

**CHAPTER-4**  
**QUALITY OF ACCOUNTS**  
**AND FINANCIAL REPORTING**  
**PRACTICES**



## Chapter 4: Quality of Accounts and Financial Reporting Practices

### 4.1 Introduction

Sound internal financial reporting system and compliance with rules and procedures contribute significantly to good governance. These also ensure relevant, reliable and timely financial reporting and thereby assist the State Government in meeting its basic stewardship responsibilities, including strategic planning and appropriate decision making. This Chapter provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the year. During preparation of this Report, the State Government was furnished a copy of the State Finances Audit Report for the year ended March 2024 for comment on observations made therein. Although the State Government did not furnish para-wise comments, major observation in the Report were subsequently discussed in the Exit Conference (February 2025).

### Completeness of Accounts

### 4.2 Funds Transferred Directly to State Implementing Agencies (SIAs)

GoI decided to implement a revised procedure for release of funds to States for Centrally Sponsored Schemes (CSS) and monitoring utilization of the funds released to ensure effective cash management and improve transparency in public expenditure management with effect from 01 July 2021.

During the year 2023-24, GoI released ₹ 483.24 crore directly into the bank accounts of Single Nodal Agencies (SNA) designated for each CSS<sup>37</sup>.

#### 4.2.1 Funds Transferred Directly to State Implementing Agencies (SIAs) outside the Budget of the State

As per Public Financial Management System (PFMS) portal of CGA, central funds amounting to ₹ 1,171.40 crore were directly transferred to the SIAs without routing the funds through the accounts of the State Government during the year 2023-24. **Table 4.1** gives the details of the funds transferred directly to the SIAs mentioned below during 2019-20 to 2023-24.

**Table 4.1: Funds Transferred Directly to SIAs outside the Budget of the State**

(₹ in crore)					
Year	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Funds transferred directly to SIAs</b>	690.35	836.40	1,048.26	1,084.29	1,171.40

Source: Finance Accounts of respective years

There is no single agency in the State to monitor the funds directly transferred by the GoI to the implementing agencies and no data is readily available as to how much money was actually spent in a particular year in these initiatives directly funded by the GoI.

***During the exit conference, the Finance Commissioner accepted the observation and stated that appropriate action would be taken as feasible.***

<sup>37</sup> As per Column 4C of SNA 01 report from PFMS.

### 4.3 Single Nodal Agency accounts for CSS

As per the revised procedure for transfer of funds for CSS mentioned above, the State Government was to designate a SNA for each CSS which would be registered in the PFMS. Each SNA would open a bank account and map it into PFMS for the receipt of funds. This would restrict use of the funds by the State Government as they were required to transfer funds received to the concerned SNA's account within a period of 21 days of its receipt. As per PFMS data, bank accounts of 21 SNAs had been linked as on 31 March 2024.

#### 4.3.1 Interest on Savings bank accounts of SNAs

As per the guidelines for remitting the interest earned from the funds released in the single nodal account of Single Nodal Agencies (SNAs) in terms of the Gol O.M.F. No.(13)/PFMS/FCD/2021 dated 30.6.2021, SNAs are to ensure that the interest earned from the funds released for CSS should be mandatorily remitted to the respective Consolidated Fund on *pro rata* basis. The interest earned is to be clearly and separately depicted in PFMS, scheme specific portals integrated with PFMS and in MIS provided by banks. Further, each SNA in the State is to compute the total interest earned out of the funds received in SNA account in the preceding financial year in the first week of April every year. The interest earned is apportioned by the SNA between the Central Government and the State Government as per the approved funding pattern of the CSS.

Scrutiny of PFMS reports<sup>38</sup> revealed that the SNAs' accounts were credited a total amount of ₹ 43.82 crore (Central share ₹ 39.48 crore and State share ₹ 4.34 crore) as interest earned during the year as on 31 March 2024. Out of this, Central share of interest amounting to ₹ 11.87 crore was yet to be deposited into SNA accounts.

### Issues related to transparency

#### 4.4 Delay in Submission of Utilisation Certificates

In terms of Rule 3.20.4 of the Mizoram Treasury Manual, 2011, Utilization Certificates (UCs) in respect of Grants-in-Aid received by the grantee should be furnished by the grantee to the authority that sanctioned it, within one year from the date of receipt of grant or before applying for a further grant on the same object, whichever is earlier.

During the year 2023-24 ₹ 245.55 crore pertaining to 42 UCs were added to the previous year's due of ₹ 16.06 crore pertaining to 9 UCs. Out of these, ₹ 25.99 crore pertaining to 19 outstanding UCs were cleared leaving a balance of 32 UCs amounting to ₹ 235.62 crore outstanding at the end of the year. **Table 4.2** shows the age-wise arrears in submission of outstanding UCs with the amount.

**Table 4.2: Unadjusted UCs**

(₹ in crore)

Year in which GIA was drawn	Opening Balance		Additions during the respective years		Clearance		Due for submission	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Up to 2020-21	151	172.17	27	32.9	84	95.57	94	109.50
2021-22	94	109.50	15	20.62	100	114.06	9	16.06
2022-23	9	16.06	42	245.55	19	25.99	32	235.62

Source: Information obtained from Accounts wing

<sup>38</sup> SNA 04 – Interest Income Report and SNA 04A – Interest Deposited Report

Out of the 32 UCs due for submission, the oldest one is related to Grants-in-aid of ₹ 4.00 crore given to Chakma Autonomous District Council in March 2018. **Table 4.3** shows the number of UCs due from various departments/bodies for the grants paid up to 2022-23. All the UCs pending for submission are due from the three Autonomous District Councils (ADCs) of the State.

**Table 4.3: Outstanding Utilisation Certificates for grants paid up to 2022-23**

(₹ in crore)

Sl. No.	Name of the department	Year	Amount of Outstanding UCs	No. of pending UCs
1	Chakma Autonomous District Council	2017-18	4.00	1
		2022-23	73.15	16
2	Lai Autonomous District Council	2021-22	6.80	3
		2022-23	60.21	6
3	Mara Autonomous District Council	2022-23	91.46	6
<b>Total</b>			<b>235.62</b>	<b>32</b>

Source: Information obtained from Accounts Wing.

Non-submission of the UCs means that the authorities have not appropriately explained how funds were spent over the years. There is also no assurance that the intended objectives of providing these funds have been achieved. This assumes greater importance if such UCs are pending against Grants-in-Aid (GIA) meant for capital expenditure. Pendency of UCs was fraught with the risk of misappropriation of funds and fraud. Although there has been an improvement in the submission of UCs over the previous year, 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.

***Finance Commissioner during the exit conference stated that instructions would be issued to all concerned departments to ensure submission of UCs without delay.***

#### 4.5 Abstract Contingent Bills

Financial rules (Rule 290 of Central Treasury Rules) envisage that no moneys should be drawn from Government treasury unless it is required for immediate disbursement. In emergent circumstances, Drawing and Disbursing Officers (DDOs) are authorized to draw sums of money through Abstract Contingent (AC) bills. In terms of the Mizoram Treasury Manual, 2011 (Para 3.13.2), while checking abstract contingent bills, 'Cases in which detailed bills are not furnished within the normal period prescribed in Rule 118 of Central Government Account (Receipt and Payments) Rules, 1983 should be reported to the Controlling Officer and thereafter, if necessary, the matter should be reported first to the Head of the Department by name and that failing to produce the desired result, the matter should be reported to the Accountant General'. Further, Rule 118 of Central Government Account (Receipt and Payments) Rules, 1983 specify that 'A certificate shall be attached to every abstract contingent bill to the effect that the detailed contingent bills have been submitted to the Controlling Officer in respect of abstract contingent bill drawn during the month previous to that in which the bill in question is presented for payment. On no account may an abstract contingent bill be cashed without this certificate'. Also, as per Rule 309 of the Central Treasury Rules, a certificate shall be attached to every abstract contingent bill to the effect that the detailed contingent bills have been submitted to the controlling officer in respect of abstract contingent bills drawn more than a month before the date of that bill. On no account may an abstract contingent bill be cashed without this certificate.

During the year 2023-24, 235 AC bills amounting to ₹ 345.75 crore were drawn. Out of this, 41 AC bills amounting to ₹ 55.33 crore (16.00 *per cent*) were drawn in March 2024. The balance 194 AC bills amounting to ₹ 290.42 crore were drawn during April 2023 to February 2024. DCC Bills in respect of 92 AC bills amounting to ₹ 472.19 crore were not received as on 31 March 2024. Therefore, there is no assurance that the expenditure of ₹ 472.19 crore was actually incurred for the purpose for which it was authorized. Advances drawn and not accounted for increased the possibility of wastage/Misappropriation / malfeasance, *etc.* Details of unadjusted AC bills pending submission of the DCC bills as on 31 March 2024 are given in **Table 4.4**.

**Table 4.4: Year wise progress in submission of DCC bills**

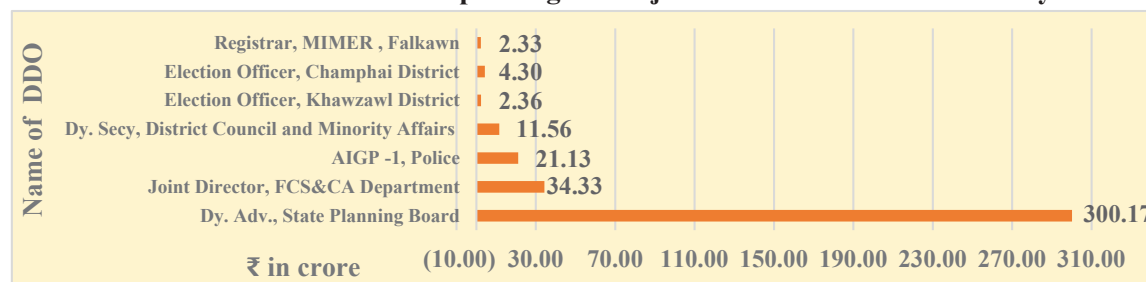
(₹ in crore)

Year	Opening Balance		Additions during the respective years		Clearance		Closing Balance	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Up to 2021-22	28	85.49	6	8.48	27	90.11	7	3.86
2022-23	7	3.86	60	253.44	16	9.42	51	247.88
2023-24	51	247.88	194 <sup>39</sup>	290.42	153	66.11	92	472.19

Source: Information obtained from Accounts Wing

At the end of 31 March 2023 (previous year), DCC Bills in respect of a total of 51 AC bills amounting to ₹ 247.88 crore were not received..

The details of the major defaulting DDOs which had outstanding AC bills are shown in **Chart 4.1**.

**Chart 4.1: Value of DCC Bills pending for major defaulters at the end of the year**

Source: Information obtained from Accounts Wing.

Finance Commissioner stated during the exit conference (February 2025) that instructions would be issued to all concerned departments to ensure settlement of outstanding DCC bills without delay. Further, it was also informed that an amount of ₹ 150.00 crore pertaining to AC bill of ₹ 300.17 crore drawn by Dy Advisor, State Planning Board for implementation of Socio-Economic Development Programme had been surrendered and assured that a copy of the surrender order would be furnished.

However, a copy of the surrender order was not furnished till finalisation of the Report (March 2025).

#### 4.6 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

<sup>39</sup> Excludes 41 AC bills amounting ₹ 55.33 crore which were drawn in March 2024.

Head in the accounts. If such instances occur on a regular basis, it is the responsibility of the State Government to discuss with the Principal Accountant General(A&E) and obtain approval to open appropriate Minor Heads from the Controller General of Accounts (CGA). Indiscriminate booking of receipts and expenditure under Minor Head 800 obscures the nature of transactions thereby rendering the accounts opaque.

During the year 2023-24, ₹ 1,632.42 crore under 38 Major Heads of accounts, constituting 13.50 *per cent* of the total Revenue and Capital expenditure (₹ 12,090.73 crore) was classified under the Minor Head 800 Other Expenditure in the accounts. During the previous year, ₹ 1,277.34 crore under 47 Major Heads of accounts, constituting 11.19 *per cent* of the total Revenue and Capital expenditure (₹ 11,414.03 crore) was classified under the Minor Head 800 - Other Expenditure.

#### 4.6.1 Booking of expenditure and receipts under Minor Head 800

Instances of substantial proportion (50 *per cent* or more) of the expenditure under 13 Major Heads, classified under the Minor Head 800 – ‘Other Expenditure’ during the financial year 2023-24, are given in **Table 4.5**.

**Table 4.5 Significant expenditure booked under Minor Head 800 – Other Expenditure during financial year 2023-24**

(₹ in crore)

Major Head	Description	Expenditure		Percent age
		Total	Minor Head 800	
4047	Capital Outlay on Fiscal Services	20.75	20.75	100.00
4070	Capital Outlay on Other Administrative Services	1.52	1.52	100.00
4225	Capital Outlay on Welfare of SCs, STs, OBCs and Minorities	11.56	11.56	100.00
4401	Capital Outlay on Crop Husbandry	19.41	19.41	100.00
4515	Capital Outlay on Other Rural Development Programmes	0.74	0.74	100.00
4801	Capital Outlay on Power Projects	65.48	65.48	100.00
5475	Capital Outlay on Other General Economic Services	150.00	150.00	100.00
5055	Capital Outlay on Road Transport	3.50	3.50	100.00
2225	Welfare of SCs, STs, OBCs and Minorities	573.12	573.12	100.00
3275	Other Communication Services	5.34	5.34	100.00
4202	Capital Outlay on Education, Sports, Art and Culture	17.76	16.76	94.37
2415	Agricultural Research and Education	10.07	8.17	81.14
2217	Urban Development	680.82	532.65	78.24

Source Finance Accounts

Similarly, during 2023-24 ₹ 941.03 crore under 45 Major Heads of Account, constituting 8.24 *per cent* of the total Revenue Receipts (₹ 11,414.05 crore) was classified under Minor Head 800 - Other Receipts. During the previous year, ₹ 859.30 crore under 41 Major Heads of Account, constituting 8.36 *per cent* of the total Revenue Receipts (₹ 10,282.06 crore) was classified under the Minor Head 800 - Other Receipts.

Instances of substantial proportion (50 *per cent* or more) of the receipts under 22 Major Heads, classified under the Minor Head 800 – ‘Other Receipts’ during the financial year 2023-24, are given in **Table 4.6**.

**Table 4.6: Significant receipts booked under Minor Head 800 – Other Receipts during financial year 2023-24**

(₹ in crore)

Major Head	Description	Details of Receipts		Percentage
		Total	Minor Head 800	
0047	Other Fiscal Services	68.03	68.03	100.00
0057	Supplies and Disposals	0.02	0.02	100.00
0217	Urban Development	0.11	0.11	100.00
0235	Social Security and Welfare	0.29	0.29	100.00
0404	Dairy Development	0.26	0.26	100.00
0408	Food storage and Warehousing	7.82	7.82	100.00
0435	Other Agricultural Programmes	0.95	0.95	100.00
0515	Other Rural Development Programmes	0.31	0.31	100.00
0702	Minor Irrigation	0.00	0.00	100.00
0801	Power	577.27	577.27	100.00
1055	Road Transport	1.69	1.69	100.00
1425	Other Scientific Research	0.00	0.00	100.00
1456	Civil Supplies	0.00	0.00	100.00
0055	Police	234.87	226.80	96.56
0059	Public Works	0.25	0.24	95.90
0425	Co-operation	0.84	0.73	86.49
0401	Crop Husbandry	0.67	0.57	85.05
0071	Contributions and Recoveries towards Pension and Other Retirement Benefits	8.38	7.00	83.61
0049	Interest Receipts	15.45	11.30	73.09
0056	Jails	0.07	0.05	66.19
1054	Roads and Bridges	0.24	0.14	56.23
0030	Stamps and registration Fees	16.79	9.07	54.02

Source Finance Accounts

As can be seen from the table, booking of receipts under Major head-0801- 'Power' constituted the majority of bookings in the minor head. The State Government may take necessary steps to curtail upward movement in coming years by ensuring appropriate booking of all receipts under their appropriate accounting classification.

During detailed analysis of booking of expenditure under Minor Head-800, Audit observed that in respect of the above Major Heads where use of Minor Head-800 for booking of expenditure exceeded 50 *per cent*, the State Government made budget provision for Minor Head-800 as well as approved Supplementary Grants and Re-appropriations as detailed in **Table 4.7**.



**Table 4.7: Provision of Minor Head 800 in BE and RE***(₹ in crore)*

Major Head	Description	Minor Head 800					
		Original	Supplementary Grant	Re-appropriation/ Surrender	Final Provision	Actual Expenditure	% of Actual Expenditure against Budget Provision
4047	Capital Outlay on Fiscal Services	1,147.00	20.75	1,147.00	20.75	20.75	100.00
4070	Capital Outlay on Other Administrative Services	-	1.52	-	1.52	1.52	100.00
4225	Capital Outlay on Welfare of SCs, STs, OBCs and Minorities	-	11.56	-	11.56	11.56	100.00
4401	Capital Outlay on Crop Husbandry	-	21.24	1.83	19.41	19.41	100.01
4515	Capital Outlay on Other Rural Development Programmes	-	0.7	-	0.7	0.74	105.00
4801	Capital Outlay on Power Projects	-	68.31	2.83	65.48	65.48	100.00
5475	Capital Outlay on Other General Economic Services	-	300.87	150.87	150	150.00	100.00
5055	Capital Outlay on Road Transport	-	7.43	3.93	3.5	3.50	100.00
2225	Welfare of SCs, STs, OBCs and Minorities	505.76	67.3	-	573.06	573.12	100.01
3275	Other Communication Services	5.07	0.28	0.01	5.34	5.34	100.00
4202	Capital Outlay on Education, Sports, Art and Culture	-	42.75	25.98	16.77	16.76	99.96
2415	Agricultural Research and Education	9.06	1.63	1.59	9.1	8.17	89.83
2217	Urban Development	492.56	207.9	25.13	675.33	532.65	78.87
	<b>Total</b>	<b>2,159.45</b>	<b>752.24</b>	<b>1,359.17</b>	<b>1,552.52</b>	<b>1,409.01</b>	

Source Finance Accounts

As is evident from the table above, the State Government made provisions under Minor Head-800 to the tune of ₹ 1,552.52 crore in the State Budget as well as approved Supplementary Grants. Against the final budget provision of ₹ 1,552.52 crore, the State Government incurred an expenditure of ₹ 1,409.01 crore (90.76 per cent) under 13 Major Heads which clearly indicates indiscriminate use of Minor Head-800 in a routine manner.

#### 4.6.2 Misclassification of expenditure booked under Minor Head 800

Expenditure ₹ 11.14 crore of booked under Minor Head 800 in four cases despite availability of an appropriate Minor Head were identified as detailed in **Table 4.8** below.

**Table 4.8 : Misclassification of expenditure booked under Minor Head 800**

Sl. No.	Account Classification used	Account Classification available	Amount booked (₹ in crore)
1	<b>2012-President Vice President/ Governor, Administrator of Union Territories</b> <i>03 Governor, Administrator of Union Territories</i> 800 Other Expenditure (1) Secret Services to Governor	<b>2012-President Vice President/ Governor, Administrator of Union Territories</b> <i>03 Governor, Administrator of Union Territories</i> 001 Direction and Administration (01) Secret Services to Governor	0.01
2	<b>4210-Capital Outlay on Medical &amp; Public Health</b> <i>02- Rural Health Services - Allopathy</i> 800-Other Expenditure (01) Strengthening of RHS under NABARD 01-Construction	<b>4210-Capital Outlay on Medical &amp; Public Health</b> <i>02- Rural Health Services - Allopathy</i> <b>Minor Heads available</b> 101-Health Sub-centres 102-Subsidiary Health Centres 103-Primary Health Centres 104- Community Health Centres 110- Hospitals and Dispensaries	10.00
3	<b>2401-Crop Husbandry</b> <i>00</i> 800 Other Expenditure (01) State Soil Survey Organisation	<b>2401-Crop Husbandry</b> <i>00</i> 111 Agriculture Economics and Statistics	1.07
4	<b>2415-Agricultural Research and Education</b> <i>01- Crop Husbandry</i> 800-Other Expenditure (01) Seeds 01 Agricultural Farm & Quality Seeds Production	<b>2415-Agricultural Research and Education</b> <i>01- Crop Husbandry</i> 004-Research (02) Seeds	0.06
<b>Total</b>			<b>11.14</b>

Source : Demand for Grants 2023-24 and VLC data

**Issues related to measurement****4.7 Outstanding Balances under Major Suspense and DDR heads**

Certain intermediary/adjusting heads of accounts known as ‘Suspense heads’ are opened in Government accounts to reflect transactions of receipts and payments which cannot be booked to a final head of account due to lack of information such as non-furnishing of Schedule of Settlement by the Treasuries/PAOs, non-receipt of clearance memos from RBI, non-receipt of vouchers, *etc.* These heads of accounts are finally cleared by minus debit or minus credit when the accounts under them are booked to their respective final heads of accounts. If these amounts remain uncleared, the balance under the suspense heads would accumulate and would not reflect Government’s receipts and expenditure accurately.

Remittances embrace all transactions which are adjusting Heads of Account and the debits or credits under these heads are eventually cleared by corresponding credit or debit within the same or in another circle of accounting.

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 on the details furnished by the State Treasuries/Works and Forest Divisions, etc. The position of gross figures under major suspense and remittance heads for the last three years is given in Table 4.9.

Table 4.9: Balances under Suspense and Remittance Heads

(₹ in crore)

Minor Head	2021-22		2022-23		2023-24	
	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
<b>Major Head 8658 - Suspense</b>						
101 - PAO suspense	90.79	113.54	101.59	135.38	104.54	135.38
Net		<b>Cr. 22.75</b>		<b>Cr. 33.79</b>		<b>Cr. 30.84</b>
102 - Suspense Account-Civil	78.78	72.64	78.80	73.87	87.30	77.33
Net		<b>Dr. 6.14</b>		<b>Dr. 4.93</b>		<b>Dr. 9.97</b>
107 - Cash Settlement Suspense Account	7.32	1.99	7.32	1.99	7.32	1.99
Net		<b>Dr. 5.33</b>		<b>Dr. 5.33</b>		<b>Dr. 5.33</b>
109 - Reserve Bank Suspense -Headquarters	15.88	(-)48.77	81.51	4.86	82.19	0.88
Net		<b>Dr. 64.65</b>		<b>Dr. 76.65</b>		<b>Dr. 81.31</b>
110 - Reserve Bank Suspense - CAO	3,342.42	4,303.50	3,000.83	4,475.16	3,612.77	5,425.51
Net		<b>Cr. 961.08</b>		<b>Cr. 1474.33</b>		<b>Cr. 1812.74</b>
112 - Tax Deducted at Source (TDS) Suspense	0.40	1.92	0.40	2.19	0.40	10.22
Net		<b>Cr. 1.52</b>		<b>Cr. 1.79</b>		<b>Cr. 9.82</b>
113 - Provident Fund Suspense	0.10	-	0.69	-	1.19	-
Net		<b>Dr. 0.10</b>		<b>Dr. 0.69</b>		<b>Dr. 1.19</b>
117 - Transaction on behalf of Reserve Bank	0.00	0.00	0.00	0.00	0.00	5.37
Net		<b>0.00</b>		<b>0.00</b>		<b>Cr. 5.37</b>
123 - A.I.S Officers' Group Insurance Scheme	(-)0.73	-	(-)0.73	-	(-)0.73	-
Net		<b>Dr. 0.73</b>		<b>Dr. 0.73</b>		<b>Cr. 0.73</b>
<b>Major Head 8782- Cash Remittances</b>						
102 - P.W. Remittances	30,200.19	29,780.31	33,000.33	32,754.68	35,627.41	35,091.54
Net		<b>Dr. 419.88</b>		<b>Dr. 245.65</b>		<b>Dr. 535.87</b>
103 - Forest Remittances	3,247.39	3,608.38	3,489.41	3,866.52	3,668.62	4,060.71
Net		<b>Cr. 360.99</b>		<b>Cr. 377.11</b>		<b>Cr. 392.09</b>

Source: Finance Accounts

The net outstanding debit and credit balances under Suspense Accounts (MH 8658) was ₹ 3,894.98 crore and ₹ 5,656.68 crore respectively as on 31 March 2024. This was mainly due to (i) non-reimbursement of claim expenditure incurred, (ii) non-receipt of scrolls from treasury, (iii) non-receipt of accounts as per clearance memo. Similarly, debit balance of ₹ 39,296.03 crore and credit balance of ₹ 39,152.25 crore were outstanding under Cash Remittances (MH 8782).

The Government needs to review and analyse all the unadjusted/outstanding transactions mentioned above and take appropriate corrective measures expeditiously.

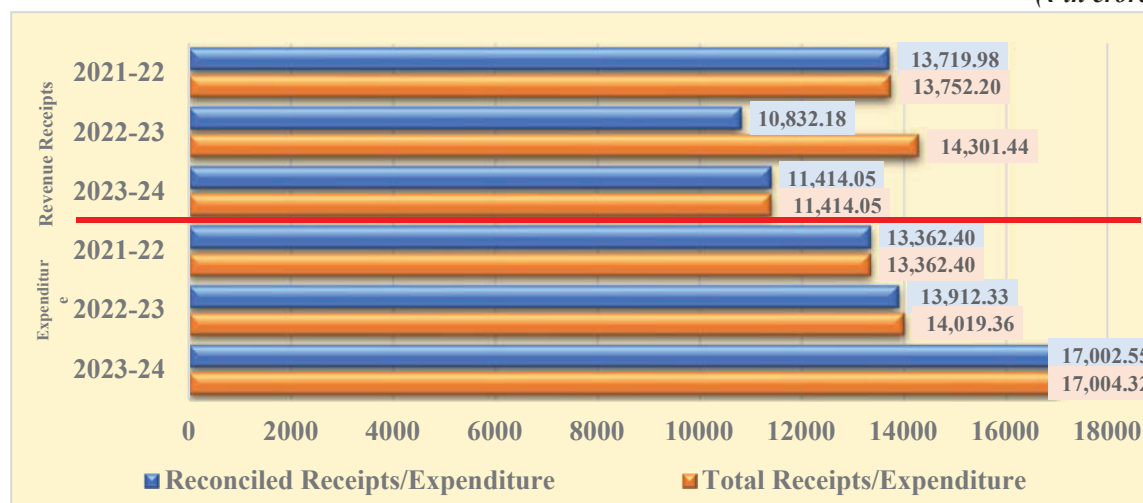
#### 4.8 Non-reconciliation of Departmental figures

Financial Rules stipulate those receipts and expenditure recorded in the books of accounts of Controlling Officers (COs) be reconciled by them every month during the financial year with those recorded in the books of the Principal Accountant General. This is to enable the COs to exercise effective control over expenditure and manage their budgetary allocation efficiently and ensure accuracy of their accounts.

The status of reconciliation of receipts and expenditure figures by the COs during the three-year period 2021-22 to 2023-24 is shown in **Chart 4.2**.

**Chart 4.2: Status of reconciliation during the three years 2021-24**

(₹ in crore)



Source: Finance Accounts

While 99.77 per cent of the receipts and 100 per cent of the disbursements were reconciled during 2021-22, these figures were 75.74 per cent for receipts and 99.23 per cent in respect of disbursements for the year 2022-23. The figures were 100 per cent for receipts and 99.99 per cent in respect of disbursements for the year 2023-24.

The details relating to the number of Controlling Officers and the extent of reconciliation during the last three years are given in **Table 4.10**.

**Table 4.10: Status of Reconciliation of Receipts and Expenditure figures**

Year	Total no. of Controlling Officers	Fully Reconciled	Partially Reconciled	Not reconciled at all
<b>Receipts</b>				
2021-22	61	61	0	0
2022-23	67	57	1	9
2023-24	63	63	0	0
<b>Expenditure</b>				
2021-22	88	88	0	0
2022-23	85	83	0	2
2023-24	85	84	0	1

Source: Accounts Wing

Non-reconciliation of figures has been pointed out in the Audit Reports year after year and it can be seen that there has been improvement over the last few years.

Reconciliation and verification of figures is an important tool of financial management. Failure to exercise/ 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.

#### 4.9 Reconciliation of Cash Balances

The Cash Balance as on 31 March 2024 as per record of the Principal Accountant General was ₹ 156.66 crore (Debit) and that reported by the RBI was ₹ 14.63 crore (Debit). There was a net difference of ₹ 171.29 crore (Debit), mainly due to non-reconciliation of figures between Treasuries and Agency Banks.

#### 4.10 Opening of Bank Accounts by the DDOs

Rule 290 of Central Treasury Rules (CTR) provides that no money shall be drawn from the treasury unless it is required for immediate disbursement. It is not permissible to draw money from the treasury in anticipation of demand or to prevent the lapse of budgetary grants.

It has been observed that many Drawing and Disbursing Officer (DDOs) have opened Current/Savings Accounts in Commercial Banks. As per information furnished by 178 out of 1,276 DDOs in the State, there was an amount of ₹ 317.21 crore lying in Savings/ Current Bank Account as on 31 March 2024.

The closing balances of DDO bank accounts as on 31 March for the past five years as reported by the State Government is shown in **Table 4.11** below.

**Table 4.11 : Age analysis of closing balances of DDOs bank accounts during 2019-24**

Year	2019-20	2020-21	2021-22	2022-23	2023-24
No of DDOs	328	285	171	273	178
Cash balance on 31 March	474.04	456.59	392.60	262.56	317.21

Source : SFARs of respective years and information from the State Government.

### Issues related to disclosure

#### 4.11 Compliance with Accounting Standards

Government Accounting Standards Advisory Board (GASAB), set up by the Comptroller and Auditor General of India in 2002, has been formulating standards for government accounting and financial reporting, to enhance accountability mechanisms. Three Indian Government Accounting Standards (IGAS) have been notified. The details of these standards and the extent of compliance with these by the GoM in its financial statements for the year 2023-24 are given in **Table 4.12**.

**Table 4.12: Compliance with IGAS**

IGAS	Essence of IGAS	Status	Impact of non-compliance
<b>IGAS -1 Guarantees given by government – Disclosure requirements</b>	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	The Government disclosed the Sector-wise guarantees as per format L of the IGAS; however, the Class-wise details for each Class as per format M of the IGAS were not disclosed in the Financial Statements.

IGAS	Essence of IGAS	Status	Impact of non-compliance
<b>IGAS – 2 Accounting and classification of Grants-in-Aid</b>	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. Grants-in-Aid should be disclosed in cash as well as in kind in the financial statements of the grantor	Partially complied	Grants-in-Aid given by the Government in cash were disclosed while Grants-in-Aid given in kind were not disclosed. Therefore, total Grants-in-Aid given by the State Government to the grantees could not be ascertained.
<b>IGAS -3 Loans and Advances made by Government</b>	This standard relates to recognition, measurement, valuation and reporting in respect of loans and advances made by the Government in its Financial statement to ensure complete, accurate and uniform accounting practices	Partially complied	The Government disclosed outstanding Loans and Advances at the beginning and end of the accounting period. However, details of interest payments in arrears and rate of interest were not disclosed in the additional disclosure of fresh loans and advances.

#### 4.12 Submission of Accounts/Separate Audit Reports of Autonomous Bodies

As per Section 19(3) of the CAG's DPC Act, 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 any body or authority has not been entrusted to the CAG by or under any law, he shall, if requested to do so 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 to the autonomous bodies and authorities provided CAG is the sole auditor. Thus, these bodies and authorities are required to prepare annual accounts and submit them to Principal Accountant General (Audit), Mizoram for 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. In Mizoram, three Autonomous District Councils viz., Mara Autonomous District Council (MADC), Lai Autonomous District Council (LADC) and Chakma Autonomous District Council (CADC) as well as two Government Bodies viz., the Joint Electricity Regulatory Commission for Manipur and Mizoram (JERC) and Khadi and Village Industries Board, Mizoram (KVIB) are currently under the audit purview of the CAG.

The Principal Accountant General (Audit), Mizoram has not received five annual accounts of three Autonomous District Councils (ADCs) and one Government Body due up to



2023-24 for audit as of 30 September 2024. The details of accounts due from Autonomous District Councils and Government Bodies are as given in **Table 4.13**.

**Table 4.13: Arrears of accounts of bodies or authorities as of 30 September 2024**

Sl. No.	Name of Body or Authority	Accounts pending since	No. of Accounts pending up to F.Y 2022-23
1	Chakma Autonomous District Council	-	-
2	Mara Autonomous District Council	2022-23	2
3	Lai Autonomous District Council	2022-23	2
4	Joint Electricity Regulatory Commission	2023-24	1

Timely submission of annual accounts promotes effective audit of utilisation of the grants and loans disbursed to ADCs/Government Bodies.

*Finance Commissioner during the exit conference stated that steps would be taken, as feasible, to ensure clearance of arrears in submission of accounts by these entities.*

#### 4.13 Departmental Commercial Undertakings

The Principal Accountant General (Audit), Mizoram has not received nine annual accounts of two Departmental Commercial Undertakings due for audit up to September 2024. The details of accounts due from these bodies are in **Table 4.14**.

**Table 4.14: Arrears of accounts of Commercial Undertakings**

Sl. No.	Name of Departmental Commercial Undertaking	Accounts arrears since	No. of Accounts pending up to F.Y 2022-23
<b>Departmental Undertakings</b>			
1	Food, Civil Supplies & Consumer Affairs Department <sup>40</sup>	2022-23	2
2	Mizoram State Transport Department	2016-17	7

As can be seen from the above, the accounts of Mizoram State Transport Department are in arrears since 2016-17 and that of Food, Civil Supplies & Consumer Affairs Department are in arrears since 2022-23. Thus, in the absence of accounts, results of the investment of the Government remain outside the purview of 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.

*During the exit conference (February 2025) Finance Commissioner stated that steps would be taken, as feasible, to ensure clearance of arrears in submission of accounts by these entities. It was further decided that State Government would revisit the Manuals of the respective departments and revise them, if necessary, to clarify the issue of submission of accounts of Departmental Commercial undertakings to the Principal Accountant General.*

#### 4.14 Non-submission of details of Grants / Loans given to bodies and authorities

In order to identify institutions / organisations which attract audit under Sections 14 and 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971(C&AG's DPC Act), the Government is required to furnish to Audit every year:

- detailed information about the financial assistance given to various institutions,
- the purpose for which the assistance is granted and

<sup>40</sup> Accounts are audited as required under Supply Manual of the Department.

- total expenditure of the institutions.

Further, Regulations on Audit and Accounts (Amendments) 2020 provides that Governments and Heads of Departments, who sanction grants and / or loans to bodies or authorities shall furnish to Audit, 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.

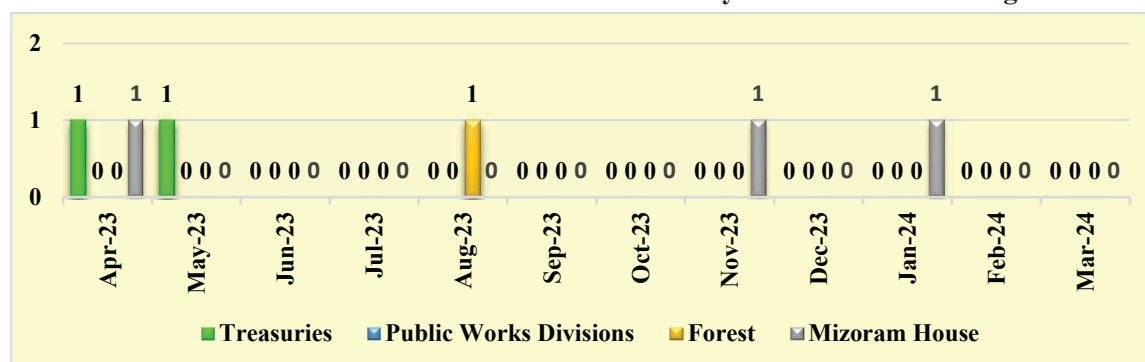
No information regarding the details of grants/loans given by the Government to bodies and authorities was received by this office during 2023-24. In the absence of timely submission of these details, results of the grants/investment of the Government escaped scrutiny of audit. Consequently, corrective measures, if any, required for ensuring accountability and improving efficiency in the functioning of the grantees could not be suggested.

*During the Exit Conference, the Finance Commissioner accepted the observation and stated that the required information would be furnished to the Principal Accountant General in future. It was further stated that no loans had been given to these entities during 2023-24.*

#### 4.15 Timeliness and Quality of Accounts

The accounts of receipts and expenditure of Government of Mizoram are compiled from the initial accounts rendered by 13 Treasuries, six Joint Resident Commissioners, 75 Public Works<sup>41</sup> and 34 Forest Divisions<sup>42</sup> and Advice of the Reserve Bank of India. Delay in submission of the monthly accounts led to exclusion of some accounts in those months during the year but no accounts were excluded at the end of the year. Details of accounts excluded from the Monthly Civil Accounts are given in **Chart 4.3**.

**Chart 4.3: Number of accounts excluded from monthly Civil Accounts during 2023-24**



Source: Information obtained from Accounts Wing

As can be seen from the chart, Mizoram House was the major units that delayed the rendition of monthly accounts. Consequently, receipts and expenditure relating to some of these divisions/units could not be incorporated in the Civil Accounts in the month of occurrence of the transaction. Due to the failure of the account rendering units to furnish

<sup>41</sup> PWD – 31, P&E – 22, PHE – 18 and I&WR - 4

<sup>42</sup> Environment, Forests & Climate Change – 25 & Land Resources, Soil & Water Conservation - 9



accounts on time, some accounts were excluded from the Monthly Civil Accounts by the Principal Accountant General in two months during the year (April 2023, May 2023) of Treasuries and one month (August 2023) of Forest and three months (April 2023, November 2023, January 2024) of Mizoram House. Therefore, the monthly accounts indicating the receipts and disbursements of the State during the month, rendered by the Accounts Wing of the office of the Principal Accountant General, Mizoram to the State Government were incomplete in respect of the above mentioned five months.

Exclusion of accounts not only distorts the budgetary position of the Government, but also impacts its monitoring of fund flow to the last mile of implementation, its planned pacing of expenditure on developmental programmes, providing intended benefits to the targeted beneficiaries, functioning of departments, *etc.* during the year. The State Government needs to monitor and ensure the rendition of accounts by all the account rendering authorities to the Principal Accountant General on a timely basis, to manage its own budget more effectively.

## Other Issues

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

During 2023-24 there were a number of cases of misappropriation, losses, theft, *etc.* that were reported to this office (October 2024) by State Government departments. The total amount of public money affected by these reported cases was ₹ 7.57 crore: Department of Food, Civil Supplies and Consumer Affairs (₹ 7.45 crore), Taxation Department (0.07 crore) and Police Headquarters (₹ 0.05 crore). Details of these cases are shown in **Table 4.15**.

**Table 4.15: Pending cases of misappropriation, losses, theft, *etc.***

(₹ in crore)

Name of Department	Cases of misappropriation/ losses /theft of Government material		Reasons for the delay in final disposal of pending cases of misappropriation, losses, theft, <i>etc.</i>					
			Awaiting departmental and criminal investigation		Departmental action initiated but not finalised		Criminal Proceedings finalised but recovery pending	
	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
Taxation Department <sup>43</sup>	1	0.11	NIL	NIL	NIL	NIL	01	0.07
Food, Civil Supplies and Consumer Affairs Department	7	7.45	NIL	NIL	7	7.45	NIL	NIL
Police Headquarters <sup>44</sup>	1	0.05	NIL	NIL	NIL	NIL	NIL	NIL

Source: Information received from Government of Mizoram.

The State Government should make all efforts to bring the defaulters to book and strengthen the internal control mechanism to ensure that such cases do not go undetected.

### 4.17 Follow-up action on State Finances Audit Report

In his Audit Reports on the Finances of the GoM, the CAG of India has been flagging year after year, issues of concern relating to various aspects of financial and budgetary management,

<sup>43</sup> As per information received from State Government, ₹0.11 crore was lost due to theft out of which an amount of ₹ 0.04 crore was recovered leaving a balance of ₹ 0.07 crore unrecovered.

<sup>44</sup> Departmental proceedings concluded and amount recovered.

areas of non-compliance with the prescribed procedures, rules and regulations, *etc.*, by the State Government departments/authorities. These Reports can achieve the desired results only when they evoke positive response from the Government/administration itself. To ensure accountability of the executive with regard to the issues contained in the Audit Reports, the PAC of Mizoram Legislative Assembly issued instructions (April 2010) for submission of *suo moto* Action Taken Notes (ATNs) by the administrative departments concerned within three months of presentation of the Audit Reports to the State Legislature.

The Audit Reports on State Finances have been placed before the State Legislature every year since 2010. While the audit observations featured in the State Finances Audit Reports up to 2019-20 have all been settled, there are 173 paragraphs remaining unsettled in the Reports for the years 2020-21 to 2022-23.

#### 4.18 Conclusion

Quality of accounts and financial reporting covers items, transactions and events which relate to gaps in compliance, regularity weaknesses and issues relating to delay in receipt of those accounting records or adjustment records which evidence the actual expenditure. It also highlights issues pertaining to the accounts and financial reporting such as parking of funds outside the Government accounts, non- or short – discharging of liabilities and misclassification of transactions and data gaps.

As per Public Financial Management System (PFMS) Scrutiny of PFMS reports the SNAs' accounts were credited a total amount of ₹ 43.82 crore (Central share ₹ 39.48 crore and State share ₹ 4.34 crore) as interest earned during the year as on 31 March 2024. Out of this, Central share of interest amounting to ₹ 11.87 crore was yet to be deposited into SNA accounts..

As on 31 March 2024, 32 Utilisation Certificates (UCs) in respect of grants aggregating ₹ 235.62 crore given to the three Autonomous District Councils were outstanding.

Detailed Countersigned Contingent Bills in respect of 92 Abstract Contingent bills amounting to ₹ 472.19 crore were not received as on 31 March 2024.

All Departments are required to reconcile their expenditure and receipts with the expenditure booked in the accounts in the Accountant General Office. The State Government reconciled 100 *per cent* of receipts and 99.99 *per cent* of disbursements for the year 2023-24.

As against the requirements of the Indian Government Accounting Standards (IGAS), the State Government made partial compliance with IGAS-1: Guarantees given by the Government – Disclosure requirements, IGAS-2: Accounting and Classification of Grants-in-Aid and IGAS-3: Loans and Advances made by the Government.

During the year 2023-24, ₹ 1,633.42 crore under 38 Major Heads, constituting 13.50 *per cent* of the total Revenue and Capital expenditure was classified under the Minor Head 800 Other Expenditure. Similarly, ₹ 941.03 crore under 45 Major Heads, constituting 8.24 *per cent* of the total Revenue Receipts was classified under Minor Head 800 Other Receipts.

As per information furnished by 178 DDOs in the State, there was an amount of ₹ 317.21 crore lying in Savings/Current Bank Account as on 31 March 2024.

The Principal Accountant General, Mizoram has not received five Annual Accounts of Autonomous District Councils/Government Bodies which were due for audit as of 30 September 2024.

#### 4.19 Recommendations

- *The State Government may ensure that outstanding Utilisation Certificates and Abstract Contingent Bills are settled expeditiously.*
- *Finance Department should review all Savings/Current Bank Accounts in the name of Drawing and Disbursing Officers (DDOs). Further, the Finance Department should reiterate the instructions contained in the Central Treasury Rules that no money should be drawn in anticipation of demand or to prevent the lapse of budgetary grants.*


Aizawl  
The 29 April 2025



(LHUNKHOTHANG HANGSING)  
Principal Accountant General (Audit), Mizoram

Countersigned

New Delhi  
The 30 April 2025



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

