Deposits bearing Interest excluding Defined Contribution Pension Scheme under MH 8342-117	370.33	5.49 per cent (taking average Ways and Means interest rate as 5.49 per cent for the year 2022-23)	20.33	74.33*
4.	Un-transferred amount of NPS (Defined Contribution Pension Scheme under MH 8342-117)	83.21	7.10 per cent notified by the Government /payable to General Provident Fund	5.91	20.00*
Total		3,329.42		122.68	244.33

Source: NTA to Finance Accounts 2022-23 Government of Uttarakhand

*Includes payments for past periods.

During current year 2022-23, the State Government paid ₹ 244.33 crore as interest in lieu of ₹ 122.68 crore. The excess payment of ₹ 121.65 crore impacted the Revenue Surplus and Fiscal Deficit to that extent.

4.1.2 Funds transferred to implementing agencies

The Union Government transfers substantial funds directly to Implementing Agencies (IAs)/ Non-Governmental Organisations for implementation of various schemes and Programmes. These transfers are exhibited in Appendix-VI of Volume-II of the Finance Accounts.

As per the Public Finance Management System (PFMS) portal of the Controller General of Accounts, GoI transferred ₹ 4,335.37 crore directly under 161 schemes to 410 IAs in Uttarakhand during 2022-23 for implementing various CSS and other schemes. The direct transfers of funds to IAs decreased by 10.16 per cent from ₹ 4,825.65 crore in 2021- 22 to ₹ 4,335.37 crore in 2022-23. Out of 161 schemes, there were seven schemes under which IAs received funds more than ₹ 50 crore which was the 91.60 per cent (₹ 3,971.00 crore) of the total amount transferred during the year. The details are given in the **Table-4.2** below.

Table-4.2: Implementing agencies which received funds (more than ₹ 50 crore) directly from GoI during 2022-23

			(₹ in crore)
Sl. No.	Name of the Scheme of GoI	Name of the Implementing Agency	Fund transferred by GoI during 2022-23
1.	Ayushman Bharat -Pradhan Mantri Jan Arogya Yojna	Atal Ayushman Uttarakhand Yojna	65.11
2.	Food Subsidy for Decentralised Procurement of Food grains under National Food Security Act	Commissioner, Food & Civil Supplies Department, Uttarakhand	1212.25
3.	Jal Jivan Mission /National Rural Drinking Water Mission	State Water and Sanitation Mission Uttarakhand, Himalayan Institute for Environment Ecology & Development, Indian Institute of Technology Roorkee, Uttarakhand, Himalayan Institute Hospital Trust, Dev Rishi Educational Society, Center for Good Governance	1210.66
4.	Mahatma Gandhi National Rural Guarantee Program	Uttarakhand Rajya Rozgaar Guarantee Sanstha	440.61
5.	National Highway Authority of India	Heyday Communication, Hillways Construction Company Pvt. Ltd., Prabhangiya Logging Parbhandhak, Uttarakhand Van Vikas Nigam etc.	64.32
6.	Pradhan Mantri Swasthya Suraksha Yojana	All India Institute of Medical Sciences, Rishikesh	505.30
7.	Pradhan Mantri Kisan Samman Nidhi	Department of Agriculture, Uttarakhand	472.75
Total			3971.00

The details of the aggregate amount transferred to implementing agencies during the last three years are indicated in the **Table-4.3**.

Table-4.3: Funds transferred to Implementing Agencies

Direct transfers to implementing agencies	2020-21	2021-22	2022-23
Funds transferred (₹ in crore)	4,056.80	4,825.65	4,335.37

4.1.3 Deposit of Local Funds

The Uttarakhand Panchayati Raj Act, 2016 (section 40, 80 and 119) provides for keeping the Panchayat Bodies Fund in Government Treasury and sub-treasury or in any Nationalised Bank, Local Bank, Cooperative Bank and Post office. Similarly, the Uttar Pradesh Municipalities Act, 1916 (Section 115) as adopted by Uttarakhand also provides for keeping the Municipal Fund (for ULBs) in Government Treasury or sub-treasury or in State Bank of India or Cooperative Bank or Scheduled Bank. On review of the Finance Accounts, it was noticed that there were transactions under the Municipal Fund as detailed in **Table-4.4** below.

Table-4.4: Deposit of Local Funds

Year		2018-19	2019-20	2020-21	2021-22	2022-23
Panchayat Bodies Fund (8448-109)	Opening Balance	14.62	14.79	14.79	14.79	14.79
	Receipt	0.17	0.00	0.00	0.00	0.00
	Expenditure	0.00	0.00	0.00	0.00	0.00
	Closing Balance	14.79	14.79	14.79	14.79	14.79
	Per cent Utilisation	0	0	0	0	0
Municipal Fund (8448-102)	Opening Balance	236.59	340.59	441.61	495.41	211.56
	Receipt	711.61	835.76	941.81	660.00	906.40
	Expenditure	607.61	734.74	888.01	943.86	882.95
	Closing Balance	340.59	441.61	495.41	211.56	235.01
	Per cent Utilisation	64.08	62.46	64.19	81.69	78.98

Source: Finance Accounts 2022-23 prepared by Accountant General (A&E) Uttarakhand

As is evident from **Table-4.4** above, the Panchayat Bodies Fund has been almost inoperative since inception. However, Municipal Fund is in operation and had an accumulated balance of ₹ 235.01 crore as on 31 March 2023.

4.2 Issues related to transparency

4.2.1 Delay in submission of Utilisation Certificates¹

Rule 369 (H) of Uttarakhand Financial Handbook Volume 5 Part-1 provides that for the conditional grants provided for specific purpose, Utilisation Certificates (UCs) should be obtained by the departmental officers from the grantees in such form as agreed by the Accountant General (Accounts and Entitlement) and should be forwarded to the Accountant General (Accounts and Entitlement) within 12 months from the date of their sanction unless specified otherwise. Only those UCs under Object Head 56 and 69, Major

¹ Status of UCs against ₹ 5,198.27 crore (Grants-in-aid for creation of capital assets = ₹ 450.47 crore and grants-in-aid other than salary ₹ 4,747.80 crore) pertaining to 2022-23 was awaited from Grant Controlling Officers.

Head 3604 are watched by AG(A&E) in which sanction order specifically provides him to watch the UCs.

A total number of 536 UCs amounting to ₹ 2,247.39 crore was pending as of March 2023. The age-wise position as regards submission of UCs has been summarised in **Table-4.5**.

Table-4.5: Age-wise arrears in submission of Utilisation Certificates

(₹ in crore)

Year	Opening Balance		Addition		Clearance		Due for submission	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
2020-21	201	1,636.69	338	1,016.32	82	764.04	457	1,888.97
2021-22	457	1,888.97	301	1,180.92	136	498.89	622	2,571.00
2022-23	622	2,571.00	268*	1,383.06	354	1706.67	536 ²	2,247.39

Source: AG (A&E), Uttarakhand

* Except where the sanction order specifies otherwise, UCs in respect of Grants-in-aid drawn during 2022-23 become due only in 2023-24.

The Departmental officers did not submit 268 UCs due for submission by March 2023 in respect of which grants amounting to ₹ 864.32 crore was given up to March 2022 for specific purposes. Out of above, 19 UCs amounting to ₹ 6.29 crore were received up to 31 August 2023. All the UCs which were pending related to the Panchayati Raj Institutions/Urban Local Bodies. The year wise break-up of outstanding UCs as on 31 March 2023 is given in **Table-4.6** below.

Table-4.6: Year wise break up of outstanding UCs as on 31.03.2023

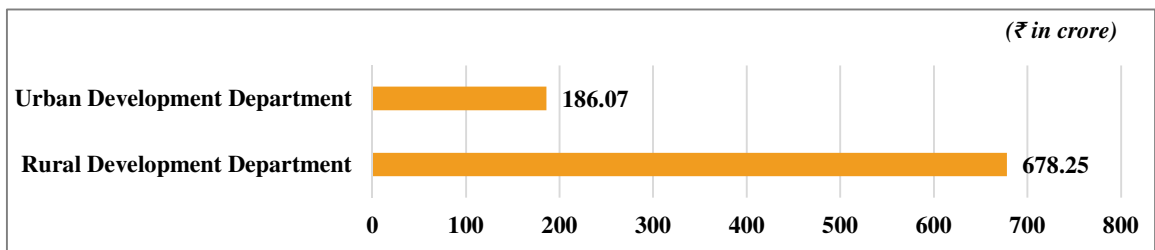
Year in which GIA is due for submission by	No. of Outstanding UCs	Amount (₹ in crore)
Up to 2021-22	01	20.29
2022-23	267	844.03
Total	268	864.32

Pending UCs as on 31 March 2023 includes an amount of ₹ 496.83 crore pertaining to Centrally Sponsored Schemes and ₹ 367.49 crore pertaining to State Schemes.

In the absence of UCs, it could not be ascertained whether the recipients had utilised the grants for the intended purpose for which these were sanctioned. The pendency of UCs was fraught with the risk of misappropriation of funds.

During exit conference, the Government apprised that matter will be pursued with the concerned departments.

Chart-4.1: Department wise outstanding UCs as on 31 March 2023



² Includes one UC amounting to ₹ 20.29 crore (State Schemes), 267 UCs amounting to ₹ 844.03 crore (CSS=₹ 496.83 crore and State schemes=₹ 347.20 crore) and 268 UCs amounting to ₹1383.07 crore (CSS= ₹ 464.65 crore and State schemes= ₹ 918.42 crore) due for submission by 2021-22, 2022-23 and 2023-24 respectively.

In addition to above grants, grants-in-aid as detailed in **Table-4.7** below were also given to various institutions. The Controlling Officers were supposed to watch utilisation/end use of said grants. The Controlling Officers have not furnished status of receipt of UCs by them against above grants.

Table-4.7: Grant-in-Aid (Other than ULB/PRI)

(₹ in crore)					
Sl. No.	Object Head	Object of Expenditure	2020-21	2021-22	2022-23
1.	05	Grants in Aid for Pay, Allowance and Other Expenses	1,179.53	1,181.65	1,391.96
2.	55	Grants-in-Aid for Capital Asset	-----	706.10	450.47
3.	56	Grants-in-Aid other than Salary	34,09.34	3,312.13	4,747.80
		Total	4,588.87	5,199.88	6,590.23

During exit conference, the Government accepted the facts and stated that major portion of these grants pertains to Object Head 05- Grants-in-aid for pay, allowance and other expenses (₹ 1391.96 crore). The UCs of the rest amount (₹ 5198.27 crore) will be pursued with the concerned departments.

4.2.2 Abstract Contingent Bills

Year-wise details of pendency of Detailed Countersigned Contingent (DCC) bills against the Abstract Contingent (AC) bills for the years up to 2022-23 are given in **Table-4.8** below.

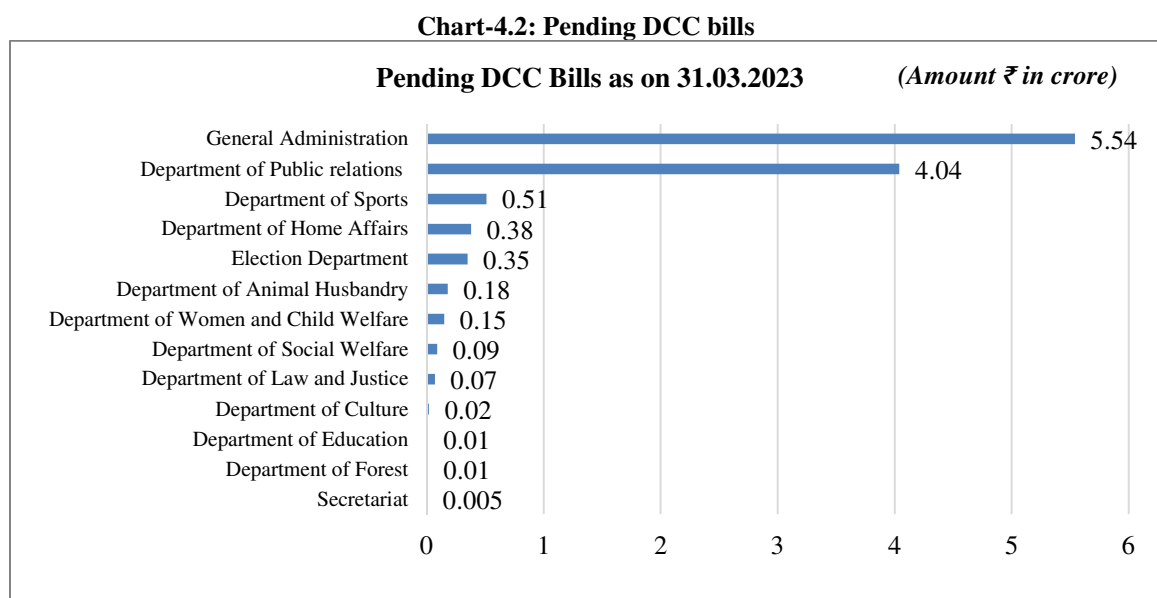
Table-4.8: Pendency in submission of DCC bills against the AC bills

(₹ in crore)								
Year	Opening Balance		Addition		Clearance		Closing Balance	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Up to 2020-21	37	3.01	78	5.67	38	5.24	77	3.44
2021-22	77	3.44	321	93.46	155	69.57	243	27.33
2022-23	243	27.33	271	8.97	440	24.94	74	11.36

Source: Data compiled by the office of the AG (A&E), Uttarakhand

Table-4.8 reveals that during 2022-23, 271 AC bills were drawn for an amount of ₹ 8.97 crore and 440 DCC bills for an amount of ₹ 24.94 crore were submitted during the year. There were 74 AC Bills amounting to ₹ 11.36 crore outstanding as on March 2023. Outstanding 74 DCC Bills include 37 bills amounting to ₹ 10.60 crore pertaining to the year 2021-22. However, 11 DCC bills amounting to ₹ 1.06 crore were received up to 31 August 2023 which includes one DCC bill amounting to ₹ 0.91 crore out of ₹ 10.60 crore for the year 2021-22 and 10 DCC bills amounting to ₹ 0.15 crore out of ₹ 0.76 crore for the year 2022-23.

The status of pending DCC bills in respect of all departments is given in **Chart-4.2**.



Advances drawn and not accounted for increase the possibility of wastage/ misappropriation/malfeasance, *etc.* and, therefore, requires close monitoring for ensuring submission of DCC bills. Further, to the extent of non-receipt of DCC bills, the expenditure shown in the Finance Accounts cannot be asserted as correct or final.

During exit conference, the Government accepted the facts and assured to address the issue on priority basis.

4.2.3 Funds transferred to DDO's own accounts and working agencies

Normal expenditure takes place on fully vouched contingent bills which establish receipt of material or utilisation of resources. In this context, the transfer of funds from treasury to DDO's own bank account or that of working agencies represent notional expenditure which requires close monitoring similar to Abstract Contingent bills and Grants-in-Aid bills. As of now there is no check in the government accounting system to identify and flag such transactions. **Table-4.9** below gives the details.

Table-4.9: Funds transferred to own account and working agencies

Particular	₹ in crore	
	2022-23	
Transferred to DDOs own account	787.12	
Transferred to working agencies	5,135.89	
Total	5,923.01	

Source: Calculated by Audit from IFMS database

During exit conference, the Government intimated that the matter will be examined.

4.2.4 Personal Deposit Accounts/Personal Ledger Account

The government is authorised to open Personal Deposit (PD) Accounts in order to deposit money by transferring funds from the Consolidated Fund for discharging liabilities of the

Government. The provisions of para 340(a) of Financial Handbook Volume-5 (Part-1) authorises the departmental officers to open personal deposit accounts. However, the funds shall be withdrawn only if required for immediate payment and shall not be removed from the Government Account for investment or deposit elsewhere without the consent of the Finance Department. Besides, the practice of withdrawing funds with a view to avoiding lapse of Budget grant and placing such moneys as deposits in the Public Account or with Bank is forbidden.

At the end of 2022-23, unspent balances of ₹ 129.28 crore in 25 PD Accounts remained un-transferred to the Consolidated Fund of State. The status of PD Accounts during 2022-23 is given in **Table-4.10**.

Table-4.10: Status of PD Accounts (MH 8443-106) during 2022-23

(₹ in crore)

Opening Balance as on 01 April 2022		Addition during the year		Closed/Withdrawal during the year		Closing Balance as on 31 March 2023	
Number	Amount	Number	Amount	Number	Amount	Number	Amount
45	188.07	0	5.85	20	64.64	25	129.28

During exit conference, the Government stated that out of 25 PD accounts, 16 accounts have been closed and only nine accounts with balance of ₹ 12.02 crore are pending as on date which will be closed very soon.

The following table provides the status of funds lying in PD Account 8443-106 District Magistrate (DM), Dehradun on the last day of the financial year during the period 2018-23.

Table-4.11: Parking of funds in Personal Deposit Account of DM Dehradun during 2018-19 to 2022-23

(₹ in crore)

Year	2018-19	2019-20	2020-21	2021-22	2022-23
Funds parked in PDA	98.36	96.18	97.68	97.68	95.92*

*The PD account of DM Dehradun has been closed in June 2023.

The State had 25 Personal Deposit Accounts with a closing balance of ₹ 129.28 crore as on 31 March 2023. An amount of ₹ 95.92 crore (74.20 per cent) related to one Personal Deposit Account of District Magistrate, Dehradun was lying as on 31st March 2023. The Account was being operated upon after the prior approval of Accountant General (Accounts and Entitlement). However, the same was required to be closed at the end of financial year and the unspent balances transferred to the Consolidated Fund. The PD account of DM Dehradun was closed in June 2023.

Table-4.12: Top five PDA/PLA holder other than DM Dehradun

(₹ in crore)

Sl. No.	Name of the Department	Name & Designation of the Administrator in whose name the PDA/PLA is sanctioned	Operational since	Year of which last renewal	Amount parked
1.	Meladhikari, Kumbh Mela, Haridwar	Meladhikari, Kumbh Mela, Haridwar	06/09/2021	2022-23	16.74
2.	Police Mahanirikshak Mukhyalya, Dehradun	Police Mahanirikshak mukhyalya, Dehradun	27/02/2013	2022-23	4.20

Sl. No.	Name of the Department	Name & Designation of the Administrator in whose name the PDA/PLA is sanctioned	Operational since	Year of which last renewal	Amount parked
3.	Nideshak Chikitsa Shiksha Nideshalay, Dehradun	Nideshak chikitsa shiksha nideshalay, Dehradun	18/11/2014	2022-23	2.90
4.	Nideshak Shehri Vikas Nidehsaly, cyber Treasury	Nideshak Shehri Vikas Nidehsaly, cyber Treasury	08/08/2011	2017-18	2.70
5.	Mahanideshak, soochna evm lok sampark vibhaag, dehradun	Mahanideshak, soochna evm lok sampark vibhaag, dehradun	27/03/2019	2018-19	2.22

Source: Office of the Accountant General (A&E), Uttarakhand

In the above Table-4.12, except DM Dehradun, the other Top five PDA/PLA account holders are given.

Table-4.13: Details of Operative/ Inoperative PD Accounts

Sl. No.	Year of last renewal	No. of PD Accounts	Amount parked in the Accounts (₹ in crore)	No. of PD Accounts which have nil balance
1.	2013-14	4	0.18	3
2.	2014-15	3	0.00	3
3.	2015-16	1	0.00	1
4.	2017-18	3	4.46	0
6.	2018-19	2	2.22	1
7.	2019-20	3	0.00	3
8.	2021-22	3	1.09	1
9.	2022-23	6	119.59	0
Total		25	127.54*	12

Source: Office of the Accountant General (A&E), Uttarakhand (IFMS data)

*The total PD accounts and amount against these accounts differs with that of finance accounts figures.

Out of total 25 PD Accounts, 12 Accounts have nil balance. 11 PD accounts were inoperative for more than five years and five PD accounts were inoperative for more than three years. As per general financial rule, the amounts held under these deposits should have been transferred to the Consolidated Fund of the State. The accounts having nil balance had not been closed at the end of the year (31 March 2023).

4.2.5 Inoperative and non-reconciled PD Accounts

The details of inoperative PD Accounts of Cyber Treasury, Dehradun are shown in Table-4.14 below.

Table-4.14: Inoperative PD Accounts (other than 8443-106) of Cyber Treasury, Dehradun

(₹ in lakh)

Sl. No.	Head	Name of PDA Holder	Closing Balance	Date of last transaction
1.	8448-00-120	Finance Officer/Basic Education Fund Dehradun	11.04	26.10.2016
Total			11.04	

Source: Chief Treasury Office, Dehradun

As is evident from table above, there was one inoperative PD Account other than 8443-106 having a balance of ₹ 11.04 lakh as on March 2023. As per paragraph 10(2) of the

Uttar Pradesh Personal Account Deposits Rules, 1998 (applicable to Uttarakhand), the accounts which are not operated for more than three years should be closed and the amounts held under these accounts should be credited to the Government Account. No transaction was carried out in one account for the last three years or more. Therefore, an amount of ₹ 11.04 lakh should have been credited to the Government Account.

4.2.6 Use of Minor head 800

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. Routine operation of Minor Head 800 should be discouraged since it renders the accounts opaque.

During 2022-23, an amount of ₹ 1,625.33 crore under 32 Major Heads of accounts, constituting 3.13 per cent of the total Revenue and Capital expenditure (₹ 51,967.24 crore) was classified under the Minor Head-800 'Other Expenditure' in the accounts. Similarly, ₹ 1,778.39 crore³ under 45 Major Heads of Account, constituting 3.62 per cent (excluding 3.38 per cent of pension apportionment) of the total Receipts (₹ 49,082.70 crore) was classified under the Minor Head-800 'Other Receipts' in the accounts.

Meanwhile, classification of expenditure under Minor Head-800 has sharply come down in the last ten years. In 2011-12, 26.50 per cent of expenditure was booked under Minor Head 800-Other Expenditure, while it has come down to 3.13 per cent of the total expenditure in 2022-23. Similarly, in 2011-12, 9.25 per cent of the total receipts were booked under Minor Head 800-Other Receipts, while it has come down to 3.62 per cent (excluding 3.38 per cent of pension apportionment) of the total receipts in 2022-23.

Sub head wise details of expenditure and receipts (more than ₹ 20 crore) booked under Minor Head '800-Other Receipts' and Minor Head-800 'Other Expenditure' are depicted in

Table-4.15:

Table-4.15: Details of Minor Head 800-Other Receipts and Other Expenditure at Sub Head level (more than ₹ 20 crore)

(₹ in crore)

"800-Other Receipts"					"800-Other Expenditure"				
Sl. No.	Major Head	Minor Head	Sub Head	Amount	Grant	Major Head	Minor Head	Sub Head	Amount
1	0049	800	12	681.62	0007	4059	800	01	1071.57
2	0039	800	00	275.73	0003	4059	800	02	47.74
3	0406	800	03	98.39	0018	2425	800	31	45.00
4	0406	800	01	92.14	0012	2210	800	11	43.20
5	0801	800	01	73.56	0015	4235	800	04	35.76
6	0070	800	06	69.01	0013	4216	800	02	35.00

³ Excludes ₹ 1,659.46 crore (3.38 per cent of Total Receipts) as apportionment of Pension from Uttar Pradesh State for the year 2018-19 booked under 800-Other Receipts during 2022-23.

“800-Other Receipts”					“800-Other Expenditure				
Sl. No.	Major Head	Minor Head	Sub Head	Amount	Grant	Major Head	Minor Head	Sub Head	Amount
7	0029	800	08	45.96	0030	4225	800	03	29.71
8	0039	800	05	42.12	0007	4059	800	17	27.30
9	0030	800	01	33.71	-	-	-	-	-
10	0217	800	99	30.98	-	-	-	-	-
11	0425	800	03	28.41	-	-	-	-	-
12	0059	800	99	27.22	-	-	-	-	-
13	0211	800	02	27.02	-	-	-	-	-
14	0801	800	02	25.00	-	-	-	-	-
15	0853	800	01	21.88	-	-	-	-	-
Total				1,572.75		Total			1,335.28

Instances where significant amount (20 per cent or more and exceeding ₹ five crore) of the receipts and expenditure was classified under Minor Head '800-Other Receipts' and '800-Other Expenditure' during the year 2022-23 are depicted in **Table-4.16**.

Table-4.16: Significant amount booked under Minor Head- ‘800-Other Receipts/Expenditure’ during 2022-23

(₹ in crore)

Sl. No.	“800-Other Receipts”				“800-Other Expenditure”			
	Major Head	Total Receipts	Booking under Minor Head 800	Percentage of Receipts	Major Head	Total Expenditure	Booking under Minor Head 800	Percentage of Expenditure
1.	0029-Land Revenue	64.98	50.96	78.42	2040- Taxes on Sales, Trade etc.	20.32	18.41	90.60
2.	0049-Interest Receipts	759.04	694.88	91.55	2425-Co-operation	122.90	79.64	64.80
3.	0055-Police	29.72	16.86	56.73	4047- Capital Outlay on other Fiscal Services	16.64	16.64	100.00
4.	0059-Public Works	51.01	41.78	81.91	4059-Capital outlay on Public Works	1554.94*	1127.42	72.51
5.	0070-Other Administrative Services	110.23	78.34	71.07	4216-Capital Outlay on Housing	66.37	53.03	79.90
6.	0210-Medical and Public Health	188.50	14.08	7.47	4225-Capital Outlay on Welfare of SC, ST, OBC & Minorities	57.00	47.64	83.58
7.	0211- Family Welfare	27.03	27.03	100.00	4235-Capital Outlay on Social Security & Welfare	43.57	35.96	82.53
8.	0217-Urban Development	30.99	30.99	100.00	4401-Capital Outlay on Crop Husbandry	27.02	6.69	24.76
9.	0401- Crop Husbandry	7.03	4.98	70.84	4859-Capital Outlay on Telecommunication and Electronic Industries	30.47	15.37	50.44
10.	0406- Forestry and Wildlife	474.93	203.57	42.86	-	-	-	-
11.	0425-Co-Operation	28.74	28.74	100.00	-	-	-	-

Sl. No.	"800-Other Receipts"				"800-Other Expenditure"			
	Major Head	Total Receipts	Booking under Minor Head 800	Percentage of Receipts	Major Head	Total Expenditure	Booking under Minor Head 800	Percentage of Expenditure
12.	0435- Other Agricultural Programmes	14.02	14.02	100.00	-	-	-	-
13.	0515-Other Rural Development Programme	14.68	8.49	57.83	-	-	-	-
14.	0801-Power	72.46	32.79	45.25	-	-	-	-
	Total	1873.36	1247.51	66.59	Total	1939.23	1400.80	72.23

Source: Finance Accounts 2022-23 prepared by Accountant General (A&E) Uttarakhand

* Excludes an amount of ₹ 15.64 crore taken from the Contingency Fund in 2022-23 and remaining un-recouped till the close of the year.

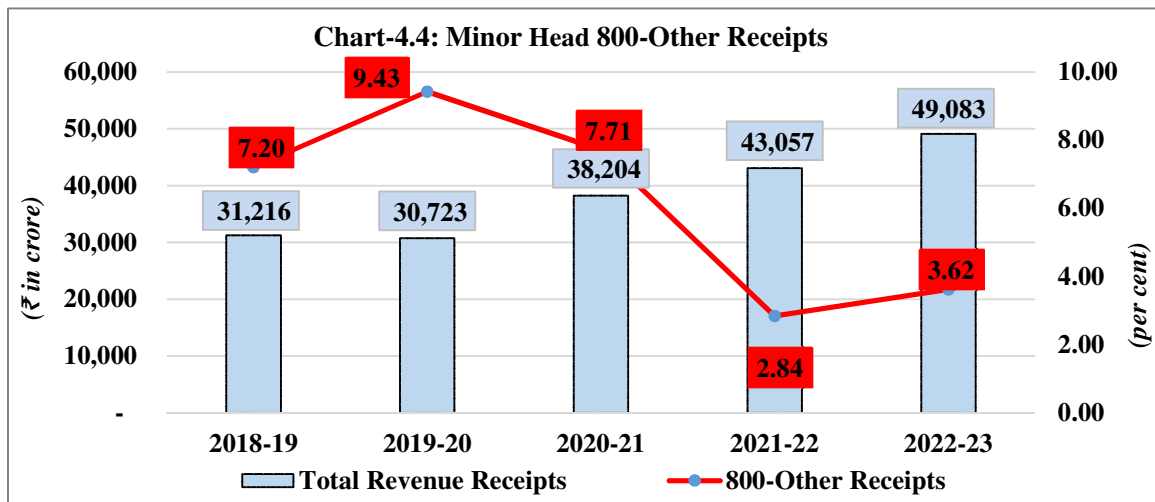
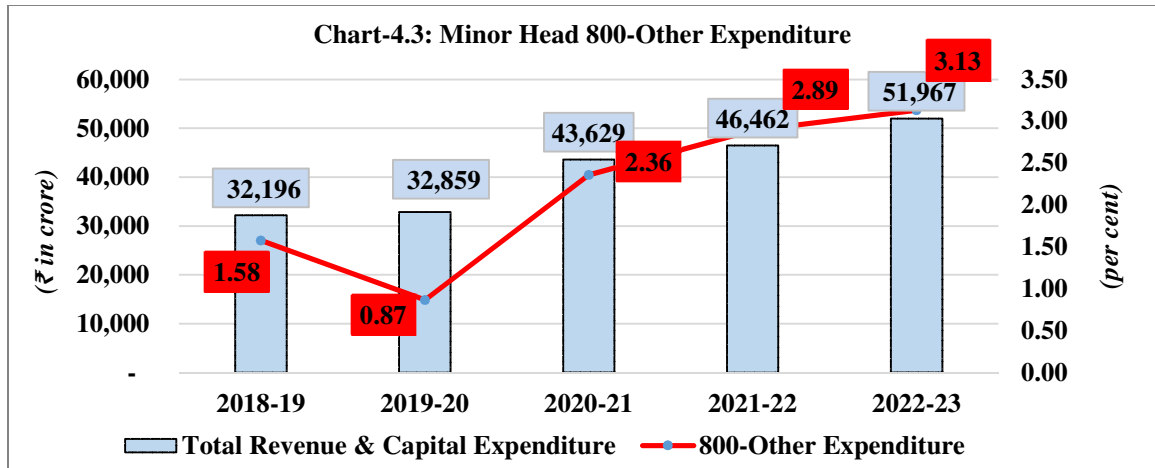
As is evident from above table, around 66.59 per cent of receipts in respect of 14 Major Heads pertaining to Department of Finance, Police, Public Works, Health, Urban Development, Forest, Agriculture, Rural Development, were booked under '800- Other Receipts'. Similarly, 72.23 per cent of total expenditure pertaining to nine Major Heads pertaining to Department of Commercial Tax, Co-operation, Public works, Housing, Minority Welfare, Crop Husbandry and Telecommunication was booked under the '800-Other Expenditure'. Classification of large amounts booked under the Minor Head '800-Other Receipts/Expenditure' affects the transparency/fair picture in financial reporting and distorts proper analysis of allocative priorities and quality of expenditure.

Some of the transactions booked under Minor Head 800 is given below:

- Construction of tourist guest house at Gangolihat, in district Pithoragarh was booked in Minor Head 800-other expenditure under Major Head 5452 -Capital expenditure on Tourism. However, keeping the nature of the transaction in view the same should have been booked under 5452-01-102 (tourist accommodation).
- Expenditure has been booked in Minor Head 800-Indian Partnership Act, Society Chit Fund Act, under Major Head 2047- Other Fiscal Services. Whereas according to the nature of the transaction, it was to be booked under Major Head 3475-00-200 Other General Economic Services (Regulation of other Business Undertakings).
- Under Major Head 0049-interest receipts, booking has been done for Assistant Registrar Cooperative Societies in Minor head 800-other receipts. Whereas according to the list of Major and Minor Heads of accounts, it was to be booked under Minor Head-195 (Interest from Cooperative Societies) in place Minor Head 800.

During exit conference, the Government intimated that maximum major heads as suggested by AG have been corrected during the year 2022-23. Further, efforts will be made to minimize the use of Minor Head-800 in future.

The extent of operation of Minor Head-800, as a percentage of Total Expenditure and Receipts during 2018-19 to 2022-23 is given in **Chart-4.3** and **Chart-4.4**.



4.3 Issues related to measurement

4.3.1 Outstanding balance under major Suspense and Remittance heads

a) Suspense and Remittance Balances

Table below gives nature of transactions of debit and credit balances under the Major Head 8658-Suspense Account.

Name of Minor Head	Debit side	Credit side
	Nature of transactions	Nature of transactions
101-Pay and Accounts Office-Suspense	When Pay and Accounts offices of States and Union Territories makes payments on behalf of Central Government.	When Central Government's Pay and Accounts Office makes payment on behalf of the State Government
102-Suspense Accounts (Civil)	This meant to be operated upon in the books of AG to incorporate difference noticed between figures in Treasury Lists of Payments/Cash Accounts, and the schedules of payments/receipts accompanying thereto.	The amounts initially kept under this sub-head will be cleared and taken to the heads of accounts concerned when the differences are settled on receipts of necessary clarifications/wanting schedules etc. from the Treasury Officers.

Name of Minor Head	Debit side	Credit side
	Nature of transactions	Nature of transactions
107- Cash Settlement Suspense Account	This minor head will be used for settlement or transactions between public works divisions rendering accounts to the same Accountant General	When one Public Works Division gives material to another Division of the State Government
110-Reserve Bank Suspense-Central Accounts Office	On receipt of the advice the Central Accounts Office of the Reserve Bank of India, Nagpur debits the balances of State Government and passes on the credit to the Central Government under intimation to the Principal Accounts Office concerned	This minor head is used by the Principal Accounts Office etc at the time of issuing advice to the RBI, Central Accounts Section, Nagpur to effect transfer from the balances of Central Government (Civil) to that of the State Government
112-Tax Deducted at Source (TDS) Suspense	When Accounting Authority (AG, Uttarakhand) will make the payment to Central Government	When TDS in accordance with Income Tax is deducted by DDOs of Uttarakhand Government
113-Provident Fund Suspense	This head is cleared on tracing of original transaction	When a credit or debit is given to a GPF subscriber pending tracing of original transaction
117-Transaction on behalf of Reserve Bank	Receipts and payments relating to RBI appearing in Government accounts should be debited in the first instance to this minor head	Receipts and payments relating to RBI appearing in Government accounts should be credited in the first instance to this minor head
123-All India Service (A.I.S.) Officers Group Insurance Scheme	Payments towards Central Government Employees Group Insurance Scheme made to A.I.S. Officers of a State cadre shall be classified under the subhead	Deductions/recoveries towards Central Government Employees Group Insurance Scheme made from A.I.S. Officers of a State cadre shall be classified under the subhead
129-Material Purchase Settlement Suspense Account	This Minor Head will be operated for direct purchases of stores in cases where payment has not been made in the same month in which stores have been received	When a Public Works Division / Office of the State Government procured material through erstwhile Directorate of Supplies and Disposal of the Government of India. Such transactions have stopped taking place since 1993.
102-Public Works Remittances /103- Forest Remittances	When a Public Works Division/ Forest Division deposits money into a treasury. With implementation of IFMS from April 2019 this head is no longer being operated.	When a Public Works Division /Forest Division makes any payment through treasury. With implementation of IFMS from April 2019 this head is no longer being operated.
8793-Inter State Suspense Account	When Uttarakhand Government receives payment for pensions paid to Pensioners of other states	When Uttarakhand Government makes payment to Pensioners of other states

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. Clearance of Suspense and

Remittance items depends upon the details furnished by the State Treasuries/Works and Forest Division, etc. The position of gross figures under major Suspense and Remittance heads for the last three years is given in **Table-4.17**.

Table-4.17: Balances under Suspense and Remittance Heads

(₹ in crore)

Name of Minor Head	2020-21		2021-22		2022-23	
	Dr	Cr	Dr	Cr	Dr	Cr
8658-Suspense Accounts						
101-Pay and Accounts Office-Suspense	115.24	23.40	189.52	89.34	331.64	186.11
Net	(Dr) 91.84		(Dr)100.16		(Dr) 145.53	
102-Suspense Accounts (Civil)	574.13	379.40	289.18	386.82	295.03	392.38
Net	(Dr) 194.73		(Cr) 97.64		(Cr) 97.35	
107- Cash Settlement Suspense Account	81.39	0.26	99.71	0.26	1233.79	1133.42
Net	(Dr) 81.13		(Dr) 99.45		(Dr) 100.37	
110-Reserve Bank Suspense-Central Accounts Office	214.67	219.61	221.31	219.61	224.32	219.61
Net	(Cr) 4.94		(Dr) 1.70		(Dr) 4.71	
112-Tax Deducted at Source (TDS) Suspense	28.03	241.27	28.03	267.44	28.03	330.23
Net	(Cr) 213.24		(Cr) 239.41		(Cr) 302.20	
113-Provident Fund Suspense	24.75	24.64	24.75	24.64	24.75	24.64
Net	(Dr) 0.11		(Dr) 0.11		(Dr) 0.11	
117-Transaction on behalf of Reserve Bank	18.12	20.33	18.12	20.33	18.12	20.33
Net	(Cr) 2.21		(Cr) 2.21		(Cr) 2.21	
123-I.A.S. Officers Group Insurance Scheme	0.32	0.57	0.34	0.61	0.36	0.64
Net	(Cr) 0.25		(Cr) 0.27		(Cr) 0.28	
129-Material Purchase Settlement Suspense Account	0.03	(-) 0.73	0.03	(-)0.73	0.03	(-)0.73
Net	(Dr) 0.76		(Dr) 0.76		(Dr) 0.76	
8782- Cash Remittances and adjustments between officers rendering accounts to the same Accounts Officer						
102-Public Works Remittances	296.13	372.74	296.13	372.70	296.45	372.70
Net	(Cr) 76.61		(Cr) 76.57		(Cr) 76.24	
103- Forest Remittances	107.23	166.95	107.23	166.95	107.23	166.95
Net	(Cr) 59.72		(Cr) 59.72		(Cr) 59.72	
8793-Inter State Suspense Account	2095.05	2014.10	2083.81	2015.19	2067.53	2316.45
Net	(Dr) 80.95		(Dr) 68.62		(Dr) 51.08	

Source: Finance Accounts 2022-23 prepared by Accountant General (A&E) Uttarakhand

Analysis of various minor heads under Suspense has been discussed below:

The Suspense balances (Debit/Credit) under the Minor Heads 101-PAO Suspense, 102-Suspense Account (Civil) and 112-Tax Deducted at Source (TDS) Suspense under Major Head 8658-Suspense Account appearing in the Finance Accounts for the year 2022-23 are detailed below:

Pay and Accounts Office - Suspense (Minor Head 101): This Minor Head is operated for the settlement of inter-departmental and inter-governmental transactions arising in the books of Pay and Accounts Offices (PAOs) under the Union Government, PAOs of the Union Territories and the Accountants General (Accounts and Entitlement) of the states. The outstanding net debit balance (31 March 2023) under this head was ₹ 145.53 crore against debit balance of ₹ 100.16 crore at end of the previous year. The receipts constituted 35.95 *per cent* and disbursements constituted 64.05 *per cent* during the year 2022-23. Outstanding debit balance under this head means that payments have been made by the PAO on behalf of other PAO, which are yet to be recovered.

Suspense Account - Civil (Minor Head 102): The transactions which cannot be taken to final head of expenditure/receipt accounts for want of certain information/documents (challans, vouchers, etc.) are initially booked under this suspense head. During the year, an amount of ₹ 295.03 crore (42.92 *per cent*) had been made out of the minor head and an amount ₹ 392.38 crore (57.08 *per cent*) had been booked under this minor head, there by leaving a credit balance of ₹ 97.35 crore outstanding as of 31 March 2023 against a debit balance of ₹ 97.64 crore during 2022-23.

Tax Deducted at Source (TDS) Suspense - (Minor Head 112): This Minor Head is intended to accommodate receipts on account of Income tax deducted at source These credits are to be cleared by the end of each financial year and credited to the Income Tax (IT) Department. During the year 2022-23, an amount of ₹ 28.03 crore (7.82 *per cent*) was released from the Minor Head 112 against a credit of ₹ 330.23 crore (92.18 *per cent*). This means that an amount of ₹ 302.20 crore was lying un-credited to the IT department as of March 2023. However, the credit balance at end of the year 2022-23 was more as compared to the year 2021-22 (₹ 239.41 crore).

b) Major Head Cheques and Bills (MH 8670)

This head is used to record transactions relating to issue of Cheques and their encashment subsequently. With implementation of e-payment system of RBI (e-Kuber) this head is being used to record value of e-payment advice and its subsequent clearance.

Credit balance under MH 8670 Cheques and Bills indicates Cheques issued but remaining un-encashed. The opening balance as on 01 April 2022 was ₹ 349.72 crore (Credit). During 2022-23, Cheques worth ₹ 49,375.90 crore were issued, against which Cheques worth ₹ 49,661.31 crore were encashed, leaving a closing balance of ₹ 64.31 crore (Credit) as on 31 March 2023. The closing balance represents expenditure originally booked in various financial years under different functional Major Heads, which has not resulted in any cash outflow to the Government of Uttarakhand till 31 March 2023.

c) Central Road and Infrastructure Fund (CRIF)

Government of India provides annual grants under the CRIF to the State Government to incur expenditure on specific road projects. In terms of the extant accounting procedure, the grants are to be initially booked as Revenue Receipts under Major Head “1601

Grants-in-Aid”. Thereafter the amount so received is to be transferred by the State Government to the Public Account under Major Head “8449-Other Deposits-103 Subvention from Central Road Fund”, through functional Major Head. This process ensures that receipt of the grants do not result in overstatement of Revenue Surplus or understatement of Revenue Deficit in the accounts. The expenditure on prescribed road works under CRF will first be accounted for under the relevant Capital or Revenue Expenditure section (Major Heads 5054 or 3054) and reimbursed out of the Public Account under Major Head 8449 as a deduct expenditure to the concerned Major Head (5054 or 3054 as the case may be).

During the year 2022-23, Government of India released ₹ 378.17 crore from Central Road Fund to State Government.

However, prescribed accounting procedure of booking the amount under the Major Head 8449-103 through the functional Major Head was not followed and during the year the state government incurred expenditure of ₹ 334.34 crore under Major Head 5054-04-337 which was ₹ 43.83 crore less than the amount received under Major Head 1601-06-104 Grant from Central Road Fund. This resulted in overstatement of Revenue surplus by ₹ 378.17 crore while having no impact on Fiscal Surplus/Deficit.

d) Adverse Balance of Loans and Advances

Minus balances appearing in the accounts during the year are given in **Table-4.18** below.

Table-4.18: Minus balances appearing under Major Heads 6851 and 7610

(₹ in crore)

Major Heads	Major Head Description	Minus balance
6851	Loans for Village and small Industries	(-)0.18
7610	Loans to Government Servants	(-)20.08

These Loans were disbursed by Government of Uttar Pradesh before formation of Uttarakhand State. The repayment of these Loans are being booked under above mentioned Heads as such adverse balances are reflected in the Accounts. These adverse balances are under review.

4.3.2 Non-reconciliation of Departmental figures

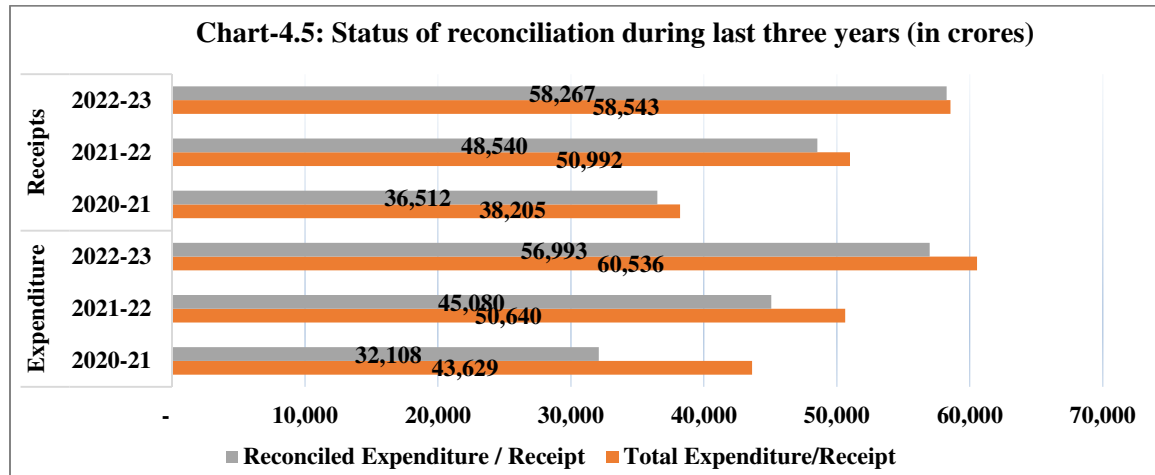
In terms of paragraph 109 of the Uttarakhand Budget Manual 2012, all the Controlling Officers are required to reconcile the Receipts and Expenditure of the Government with the figures recorded in the office of the Accountant General (Accounts and Entitlement) every month. This is to enable the Controlling Officers to exercise effective control over expenditure and manage their budgetary allocation efficiently and ensure accuracy of their accounts.

During the year 2022-23, in respect of expenditure, reconciliation was completed by 62 Chief Controlling Officers (CCOs) (fully by 56 CCOs and partially by 06 CCOs). Out of 62 CCOs (100 per cent) reconciliation covering expenditure of ₹ 56,992.72 crore (94.15 per cent of total expenditure of ₹ 60,535.64 crore⁴) was carried out. Further, in

⁴ Total Expenditure ₹ 60,535.64 crore includes disbursement of Loans and Advances of ₹ 93.63 crore & Repayment of Public debt ₹ 8,474.77 crore.

respect of receipts, out of 48 CCOs, reconciliation was carried out by 44 CCOs (fully by 37 CCOs and partially by 07 CCOs). Reconciliation of receipts covering ₹ 58,266.57 crore (99.53 per cent of total receipts of ₹ 58,542.90 crore⁵) was carried out during the year 2022-23.

The status of reconciliation of receipts and expenditure figures by the Controlling Officers during the period 2020-21 to 2022-23 is shown in **Chart-4.5**.



The details relating to the number of Controlling Officers and the extent of reconciliation during the last three years are given in **Table-4.19**.

Table-4.19: Status of Reconciliation of Receipts and Expenditure figures

(₹ in crore)

Year	Total No. of Controlling Officers	Fully Reconciled	Partially Reconciled	Not reconciled at all	Total Receipts/ Expenditure	Reconciled Receipts/ Expenditure	Percentage of Reconciliation
Receipts							
2020-21	48	03	23	22	38,204.56	36,512.20	95.57
2021-22	48	03	29	16	50,992.06	48,540.27	95.19
2022-23	48	37	07	04	58,542.90	58,266.57	99.53
Expenditure							
2020-21	62	12	41	09	43,629.24	32,107.80	73.59
2021-22	62	11	46	05	50,640.06	45,079.86	89.02
2022-23	62	56	06	00	60,535.64	56,992.72	94.15

Source: Finance Accounts 2022-23 prepared by Accountant General (A&E) Uttarakhand and information furnished by Accountant General (A&E) Uttarakhand.

Reconciliation and verification of figures is an important tool of financial management. Failure to adhere to the codal provisions and executive instructions in this regard not only results in misclassification and incorrect booking of receipts and expenditure in the accounts, but also defeats the very objective of budgetary process. The reconciliation during 2022-23 in respect of expenditure figures has appreciated to 94.15 per cent against 89.02 per cent in 2021-22.

⁵ Total Receipt ₹ 58,542.90 crore includes Recoveries of Loans and Advances ₹ 17.08 crore & Public debt Receipt ₹ 9,431.07 crore.

During exit conference, the Government intimated that there was improvement in reconciliation of receipt and expenditure figures with AG (A&E) during 2022-23.

4.3.3 Reconciliation of Cash Balances

The Cash Balance as on 31 March 2023 as per books of Accounts of the Accountant General (Accounts and Entitlement), Uttarakhand was ₹ 131.82 crore (credit) and that reported by the RBI was ₹ 0.85 crore (credit). There was a net difference of ₹ 130.97 crore (credit) between the Cash balance as worked out by the Accountant General (Accounts and Entitlement), Uttarakhand and as reported by the Reserve Bank of India (RBI). This difference was on account of non-receipt of scrolls, *etc.* The office of the Accountant General (Accounts and Entitlement), Uttarakhand stated that the matter was under consideration with the RBI and Treasuries for the reconciliation of the same.

4.4 Issues related to disclosure

4.4.1 Compliance with Accounting Standards

Government of India has notified three Indian Government Accounting Standards (IGAS). The compliance of the existing Accounting Standards by the State Government is detailed in the **Table-4.20**.

Table-4.20: Compliance to Accounting Standards

Sl. No.	Accounting Standards	Essence of IGAS	Compliance by Government	Impact of deficiency
1.	IGAS- 1: <i>Guarantees given by the Government</i>	This Standard requires the government to disclose the maximum amount of guarantees given during the year in its financial statements along with additions, deletions, invoked, discharged and outstanding at the end of the year.	Partially complied (Statement 9 and 20 of Finance Accounts)	The information regarding maximum amount of guarantees has not been made available by the State Government. Further, detailed information like number of guarantees for each institution was not furnished. Hence, the statement is incomplete to that extent.
2.	IGAS- 2: <i>Accounting and Classification of Grants-in-Aid</i>	Grants-in-Aid are to be classified as revenue expenditure in the accounts of the grantor and as revenue receipts in the accounts of the grantee, irrespective of the end use.	Partially complied (Statement 10 and Appendix-III of Finance Accounts)	The State Government gives Grants-in-Aid to various bodies for various purposes and schemes. Details of Grants-in-Aid given by the State Government are shown in Statement 10 and Appendix-III of the Finance Accounts as per the requirement of IGAS-2. However, information on the Grants-in-Aid in kind has not been provided by the State Government. Hence, the requirement of IGAS-2 has not been fulfilled to that extent.

Sl. No.	Accounting Standards	Essence of IGAS	Compliance by Government	Impact of deficiency
3.	IGAS- 3: <i>Loans & Advances made by the Government</i>	This Standard relates to recognition, measurement, valuation and reporting in respect of loans and advances made by the Government in its Financial Statements to ensure complete, accurate and uniform accounting practices	Partially complied (Statement 7 and 18 of Finance Accounts)	Statements 7 and 18 of the Finance Accounts on Loans and Advances given by the Government have been prepared as per the requirements of IGAS 3, to the extent furnished by the State Government except for loans, if any, that were sanctioned in perpetuity.

During exit conference, the Government stated that compliance in this regard will be made in future.

4.4.2 Submission of Accounts/Separate Audit Reports of Autonomous Bodies

As per Section 19(3) of the CAG's DPC Act, 1971 the Governor/Administrator may, in the public interest, request the CAG to audit the accounts of a corporation established by law made by the legislature of the State or of the Union Territory, as the case may be, and where such request has been made, the CAG shall audit the accounts of such corporation and shall have, for the purposes of such audit, right of access to the books and accounts of such corporation.

Apart from Section 19, where the audit of the accounts of anybody or authority has not been entrusted to the CAG by or under any law, he shall, if requested so to do by the President, or the Governor of a State or the Administrator of a Union Territory having a Legislative Assembly, as the case may be, undertake the audit of the accounts of such body or authority on such terms and conditions as may be agreed upon between him and the concerned Government and shall have, for the purposes of such audit, right of access to the books and accounts of that body or authority (Section 20).

Audit Certificate is issued in case of above-mentioned autonomous bodies and authorities provided CAG is the sole auditor. Thus, these bodies and authorities are required to prepare annual accounts and submit these to the Accountant General (Audit). Apart from Audit Certificate, on the completion of financial audit, the audit office issues Separate Audit Report (SAR) that is part of the Audit Certificate on the accounts. These SARs are to be placed before the State Legislature. Details of arrears of accounts of authorities are given in the **Table-4.21** below.

Table-4.21: Arrears of accounts of Bodies or Authorities

Sl. No.	Name of Body or Authority	Accounts Pending Since	No. of accounts pending up to 2022-23
1.	Uttarakhand Jal Sansthan	2020-21	03
2.	Uttarakhand Real Estate Regulatory Authority	2022-23	01
3.	Uttarakhand Building and Other Construction Workers Welfare Board	2005-06	17

It can be seen from **Table-4.21** that accounts of three authorities are pending for one to 17 years.

4.4.3 Non-submission of details of grants/loans given to bodies and authorities

To identify the institutions, which attract audit under Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, the 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 for which the assistance was granted and the total expenditure of the institutions. Further, Regulation on Audit and Accounts (Amendments) 2020 provides that Government and the Heads of Departments 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.

The Government, however, did not furnish the information pertaining to grants aggregating ₹ 10 lakh or more for the Autonomous Bodies/Authorities in the State of Uttarakhand. Non-furnishing of information was in violation of Regulations on Audit and Accounts, (Amendments) 2020. On review of Statement number 4 of the Finance Account for the year 2022-23, it was observed that the various Departments had given Grant-in-aid for Capital Assets (object head 55) and Grants-in-aid other than salary (object head 56) amounting to ₹ 450.47 crore and ₹ 4,747.80 crore respectively during 2022-23.

4.4.4 Timeliness and Quality of Accounts

During 2022-23, all the account rendering entities (Treasuries, Public Works and Forest Divisions and Pay and Account Office, New Delhi), who render their monthly accounts to Accountant General (Accounts and Entitlement), had rendered their accounts in time and there was no case of exclusion.

4.5 Other issues

4.5.1 Misappropriations, losses, thefts etc.

As per the provisions of Financial Handbook Vol-V part-I Rule 82 & Appendix XIX B, DDOs are supposed to intimate offices of the Accountants General (Audit) and (A& E) the details of losses. During the year 2022-23 no case of misappropriations, losses, theft etc. were reported by the DDOs.

4.5.2 Follow up Action on State Finances Audit Report

Public Accounts Committee of the State Legislature had not discussed the State Finances Audit Reports since their preparation.

4.6 Conclusion

- The departmental officers did not submit 268 Utilisation Certificates (due for submission by March 2023) to the Accountant General (Accounts and Entitlement), Uttarakhand in respect of the grants of ₹ 864.32 crore given up to March 2022 for specific purposes. As of March 2023, 74 Abstract Contingent bills amounting to

₹ 11.36 crore were outstanding. Non-submission of Utilisation Certificates and Detailed Countersigned Contingent bills drawn for specific purposes and non-submission of Accounts by Autonomous Bodies/Public Sector Undertakings were violative of prescribed financial rules and directives. These point to lack of internal controls and deficient monitoring mechanism of the State Government.

- During 2022-23, reconciliation of receipts and expenditure by the Chief Controlling Officers was 99.53 and 94.15 *per cent* respectively.
- Expenditure of ₹ 1,625.33 crore and receipts of ₹ 1,778.39⁶ crore were booked under the Minor Heads '800-Other Expenditure' and '800-Other Receipts' under various Major Heads affecting the transparency in financial reporting. Routine operation of Minor Head 800- Other Expenditure/Other Receipts should be discouraged since it renders the accounts opaque.
- The State Government has yet not fully implemented the notified Indian Government Accounting Standards in the State, thereby, compromising on the quality of financial reporting.

4.7 Recommendations

- *The Government should ensure timely submission of Utilisation Certificates by the grantees in respect of grants released for specific purposes and furnishing of Detailed Countersigned Contingent bills by the departments;*
- *The Government should strengthen its internal control mechanism to ensure that the controlling officers reconcile their figures of expenditure with those of Accountant General (Accounts and Entitlement) at prescribed intervals;*
- *The State Government should discourage the operation of Minor Head 800 and chalk out a specific time frame in consultation with the Accountant General (Accounts and Entitlement), to identify appropriate heads of account to classify the transaction correctly in the books of accounts;*
- *The State Government should take steps to fully implement the Indian Government Accounting Standards in the State to improve the quality of financial reporting.*

⁶ Excludes ₹ 1,659.46 crore as apportionment of Pension from Uttar Pradesh State for the year 2018-19 booked under 800-Other Receipts.

