

Chapter-IV

Quality of Accounts and Financial Reporting Practices

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

Issues Related To Completeness Of Accounts

4.1 Non-discharge of liability of interest towards Reserve Funds bearing interest and Deposits bearing interest

Government is liable to pay/adjust interest in respect of balances under Reserve Funds bearing interest and Deposits bearing interest. Audit observed that ₹ 42.12 crore was required to be paid as interest on the balances lying under Reserve Funds bearing interest and Deposits bearing interest as on 31 March 2024, as shown in Table 4.1.

Table 4.1: Details of non-discharge of liability of interest towards Reserve Funds bearing interest and Deposits bearing interest

(₹ in crore)

Sr. No.	Name/Head of Reserve Funds bearing interest and Deposits being interest	Basis for calculation of interest	Amount of Interest not provisioned ¹
1.	Defined Contribution Pension Scheme for Government employees	Interest calculated at the rate of 7.10 per cent as per interest payable to General Provident Fund.	7.88
2.	Depreciation Reserve Fund (Motor Transport)	Interest calculated taking rate applicable for 14-Days treasury bill investment i.e. Reserve Repo Rate at the rate of 3.35 per cent minus one per cent i.e. 2.35 per cent for the year 2023-24.	2.75
3.	General Reserve Fund (Motor Transport)		0.44
4.	Punjab Road Safety Fund		1.49
5.	Deposits of Government companies, corporations, etc. and Miscellaneous Deposits		29.56
Total			42.12

Source: Finance Accounts

Non-payment of interest amounting to ₹ 42.12 crore resulted into understatement of Revenue Deficit, Revenue Expenditure and Fiscal Deficit to that extent.

¹ Calculated on progressive monthly balances as of March 2024.

4.2 Funds transferred directly to State implementing agencies

The Government of India (GoI) has been transferring sizeable funds directly to the State implementing agencies for implementation of various schemes. GoI decided to route these funds through the State Budget from 2014-15 onwards. However, during the year 2023-24, Central share of ₹ 3,997.84 crore (₹ 3,921.41 crore pertaining to 10 Central Schemes exceeding ₹ ten crore each and ₹ 76.43 crore pertaining to other Schemes having release less than ₹ ten crore each) was transferred directly to the State implementing agencies bypassing the Consolidated Fund of the State and state budget as detailed in *Appendix 4.1*. Of this, Central share of ₹ 1,083.35 crore under seven Centrally Sponsored Schemes (CSS), as detailed in *Appendix 4.2*, was transferred directly to the implementing agencies, which ranged from 0.50 per cent to 100 per cent of the total transfers by GoI under each scheme.

The funds transferred directly to State implementing agencies constituted 4.48 per cent and 27.96 per cent of total revenue receipts (₹ 89,192.07 crore) and Grants-in-aid (₹ 14,296.36 crore) respectively. The direct transfer of funds increased by 12.72 per cent as compared to 2022-23 (from ₹ 3,546.60 crore in 2022-23 to ₹ 3,997.84 crore in 2023-24).

The State Government accounts for the year 2023-24 depicts only ₹ 3,184.97 crore under Central share of Centrally Sponsored Schemes. Thus, budget and expenditure to the extent of ₹ 3,997.84 crore remained outside the accounts of the State, thereby depicting incomplete picture of the State's financial position.

Issues related to transparency

4.3 Delay in submission of Utilisation Certificates

Rule 8.14 (b) of the Punjab Financial Rules, Volume-1 prescribes that where grants are sanctioned and cases in which conditions are attached to the utilisation of grant in the form of specification of particular objects of expenditure or the time within which the money must be spent or otherwise, the departmental officer on whose signature or countersignature the Grants-in-aid bill was drawn should be primarily responsible for certifying to the Accountant General, the fulfilment of the conditions attached to the grant. Utilisation Certificates (UCs) outstanding beyond the specified periods (i.e. 18 months from the sanction of grant) 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.

During the year 2023-24, 1,508 UCs amounting to ₹ 10,593.04 crore were due for submission (GIA Bills drawn up to September 2022). Of these, 911 UCs amounting to ₹ 7,503.47 crore were cleared. The age-wise pendency of 597 outstanding UCs amounting to ₹ 3,089.57 crore as on 31 March 2024 is given in **Table 4.2**.

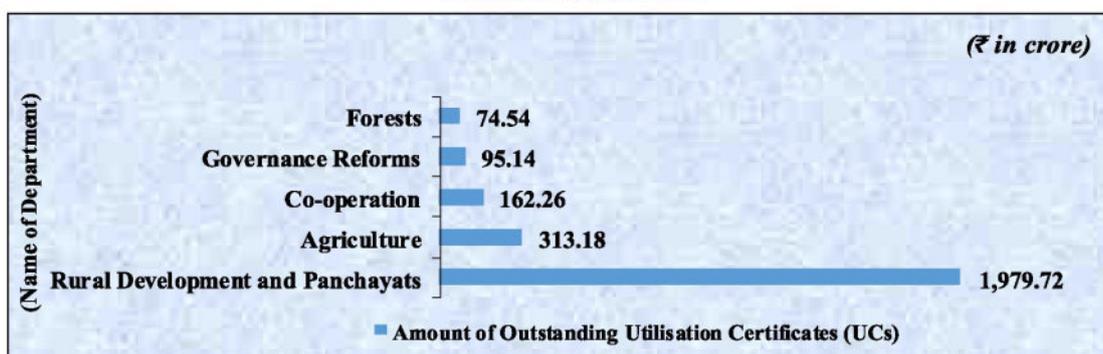
Table 4.2: Age-wise pendency of Utilisation Certificates

UC due year*	No. of UCs	(₹ in crore)
		Amount
2017-18	01	50.00
2018-19	01	0.05
2019-20	09	24.67
2020-21	68	46.69
2021-22	61	175.63
2022-23	189	1,472.87
2023-24 (drawn up to September 2022)	268	1,319.66
Total	597**	3,089.57**

Source: Finance Accounts and O/o the Accountant General (A&E) Punjab

*The year mentioned above relates to "Due year" i.e. after 18 months of actual drawl.

** These include 91 outstanding UCs amounting to ₹ 625.97 crore relating to Grants to Single Nodal Agencies.

Chart 4.1: Outstanding UCs in respect of five major Departments as on 31 March 2024

Source: O/o the Accountant General (A&E) Punjab

Chart 4.1 shows that ₹ 2,624.84 crore i.e. 84.96 per cent of the total outstanding UCs (₹ 3,089.57 crore) pertained to five departments, of which 64.08 per cent pertained to one department viz.. Rural Development and Panchayats Department (₹ 1,979.72 crore). The amount of outstanding UCs of the Agriculture Department and Rural Development and Panchayats Department increased by 36.83 per cent and 3.75 per cent respectively as on 31 March 2024 as compared to the previous year i.e. as on 31 March 2023².

Since non-submission of UCs is fraught with the risk of misutilisation, it is imperative that the State Government should monitor this aspect closely and hold the persons concerned accountable for non-submission of UCs in a timely manner.

4.4 Abstract Contingent bills

When money is required in advance or when they are not able to calculate the exact amount required, Drawing and Disbursing Officers (DDOs) are permitted

² Amount of outstanding UCs of Agriculture Department (₹ 228.88 crore) and Rural Development and Panchayats Department (₹ 1,908.10 crore) at the end of 2022-23.

to draw money; through Abstract Contingent (AC) bills, by debiting service heads and the expenditure is reflected as an expense under the service head. Rule 274 of Punjab Treasury Rules as amended by State Government in December 2016 provides that Drawing and Disbursing Officers (DDOs) are required to present Detailed Contingent (DC) bills containing vouchers in support of financial expenditure within six months from the date of drawing of such advance. Delayed submission or prolonged non-submission of DC bills may affect the completeness and correctness of accounts.

The details of AC bills, pending adjustment, as on 31 March 2024 is given in **Table 4.3**.

Table 4.3: Age-wise pending adjustment of AC bills

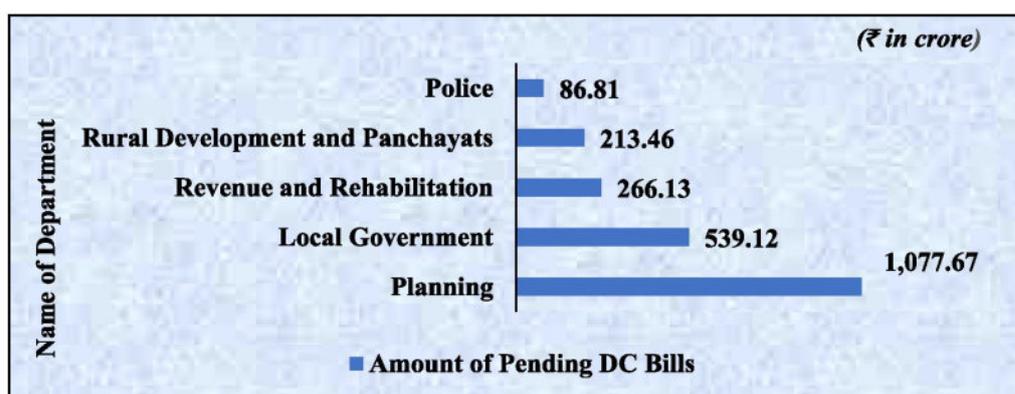
Due Year	No. of AC bills	(₹ in crore)
		Amount
2014-15	06	12.84
2015-16	11	1.72
2016-17	07	3.84
2017-18	10	0.96
2018-19	17	20.61
2019-20	60	36.21
2020-21	165	135.82
2021-22	401	782.55
2022-23	421	752.29
2023-24 (drawn up to September 2023)	939	1,058.01
Total	2,037*	2,804.85*

Source: Finance Accounts and O/o the Accountant General (A&E) Punjab

* These do not include AC Bills relating to transfer to Single Nodal Agency.

It was observed that out of 2,543 AC bills amounting to ₹ 1,991.67 crore drawn during 2023-24, 483 AC bills amounting to ₹ 192.84 crore (9.68 per cent) were drawn in March 2024. Expenditure against AC bills at the end of the financial year indicates poor management of public expenditure as it could be that AC bills were drawn primarily to exhaust the budget provision.

Chart 4.2: Pending DC Bills (Non-SNA) in respect of five major Departments



Source: O/o the Accountant General (A&E) Punjab

It is evident from the above chart that ₹ 2,183.19 crore i.e. 77.84 *per cent* of the total outstanding AC bills (₹ 2,804.85 crore) pertained to five Departments.

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.

The State Government stated (December 2024) that serious efforts were being made by holding regular meetings with the line departments to bring down the number of outstanding AC bills.

4.5 Indiscriminate use of Minor Head-800

Minor Head-800 relating to Other Receipts and Other Expenditure is intended to be operated only when the appropriate minor head has not been provided in the accounts. Regular operation of Minor Head-800 is to be discouraged, as it renders the accounts opaque. Classification of large amounts under the omnibus Minor Head-800 affects transparency in financial reporting and distorts proper analysis of allocative priorities and quality of expenditure.

It was observed that during the year 2023-24, ₹ 2,360.17 crore under 46 Major Heads of account, constituting 1.93 *per cent* of the total Revenue and Capital expenditure (₹ 1,22,150.18 crore) was classified under the Minor Head-800-Other Expenditure in the accounts. Details of substantial expenditure (more than ₹ 10 crore and 50 *per cent* or above of the total expenditure under each Major Head) booked under Minor Head-800-Other Expenditure are given in *Appendix 4.3*.

Similarly, ₹ 10,404.19 crore under 50 Major Heads of account, constituting 11.66 *per cent* of the total Revenue and Capital Receipts (₹ 89,192.07 crore) was classified under 800-Other Receipts in the accounts. Details of substantial receipts (more than ₹ 10 crore and 50 *per cent* or above of the total receipts under each Major Head) booked under the Minor Head-800-Other Receipts are given in *Appendix 4.4*.

Some instances where sub-heads were operated under Minor Head 800-Other expenditure instead of relevant Minor head are given in *Appendix 4.5*.

The State Government stated (December 2024) that regular meetings were being held with the concerned departments to address the issue.

Issues Related To Measurement

4.6 Outstanding balance under major Suspense and DDR Heads

The Finance Accounts reflect the net balances under Suspense and Remittance Heads. The outstanding balances under these heads worked out by aggregating the outstanding debit and credit balances separately under various heads. Suspense and Remittance head balances for the last three years have been shown in Table 4.4.

Table 4.4: Balances under Suspense and Remittance Heads

Head of Account		2021-22		2022-23		2023-24	
		Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
8658	Suspense Account						
101	Pay and Accounts Office-Suspense	113.19	0.07	60.45	0.05	90.76	0.05
	Net Debit (Dr.) / Credit (Cr.)	113.12 Dr.		60.40 Dr.		90.71 Dr.	
102	Suspense Account-(Civil)	147.49	57.09	108.83	16.10	90.77	..
	Net Debit (Dr.) / Credit (Cr.)	90.40 Dr.		92.73 Dr.		90.77 Dr.	
109	Reserve Bank Suspense-(Headquarters)	0.42	..	0.01	..	0.01	..
	Net Debit (Dr.) / Credit (Cr.)	0.42 Dr.		0.01 Dr.		0.01 Dr.	
110	Reserve Bank Suspense- (Central Accounts Office)	32.11	..	45.52	..	41.41	..
	Net Debit (Dr.) / Credit (Cr.)	32.11 Dr.		45.52 Dr.		41.41 Dr.	
112	Tax Deducted at Source (TDS) Suspense	..	106.12	..	430.84	..	469.54
	Net Debit (Dr.) / Credit (Cr.)	106.12 Cr.		430.84 Cr.		469.54 Cr.	
123	AIS Officers' Group Insurance Scheme	..	0.22	..	0.26	..	0.31
	Net Debit (Dr.) / Credit (Cr.)	0.22 Cr.		0.26 Cr.		0.31 Cr.	
8782	Cash Remittance and adjustments between officers rendering account to the same Accounts Officer						
102	Public Works Remittances	0.12	..	2.87	..	1.99	..
	Net Debit (Dr.) / Credit (Cr.)	0.12 Dr.		2.87 Dr.		1.99 Dr.	
103	Forest Remittances	17.93	..	5.54	..	(-)2.59	..
	Net Debit (Dr.) / Credit (Cr.)	17.93 Dr.		5.54 Dr.		(-)2.59 Dr.	
8793	Inter-State Suspense Account						
	Net Debit (Dr.) / Credit (Cr.)	57.40 Dr.		35.85 Dr.		24.58 Dr.	

Source: Finance Accounts

As on 31 March 2024, there was net credit balance of ₹ 222.97 crore under various heads. Non-clearance of outstanding balances under these heads affects the accuracy of receipt/expenditure figures and balances under different heads of Accounts (which are carried forward from year to year) of the State Government.

4.7 Reconciliation of Cash Balances

As per accounts of the Accountant General (A&E) Punjab, the Cash Balance of the State Government as on 31 March 2024 was ₹ 192.20 crore (Debit) and that reported by the Reserve Bank of India (RBI) was ₹ 49.60 crore (Debit). Thus, there was a net difference of ₹ 241.80 crore (Debit), mainly due to pending reconciliation between the Treasury/RBI/Agency Bank and AG (A&E) Office.

4.8 Unspent amount lying with Divisional Officers

As per Codal provisions, funds received by Public Works Divisions towards Deposit Works from non-government agencies are required to be credited under Minor Head '108 - Public Works Deposits' below Major Head '8443-Civil Deposits'. The expenditure for related Deposit Works is also met from the same head of account. In the Monthly Divisional Accounts, un-remitted amount of such deposits are classified under Major Head '8671-Departmental Balances, 101-Civil', by the PW Divisions, under Public Account of the State and then form part of the Government Accounts. However, the funds received towards Deposits Works are being kept in the bank accounts of Divisional Officers operated by PW Divisions instead of remitting them into the Government Accounts and thus are not forming part of cash balance of the State with RBI.

The State Government directed (2 March 2015) Public Works Divisions to deposit the funds in the accounts to be opened at the Treasury under the head '8443-Civil Deposits, 108-Public Works Deposits'. However, despite the above order, the Divisional Officers are still depositing the funds in their bank accounts. As on 31 March 2024, an amount of ₹ 1,253.85 crore was lying in the bank accounts of 177 Public Works Divisional Officers as per their cash books. Had the funds been deposited in the treasury, the same would have impacted on the daily Cash Balance of the State Government.

Department-wise details of the amounts lying in bank accounts being operated by the Divisional Officers is detailed in **Table 4.5**.

Table 4.5: Details showing unspent amount lying with Divisional Officers

(₹ in crore)

Sr. No.	Name of Department	Number of Divisional Officers operating Bank Accounts	Amount lying in Bank Accounts
1.	Public Works (Building and Roads Divisions)	69	548.10
2.	Rural Development and Panchayats (Panchayati Raj Divisions)	16	204.72
3.	Water Resources	39	421.67
4.	Water Supply and Sanitation	53	79.36
Total		177	1,253.85

Source: Finance Accounts

The State Government stated (December 2024) that the Divisional Officers would be pursued to deposit the unspent amount into the treasury.

Issues related to disclosure

4.9 Compliance with Accounting Standards

As per Article 150 of the Constitution of India, the President of India may, on the advice of the Comptroller and Auditor General of India (CAG), prescribe

the form of accounts of the Union and of the States. On the advice of the CAG, the President of India has so far notified four Indian Government Accounting Standards (IGAS). Compliance to these Accounting Standards by Government of Punjab as well as deficiencies therein during 2023-24 is detailed in **Table 4.6**.

Table 4.6: Compliance with Accounting Standards

Sr. No.	Accounting Standards	Essence of IGAS	Compliance by State Government	Deficiency
1.	IGAS-1:	Guarantees Given by the Government	Complied (Statements 9 and 20 of Finance Accounts)	-
2.	IGAS-2:	Accounting and Classification of Grants-in-aid	Not fully complied (Statement 10 of Finance Accounts)	Information regarding total value of Grants-in-aid in kind and value of Grants-in-aid in kind being Capital assets has not been received from State Government.
3.	IGAS-3:	Loans and Advances made by Government	Not complied (Statement 7 and 18 of Finance Accounts)	Loans and Advances are subject to confirmation by the State Government.
4.	IGAS-4:	Prior period adjustments	Complied	-

Source: Finance Accounts

4.10 Submission of accounts of Autonomous Bodies

As on 31 March 2024, 17 accounts in respect of six Autonomous Bodies (AB) were pending from 2017-18 to 2022-23 as detailed in **Table 4.7**.

Table 4.7: Arrears of accounts of Autonomous Bodies as on 31 March 2024

Sr. No.	Name of Body or Authority	Accounts pending since	No. of Accounts pending
1.	Punjab Building and Other Construction Workers Welfare Board, SAS Nagar	2020-21	3
2.	Punjab Bus Metro Society	2018-19	5
3.	Punjab Labour Welfare Board, Chandigarh	2017-18	6
4.	Punjab Khadi and Village Industries Board, Chandigarh	2022-23	1
5.	Real Estate Regulatory Authority, Chandigarh	2022-23	1
6.	Punjab State Human Rights Commission, Chandigarh	2022-23	1
Total			17

Source: Departmental data/information

Pendency in submission of accounts ranged from one to six years, of which the Punjab Labour Welfare Board had not submitted its accounts since 2017-18. Delay in finalisation of accounts carries the risk of financial irregularities going undetected and, therefore, the accounts need to be finalised and submitted to Audit at the earliest.

Further, it was also noticed that audit of Punjab State Co-operative Supply and Marketing Federation (MARKFED), Punjab Land Records Society (PLRS), Jalandhar and Punjab Water Supply and Sewerage Board (PWSSB) could not be taken up due to non-entrustment to the Comptroller and Auditor General of India despite repeated requests. Further, audit of Improvement Trusts could not be taken up due to non-finalisation of terms and conditions despite entrustment of audit by State Government.

The State Government may consider evolving a system to expedite the process of compilation and submission of annual accounts by autonomous bodies, besides entrustment of audit of MARKFED, PLRS and PWSSB in order to assess their financial position.

The State Government stated (December 2024) that corrective action would be taken in this regard.

4.11 Departmental Commercial Undertakings/Corporations/Companies

According to Sections 394 and 395 of the Companies Act, 2013, Annual Report on the working and affairs of a Government Company is to be prepared within three months of its Annual General Meeting (AGM). As soon as may be after such preparation, the Annual Report should be laid before the State Legislature together with a copy of the Audit Report and any comments upon or supplement to the Audit Report, made by the CAG. Similar provisions exist in the respective Acts regulating Statutory Corporations. The above mechanism provides the necessary legislative control over the utilisation of public funds invested in the companies and corporations from the Consolidated Fund of the State.

It was observed that accounts of 25 Public Sector Undertakings (PSUs)/Corporations were in arrears (as on 30 June 2024), of which nine were non-working. Out of the remaining 16 working PSUs, ten³ were loss making. Audit further noticed that budgetary support of ₹ 3,137.31 crore was provided to six loss making working PSUs/Corporations during each of the last three years despite their accounts being in arrears, as detailed in **Table 4.8**.

³ (i) Punjab State Grains Procurement Corporation Limited; (ii) Gulmohar Tourist Complex (Holiday Home) Limited; (iii) Punjab State Civil Supplies Corporation Limited; (iv) Punjab State Warehousing Corporation; (v) PEPSU Road Transport Corporation; (vi) Punjab Financial Corporation; (vii) Punjab State Industrial Development Corporation Limited; (viii) Punjab Schedule Castes Land Development and Finance Corporation; (ix) Ludhiana Smart City Limited; and (x) Jalandhar Smart City Limited.

Table 4.8: Year-wise details of budgetary support to loss making working Commercial Undertakings/Corporations/Companies having accounts in arrear*(₹ in crore)*

Sr. No.	Name of Company/Corporation	Budgetary support			
		2021-22	2022-23	2023-24	Total
1.	Punjab State Civil Supplies Corporation Limited (PUNSUP)	571.07	487.10	100.00	1158.17
2.	Punjab State Warehousing Corporation	60.08	59.00	15.97	135.05
3.	PEPSU Road Transport Corporation	353.11	74.12	70.14	497.37
4.	Jalandhar Smart City Limited	135.25	214.75	20.75	370.75
5.	Punjab Financial Corporation	8.00	92.41	40.00	140.41
6.	Punjab State Industrial Development Corporation Limited	49.00	254.09	532.47	835.56
Total		1,176.51	1,181.47	779.33	3,137.31

Source: Information provided by PSUs

Age profile of PSUs/Corporations having accounts in arrears is given in **Table 4.9**.

Table 4.9: Age profile of PSUs/Corporations having accounts in arrears

Range in years	Number of PSUs/Corporations
0-1	0
2-3	11
4-5	07
>5	07
Total	25

Source: Information supplied by PSUs

Table 4.9 shows that accounts in respect of seven PSUs were in arrears for more than five years. In the absence of timely finalisation of accounts, results of investments of the Government remain outside the purview of the State Legislature and escape scrutiny by Audit. Consequently, corrective measures, if any, required for ensuring accountability and improving efficiency cannot be taken in time. Risk of fraud and mis-utilisation of public money cannot be ruled out.

It is recommended that the State Government should evolve a system and direct the authorities of the PSUs/Corporations to complete their up-to-date accounts (i.e. last preceding year) for making them eligible for financial support of the State Government, if required.

Other Issues

4.12 Misappropriations, losses, thefts, etc.

Rule 2.33 of the Punjab Financial Rules stipulates that every Government employee would be held personally responsible for any loss sustained by Government through fraud or negligence on his part or any loss arising from fraud or negligence on the part of any other Government employee to the extent that he contributed to the loss by his own action or negligence. Further, as per Rule 2.34 *ibid*, the cases of defalcations and losses are required to be reported to The Accountant General (Accounts & Entitlement), Punjab.

As on 31 March 2024, 36 cases of misappropriation, losses, theft, etc. involving ₹ 97.56 crore were pending. The department-wise break-up of pending cases is given in Table 4.10.

Table 4.10: Details of pending cases of misappropriation, losses, theft, etc.

(₹ in crore)

Name of Department/ Corporation	Cases of misappropriation/ losses /theft		Reasons for the delay in final disposal of pending cases of misappropriation, losses, theft, etc.					
			Awaiting departmental and criminal investigation		Departmental action initiated but not finalised		Criminal Proceedings finalised but recovery of the amount pending	
	Number of cases	Amount	Number of cases	Amount	Number of cases	Amount	Number of cases	Amount
Punjab Agro Foodgrains Corporation Limited	5	6.97	5	6.97	0	0	0	0
Punjab State Warehousing Corporation	11	12.23	10	11.89	1	0.34	0	0
Punjab State Seeds Corporation Limited	1*	4.10	0	0	0	0	0	0
PUNSUP	9	31.74	7	19.99	2	11.75	0	0
PUNGRAIN	8	41.87	6	19.18	2	22.69	0	0
Municipal Corporation, Patiala	2	0.65	0	0	2	0.65	0	0
Total	36	97.56	28	58.03	7	35.43	0	0

Source: Departmental data/information

* Status in respect of one case was not available.

Out of the total 36 cases, in respect of seven cases (₹ 35.43 crore), departmental action had been initiated but not finalised, while in 28 cases (₹ 58.03 crore) departmental and criminal proceedings were pending.

The age-profile of the pending cases and the number of cases pending in each category-theft and misappropriation/loss of Government material is summarised in Table 4.11.

Table 4.11: Profile of misappropriations, losses, defalcations, etc.

(₹ in crore)

Age-profile of the pending cases			Nature of the pending cases	Number of cases	Amount involved
Range in years	Number of cases	Amount involved			
0-5	22	71.70	Theft cases	6	0.57
			Misappropriation/loss of Government material	16	71.13
5-10	8	10.53	Theft cases	4	0.43
			Misappropriation/loss of Government material	4	10.10
10-15	6	15.33	Misappropriation/loss of Government material	6	15.33
Total	36	97.56	Total	36	97.56

Source: Departmental data/information

Out of the total cases, six cases involving ₹ 15.33 crore pertaining to misappropriation/loss of Government material were pending for more than ten years.

The Government may consider preparing a time-bound framework for taking prompt action in cases of theft, misappropriation, losses, etc.

The State Government stated (December 2024) that efforts would be made to bring down the number of cases of misappropriation, losses, thefts, etc.

4.13 Follow-up action on State Finances Audit Reports

The Committee on Estimates and the Finance Department require the line departments to provide a *suo-motu* Explanatory Note on the paragraphs featuring in the Audit Reports of the CAG within one month of placing the Reports in the Legislature. The line departments are also required to provide Action Taken Notes (ATN) to the Secretary, Punjab Vidhan Sabha within three months of tabling the Reports.

The Public Accounts Committee (PAC) has raised concerns in different meetings regarding non submission of replies and directed the Finance Department to submit the replies of State Finances Audit Reports for the years 2017-18 and 2019-20 to 2021-22. Replies for the State Finances Audit Report for the years 2015-16, 2016-17 and 2018-19 have been received in the office of the Principal Accountant General (Audit), Punjab. The State Finances Audit Report for the year 2016-17 was discussed in a PAC meeting but discussion on the State Finances Audit Report for the years 2015-16 and 2018-19 was still pending. Last year, the discussion of the State Finances Audit Report was assigned (April 2023) to the Committee on Estimates, but no discussion took place during 2023-24.

4.14 Implementation of Recommendations of Sixth Punjab Finance Commission on fiscal devolution

The Sixth Punjab Finance Commission was constituted by the State Government under section 3(1) of the Punjab Finance Commission for Panchayats and Municipalities Act, 1994. The Commission submitted its report for the years 2021-22 to 2025-26 on 29 March 2022. The Commission recommended devolution of 3.5 *per cent* share of State's Net Own Tax Revenues to the Local Bodies. The State Government has accepted the recommendation. Accordingly, ₹ 1,504 crore for the year 2023-24 were required to be devolved to local bodies. However, only ₹ 100.00 crore were devolved during 2023-24. A budget provision of ₹ 338.00 crore was made for the year 2023-24, of which ₹ 83.00 crore was withdrawn through re-appropriation order and bills of ₹ 155.00 crore were not cleared by the Finance Department/Treasury.

4.15 Conclusion

Utilisation Certificates (UCs) amounting to ₹ 3,089.57 crore (597 UCs) were awaited which indicates lack of internal control of administrative departments and tendency on the part of the Government to disburse fresh grants without ascertaining proper utilisation of earlier grants. Similarly, Detailed Contingent (DC) bills amounting to ₹ 2,804.85 crore (2,037 DC bills) were also awaited. There was an un-reconciled difference of ₹ 241.80 crore (Debit) in the Cash Balance of the State Government for 2023-24. An amount of ₹ 1,253.85 crore was still lying in the bank accounts of Divisions pertaining to four Departments.

Six autonomous bodies and 25 Public Sector Undertakings/Corporations did not submit their final accounts for considerable periods. As a result, their financial position could not be assessed and results of investments of the Government remained outside the purview of the State Legislature.

Further, in 36 cases of theft, misappropriation and loss of Government material departmental action was pending for long periods. Only ₹ 100.00 crore were devolved to the Local Bodies during 2023-24 against the recommended amount of ₹ 1,504.00 crore by 6th Punjab Finance Commission.

4.16 Recommendations

In light of the audit observations, the State Government may:

- (i) *ensure timely submission of Utilisation Certificates by the Departments in respect of the grants released for specific purposes;*
- (ii) *ensure adjustment of Abstract Contingent bills within the stipulated period, as required under the Rules;*
- (iii) *put in place a system to expedite the process of compilation and submission of annual accounts by autonomous bodies and departmentally run undertakings in order to assess their financial position; and*
- (iv) *consider preparing a time bound framework for taking prompt action in cases of misappropriation, losses, theft, etc. and strengthening the internal control system to prevent recurrence of such cases.*

Chandigarh
The 1 May 2025


(NAZLI J. SHAYIN)
Principal Accountant General (Audit), Punjab

Countersigned

New Delhi
The 9 May 2025


(K. SANJAY MURTHY)
Comptroller and Auditor General of India