

Chapter-III: Financial Reporting Practices

This Chapter provides broad based perspective on the quality of the State Government Accounts rendered by various authorities of the State Government and status of compliance with prescribed financial rules, procedures and directives. It also discusses issues like undischarged liabilities of the Government, delay in submission of Utilisation Certificates, non-adjustment of advances drawn through Abstract Contingent bills, parking of funds outside Consolidated Fund of the State etc.

Compliance with financial rules, procedures and directives as well as the completeness, timeliness and quality of reporting on the status of such compliance enhances relevance and reliability of the information presented in the financial reports.

Issues related to completeness of accounts

3.1 Off Budget borrowings through State owned PSUs/Authorities

Article 293(3) of the Constitution of India mandates consent of Government of India for a State Government's borrowing if it has any outstanding loans or guarantees from the Government of India. Further, the XV Finance Commission recommended normal net borrowing limit of three *per cent* of GSDP for the States for the period 2023-24 to 2025-26.

Bypassing the above stipulated net borrowing ceiling by routing loans outside budget through various State Government Public Sector Undertaking (SPSUs)/ Corporations/ other Bodies, despite the State being responsible for repayment of such loans, poses significant risk to fiscal health and transparency of Government finances. Borrowing Ceilings for a financial year of the State Governments are being now reduced by GoI to extent of Off-Budget Borrowings.

The Odisha Fiscal Responsibility and Budget Management (OFRBM) Act, 2005 outlined that the State Government shall ensure prudence in fiscal management and fiscal stability. Further, the Odisha Fiscal Responsibility and Budget Management Rules, 2005 provided that the 'Medium Term Fiscal Policy (MTFP) Statement' laid before the Legislature along with Budget documents shall contain three-year rolling targets with respect to Revenue Deficit, Fiscal Deficit and total debt stock of the State. For the year 2024-25, debt stock was targeted as 13.10 *per cent* of GSDP under MTFP and 25 *per cent* under FRBM Act. Besides, the GoI had fixed borrowing ceiling of ₹ 28,485 crore (3.50 *per cent* of GSDP) for the State during 2024-25.

The State Government did not disclose the off-budget liabilities in their budget documents/annual financial statements. The Government has intimated that there was no off-budget borrowing during the financial year 2024-25.

3.2 Undischarged liabilities of the Government

Undischarged liabilities, such as non-transfer of collected cess to designated bodies, short remittances to the National Pension System (NPS) etc., can have significant

long-term fiscal and governance implications. These unpaid obligations accumulate over time, creating hidden liabilities that distort the true financial position of the State. Further, delays in cess transfer hinder the intended development or welfare outcomes, defeating the very purpose for which such levies were imposed. Similarly, short transfers to NPS not only violate statutory commitments but also compromise the financial security of employees. Over the years, such practices can erode trust, trigger legal liabilities and increase future expenditure obligations, thereby constraining fiscal space and weakening fiscal sustainability. Such cases as seen during audit are discussed in the succeeding paragraphs.

3.2.1 Undischarged Interest liability

The Government has a liability to provide for and pay interest on the amounts as reflected in the Interest-bearing Deposits/Reserve Funds.

Audit observed that as of 1 April 2024, an amount of ₹ 397.84¹ crore was required to be paid as interest on the balance of ₹ 5,608.73 crore lying under various interest-bearing Deposits/Reserve Funds, as shown in **Table 3.1**.

Table 3.1: Details of undischarged interest liability in respect of Interest-bearing Deposits/Reserve Funds

(₹ in crore)				
Sl. No.	Name/Head of the interest-bearing deposit	Opening Balance as on 1 April 2024	Basis for calculation of interest	Amount of Interest not provisioned
1	State Disaster Response Fund	4,287.52	Interest calculated at the rate of 8.46 per cent, average rate paid on overdraft, as notified by RBI.	322.18
2	State Disaster Mitigation Fund	1,055.11		66.93
3	State Compensatory Afforestation Fund	247.69	Interest calculated at the rate of 3.35 per cent, as notified by Ministry of Environment and Forests.	8.30
4	Deposits of Government Companies, Corporations etc.	18.12	Interest calculated at the rate of 2.35 per cent, average rate paid on 14 days Treasury bills notified by RBI.	0.43
5	Miscellaneous Deposits	0.29		
Total		5,608.73		397.84

Source: Finance Accounts 2024-25, Government of Odisha

Thus, non-provision of interest amounting to ₹ 397.84 crore resulted in deferred liability, shifting the burden to future years and distorting the current fiscal position of the State.

The Government in reply stated (November 2025) that necessary steps would be taken for transfer of interest amount to the Deposits/Reserve Funds.

¹ Interest computed on the progressive balances at the end of each month as per the applicable rates.

3.2.2 Short contribution in National Pension System

The State Government implemented the Defined Contributory Pension Scheme (DCPS) under the National Pension System (NPS) for employees appointed on or after 1 January 2005. Under this system, the employees were required to contribute 10 *per cent* of their basic pay and dearness allowances, with a matching share by the Government. Further, the State Government contribution increased to 14 *per cent* with effect from 01 April 2019. The entire amount was to be transferred to the designated fund manager through the National Securities Depository Limited (NSDL)/Trustee Bank.

Although the State Government started collecting pension contribution from employees from FY 2006-07, it started transferring the same to the NSDL only in 2010-11.

Between 2006-25, total receipts under DCPS were ₹ 21,255.67 crore (Employees' contribution: ₹ 9,618.79 crore and Government's contribution: ₹ 11,636.88 crore), against which only ₹ 21,182.53 crore was transferred to the NPS, resulting in a cumulative short transfer of ₹ 73.14 crore and increased deferred liabilities of the State Government. The details of the receipts from employees' share and Government's contribution, are given in *Appendix 3.1*.

Under NPS, during the year 2024-25, ₹ 5,047.21 crore (Employees' contribution of ₹ 2,345.86 crore and Government's contribution of ₹ 2,701.34 crore) was deposited under the Major Head '8342-Other Deposits 117-Defined Contributory Pension Scheme' in the Public Account. This transferred amount also included an amount of ₹ 222.25 crore deposited in the Public Account on account of contribution of employees on foreign service. However, since the Government was required to contribute 14 *per cent* to NPS from 2019 onwards, the Government contribution for the year 2024-25 worked out to ₹ 2,973.05 crore ($(₹ 2,123.61 \times 14) / 10 = ₹ 2,973.05$ crore). Against this, the Government provided only ₹ 2,701.34 crore, leading to short contribution of Government's share to NPS by ₹ 271.71 crore.

The Government assured (November 2025) that necessary steps would be taken to transfer the Government's contribution to NPS. The fact, however, remains that the discrepancy has been continuing since the implementation of the scheme and no corrective action had been taken so far, despite repeated observations in previous C&AG's State Finances Audit Reports.

3.2.3 Non-transfer of Building and Other Construction Workers' Welfare Cess

As per Section 3(1) of the Building and Other Construction Workers' Welfare Cess Act, 1996, and in line with Resolution dated 15 December 2008 of Government of Odisha, labour cess was to be collected at the rate of one *per cent* of the cost of construction incurred by employers/builders, excluding the cost of land and any compensation payable under the Workmen Compensation Act, 1923. Further, all Departments, Boards, Autonomous Bodies and Local Authorities were directed to collect this cess on all construction activities, including from individuals with approved residential building plans costing ₹ 10 lakh or more, and deposit the same

with the Odisha Building and Other Construction Workers' Welfare Board. The collected cess was meant to be utilised for social security and welfare schemes for construction workers in the State.

During FY 2024-25, the Government collected ₹ 1.88 crore as labour cess under the Major Head 0230 - Labour and Employment but did not transfer the same to the Odisha Building and Other Construction Workers' Welfare (OB&OCWW) Board. Thus, non-transfer of the collected cess not only adversely impacted the intended welfare and social security of building and construction workers but also increased the deferred liability of the Government to that extent.

The Government stated (November 2025) that necessary steps would be taken for transfer of labour cess to the OB&OCWW Board.

3.2.4 Non-transfer of cess to local bodies

As per the Odisha Cess Act, 1962, cess collected by the State Government (other than Labour Cess) is required to be transferred to the respective Urban Local Bodies and Rural Local Bodies.

During FY 2024-25, the Government collected ₹ 122.81 crore towards cess on land revenue under MH 0029. However, the collected amount was not transferred to the concerned Local Bodies, resulting in deferred liability of the Government and violation of the Odisha Cess Act.

3.2.5 National Mineral Exploration Trust Fund

The National Mineral Exploration Trust (NMET) was established in August 2015 under Section 9C of the MMDR Act, 1957. As per Section 9C (4) of this Act, holder of a mining lease or a mineral concession was required to deposit two *per cent* of the royalty paid to the trust by depositing the same in the Public Account of the State under the Major Head 8449-123-NMET Deposits. The State Government was responsible for transferring these collected funds to the Central Government on a monthly basis by debiting the same head of account.

The opening balance under NMET (8449-123-NMET Deposits) as on 1 April 2024 was ₹ 61.06 crore. During the FY 2024-25, ₹ 357.53 crore was deposited under this head, resulting in a total balance of ₹ 418.59 crore. Of this, the State Government transferred ₹388.92 crore to the Consolidated Fund of India, while ₹ 29.67 crore remained un-transferred, resulting in deferred liability of the State.

The Government stated (November 2025) that necessary steps would be taken for transfer of NMET fund of ₹ 29.67 crore to the Consolidated Fund of India.

3.2.6 Pendency of refund cases

Promptness in disposal of refund cases is an important indicator of performance of the Department concerned. Information was sought from the Commissionerate of CT&GST and the Transport department, both of whom deal with refund cases. Out of these, only Commissionerate of CT&GST provided the data on pendency of refund cases.

The details of refund cases during the year 2024-25, as reported by the Commissionerate of CT&GST, are given in **Table 3.2**.

Table 3.2: Details of refund cases during the year 2024-25

Sl. No.	Particulars	GST	
		No. of cases	Amount
1.	Claims outstanding at the beginning of the year	514	860.05
2.	Claims received during the year	3,365	4,678.50
3.	Refunds made during the year	3,048	2,285.30
4.	Refunds rejected during the year	355	2,793.41
5.	Balance outstanding at the end of the year	476	459.84

(₹ in crore)

Source: Information furnished by Commissionerate of CT&GST, Odisha

As seen from the Table above, against a total of 3,879 claims, 3,048 claims (78.60 per cent) involving ₹ 2,285.30 crore were refunded by the Department during the year. Further, 355 claims amounting to ₹ 2,793.41 crore were rejected.

As of March 2025, there were a total of 476 refund cases remaining outstanding, involving an amount of ₹ 459.84 crore. The presence of pending refund claims at the close of the year suggested that further strengthening of the monitoring mechanism and timely processing of claims was required to be undertaken.

3.3 Funds outside Government Accounts

3.3.1 Maintenance of Odisha Electricity Regulatory Commission fund in Bank Accounts instead of Public Account

Article 266(2) of the Constitution of India provides that ‘All other public moneys received by or on behalf of the Government of a State shall be credited to the Public Account of the State’.

The Odisha Electricity Regulatory Commission (OERC) was constituted under the Electricity Act, 2003. Section 103 of the Act stipulates creation of a fund called ‘State Electricity Regulatory Commission Fund’ wherein receipts² of the Commission are to be credited and expenses therefrom are to be made. The Government of Odisha enacted the OERC (Fund) Rules, 2006, and in terms of Rule 3, the OERC was permitted to open a bank account for accommodating such receipts and making expenses therefrom. In keeping with the rule *ibid*, funds were kept in a bank account and as of March 2025, ₹ 81.70 crore remained in the bank account instead of the Public Account of the State. Resultantly, not only did the Constitutional mandate stand violated, but the Public Account balance was also understated by ₹ 81.70 crore. In this context, it may be mentioned that the funds of Central Electricity Regulatory Commission are kept in the Public Account of the Government of India.

² (a) Any grants and loans given to the State Commission by the State Government; (b) all fees received by the State Commission under this Act; and (c) all sums received by the State Commission from such other sources, as may be decided by the State Government

Issues related to transparency

3.4 Delay in submission of Utilisation Certificates

In terms of Rule 306 of the Odisha General Financial Rules (OGFR), 2023, Utilisation Certificates (UCs) in respect of Grants-in-Aid received by the grantee should be furnished by the grantee to the grantor by 1st December and to the Principal Accountant General (Accounts and Entitlements) (PAG (A&E)) by 31st December of the year. The stipulated period of submission of UCs ranges between 12 to 18 months, depending upon the date of release of the related grant. In cases of non-submission of UCs, there is a risk that the amount shown in Finance Accounts may not have reached the beneficiaries and may not have been spent for the intended purposes.

Audit observed that 12,050 UCs involving ₹ 16,585.45 crore were pending up to the year 2023-24 (grants-in-aid drawn up to September 2023). Of these, 6,363 UCs amounting to ₹ 5,622.03 crore related to the period from 2003-04 to 2019-20 were pending, indicating persistent and long-standing delays in submission and settlement of UCs.

During the year 2024-25, 2,770 UCs amounting to ₹ 8,894.11 crore pertaining to the period up to 2023-24 were cleared. Year-wise pendency of UCs is given in **Table 3.3**.

Table 3.3: Age-wise pendency of Utilisation Certificates

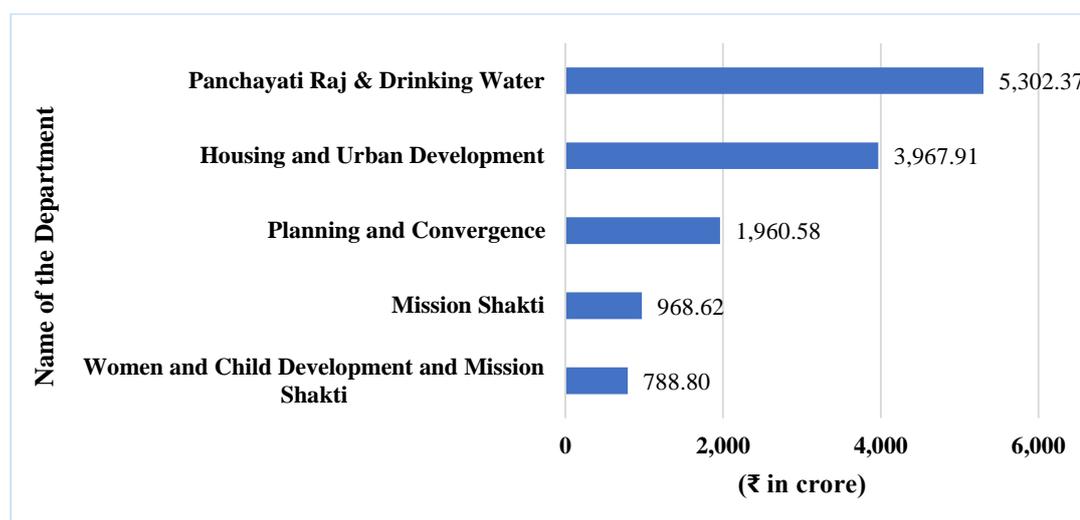
Year	Number of pending UCs	Amount
Prior to 2019-20	6,363	5,622.03
2019-20	557	1,721.81
2020-21	841	1,098.44
2021-22	567	1,514.23
2022-23	1,943	2,892.27
2023-24 (drawn up to September 2023)	1,779	3,736.67
Total	12,050	16,585.45

(₹ in crore)

Source: Finance Accounts for the year 2024-25 and data furnished by the Office of the Principal Accountant General (A&E) Odisha

The Department-wise pending UCs are shown in **Appendix 3.2** and outstanding UCs in respect of five departments with huge pendency of UCs, as on 31 March 2025 is shown in **Chart 3.1**.

Chart 3.1: Outstanding UCs in respect of five departments with huge pendency of UCs, as on 31 March 2025



Source: Data furnished by the Office of the Principal Accountant General (A&E) Odisha

From **Chart 3.1**, it is evident that ₹ 12,988.28 crore *i.e.* 78.31 *per cent* of the total UCs of ₹ 16,585.45 crore, which have not been received by PAG (A&E) pertained to five Departments, *viz.* Panchayati Raj and Drinking Water (₹ 5,302.37 crore), Housing and Urban Development (₹ 3,967.91 crore), Planning and Convergence (₹ 1,960.58 crore), Mission Shakti³ (₹ 968.62 crore) and Women and Child Development (₹ 788.80 crore).

Further, despite persistent observations in C&AG's State Finances Audit Reports, the Government did not take any corrective measures and the amount of pending UCs increased by 34 *per cent* from ₹ 12,361.26 crore (11,014 UCs) in 2023-24 to ₹ 16,585.45 crore (12,050 UCs) in 2024-25.

Non-submission of UCs is fraught with the risk of mis-utilisation and the continued rise in pendency, despite repeated audit observations indicates weak financial accountability, lack of timely submission, poor response to Audit recommendation and poor monitoring at the departmental level.

The Principal Secretary, Finance Department, Government of Odisha instructed (November 2025) all Financial Advisors/ Additional Financial Advisors of different administrative departments, to expedite submission of pending UCs.

3.4.1 Non-utilisation of UC module in Integrated Financial Management System (IFMS)

Since non-submission of UCs is fraught with the risk of misutilisation, it is imperative that the State Government should monitor this aspect closely. In order to have control on submission of UCs, the Finance Department, GoO executed an agreement with Tata Consultancy Services (TCS) (erstwhile M/s CMC Limited) on 04 December 2013 to develop and implement a UC module, in the Integrated Financial Management System

³ Mission Shakti was separated from Women and Child Development Department on 01.06.2021.

(IFMS) by April 2018. The cost of module development and integration was ₹ 7.31 lakh.

The implementation status of this UC module in IFMS was sought for by Audit, to which the Directorate of Treasuries and Inspection (DT&I) stated (July 2025) that the module had been developed, piloted and notified by the Finance Department (15 April 2023), for roll out in IFMS. Audit however, found that no Utilisation Certificates were being uploaded by any department and no piloting of the UC module had been done during the year, resulting in non-utilisation of the module even after lapse of seven years from the scheduled implementation timeline.

This issue while indicating significant gap between system development and its operational use, also highlighted ineffective enforcement by the Finance Department and poor monitoring leading to accumulation of outstanding UCs in the State.

3.5 Abstract Contingent bills

When money is required in advance or when it is not possible to calculate the exact amount required, Drawing and Disbursing Officers (DDOs) are permitted to draw money without supporting documents, through Abstract Contingent (AC) bills, by debiting service heads and the expenditure is reflected as an expense under the service head.

As per Rule 261 of Odisha Treasury Code (OTC), advances drawn through Abstract Contingent (AC) bills are required to be adjusted through Detailed Contingent (DC) bills within three months in case of works expenditure and expenditure incurred on natural calamities, and within one month for other contingent charges.

During FY 2024-25, 806 AC bills, amounting to ₹ 44.89 crore were drawn, out of which 354 AC Bills, amounting to ₹ 7.36 crore were cleared and thus, 452 AC bills, amounting to ₹ 37.53 crore were pending for adjustment as on 31 March 2025. However, a total of 1,490 AC bills amounting to ₹ 221.47 crore, pertaining to the period up to March 2025, were pending adjustment as of 31 March 2025, as shown in **Table 3.4**. Department-wise status of outstanding DC bills as on 31 March 2025, is given in **Appendix 3.3**.

Table 3.4: Age-wise pending adjustment of AC bills

Due Year	Number of AC bills	(₹ in crore)
		Amount
Up to 2023-24	1,038	183.94
2024-25*	452	37.53
Total	1,490	221.47

Source: Finance Accounts for the year 2024-25 and data furnished by the Office of the Principal Accountant General (A&E), Odisha

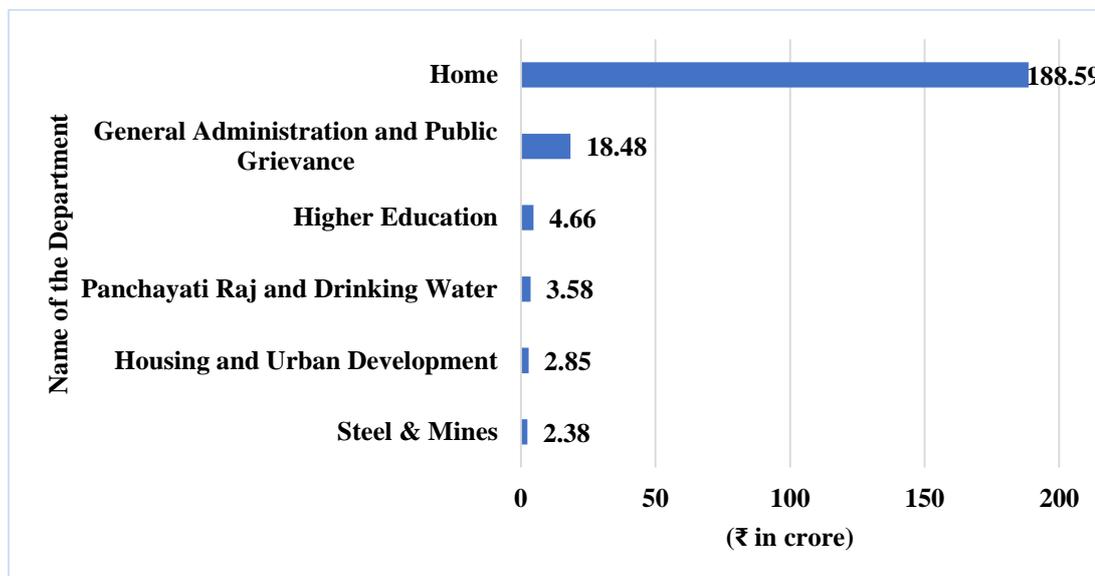
**AC Bills drawn up to December 2024 taken into account*

It was further observed that out of 806 AC bills amounting to ₹ 44.89 crore, drawn during FY 2024-25, 105 AC bills, amounting to ₹ 5.01 crore (11.16 per cent) were drawn in March 2025. Expenditure against AC bills at the fag end of the year

highlighted poor public expenditure management and indicated drawals of funds done primarily to exhaust budget provisions.

Departments with huge pendency of DC bills as on 31st March 2025 are depicted in **Chart 3.2**.

Chart 3.2: Pending DC Bills in respect of six Departments



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

Analysis of outstanding DC bills over the last five years shows that the pending DC bills increased by 171 *per cent* from ₹ 81.77 crore in 2020-21 to ₹ 221.47 crore in 2024-25. This was mainly due to increase in pending DC bills pertaining to Home Department which increased from ₹ 68.98 crore in 2020-21 to ₹ 188.59 crore in 2024-25. Further, over the last four years, outstanding DC bills relating to General Administration & Public Grievance Department have shown a near threefold increase, accumulating from ₹ 6.67 crore to ₹ 18.48 crore during 2020-21 to 2024-25. This continued increase in outstanding DC bills, despite regular observations in the C&AG's State Finances Audit Report for previous years, indicated persistent non-compliance and weak monitoring. An instance of irregular drawal of fund through AC bills is given below.

Non-submission of DC Bills, within the prescribed timelines, against AC Bills

Scrutiny of relevant vouchers revealed that Odisha Public Service Commission (OPSC) and Odisha Staff Selection Commission (OSSC) had drawn AC Bills for an amount of ₹ 45.16 crore during the period from 2015-16 to 2024-25. The purposes for which these AC Bills were drawn were not described in the said Bills, impairing transparency and weakening financial control.

Audit observed that out of ₹ 45.16 crore, AC Bills for ₹ 26.39 crore were adjusted through DC Bills. The balance amount of ₹ 18.77 crore remained unadjusted even after lapse of one to 10 years since they were drawn. Further, it was also seen that, despite the existence of such long-pending unadjusted A.C Bills year after year,

fresh A.C. Bills continued to be drawn by the OPSC and the OSSC, indicating non-compliance with Rule 261 of the OTC.

The prolonged non-submission of DC Bills indicated inadequate monitoring, lack of accountability, failure of the drawing and disbursing authorities to adhere to prescribed financial discipline and violated codal provisions.

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 timely submission of DC bills.

3.5.1 Non-utilisation of DC Module in IFMS

An agreement was signed (04 December 2013) between the Finance Department and the vendor (Tata Consultancy Services (TCS), erstwhile M/s CMC Limited) for the development of the Integrated Financial Management System (IFMS), which was to be rolled out by April 2018. The Project Monitoring Unit of the Finance Department, in its meetings held in August 2017 and December 2017, had instructed the System Integrator to develop DC Bill type, since AC Bill type had already been implemented. This module aimed to help in timely submission, clearance and monitoring of AC/DC bills and reduction of pendency.

The status of implementation of the AC/DC bill module in IFMS was sought for by Audit. In reply, the DT&I stated (July 2025) that the module had been developed and deployed in production environment of IFMS. However, notification on DC bill functionality was yet to be issued by the Finance Department, GoO, as of July 2025.

Further, Audit also checked the implementation status of the Module and found that only one⁴ DC bill had been submitted to the Principal Accountant General (A&E), during 2023-24 through the AC/DC bill module.

Thus, despite the development and deployment of the AC/DC bills module in IFMS, the module remained unutilised even after lapse of seven years from the scheduled implementation timeline, due to the absence of formal notification by the Finance Department and limited use by various Departments. This had impeded timely submission and monitoring of pending AC/DC bills, delaying accountability and leading to lack of transparency in financial management.

3.6 Personal Deposit Accounts

Personal Deposits (PD) are of the nature of deposits not bearing interest opened under 8443-Civil Deposits-106-Personal Deposits.

During the year 2024-25, an amount of ₹ 5,980.13 crore was transferred from the Consolidated Fund of the State to PD Accounts. This included ₹ 1,210.42 crore transferred to PD Accounts in March 2025, of which, ₹ 33.05 crore was transferred on

⁴ Director, Printing, Stationery and Publication, Government of Odisha

the last working day of March 2025. Details of PD accounts as on 31 March 2025 are given in **Table 3.5**.

Table 3.5: Status of PD Accounts during the year 2024-25

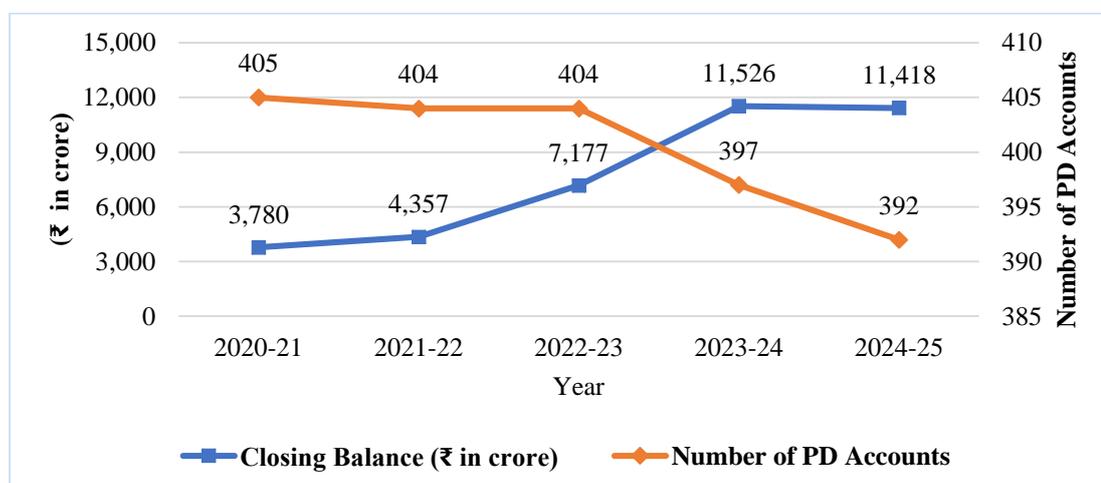
(₹ in crore)

Opening Balance (as on 01-04-2024)		Addition during the year 2024-25		Disbursement during the year 2024-25		Closing Balance (as on 31-03-2025)	
No. of Administrators	Amount	No. of Administrators	Amount	No. of Administrators	Amount	No. of Administrators	Amount
397	11,526.18	02	19,120.98	07	19,229.32	392	11,417.84

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

During the year, seven⁵ PD Accounts with an amount of ₹ 1.02 (One Rupee) were closed and funds were adjusted in the Consolidated Fund of the State. Further, two⁶ new PD Accounts were opened. There was an addition of ₹ 19,120.98 crore into the 397 accounts. Overall there was a net decrease of ₹ 108.34 crore in the cumulative closing balance at the end of the year FY 2024-25, as compared to FY 2023-24, as detailed in **Chart 3.3**.

Chart 3.3: Closing Balance in PD Accounts, during FYs 2020-21 to 2024-25



Source: Finance Accounts of the respective years

The closing balance of ₹ 11,417.84 crore pertained to 392 PD Accounts of Blocks, District Rural Development Agencies (DRDAs), Zilla Parishads, Integrated Tribal Development Agencies (ITDAs), Odisha Mineral Bearing Areas Development Corporation (OMBADC) Bhubaneswar *etc.*, which are detailed in **Table 3.6**.

⁵ PD Accounts of District Rural Development Agencies of Balasore, Chhatarpur, Sambalpur, Rayagada, Bolangir, Sundargarh and Khurda Special

⁶ Project Administrator, Integrated Tribal Development Agency, Jharsuguda and Treasurer, Charitable Endowment

Table 3.6: Total Administrator-wise Personal Deposit Accounts*(₹ in crore)*

Sl. No	Name of the Administrator of PD Accounts	No. of PD Accounts	Outstanding amount
1	Block Development Officers	314	6,556.11
2	Executive Officer, Zilla Parishad	30	2,177.27
3	Project Administrator, ITDA	23	1,545.59
4	Principal Chief Conservator of Forests (PCCF), Odisha (OMBADC Account), Bhubaneswar	1	182.90
5	Chairman, Western Odisha Development Council, Bhubaneswar	1	745.88
6	Secretary, State Council of Science and Technology	1	160.52
7	Project Director, DRDA	15	31.23
8	Member Secretary, Odisha Handlooms and Handicrafts Development and Promotion Council, Bhubaneswar	1	14.77
9	Additional Director General of Police Criminal Investigation Department (Crime Branch), Witness Protection Fund, Cuttack	1	1.49
10	Commissioner of Endowments, Bhubaneswar	1	1
11	Project Director, Command Area Development Authority, Hirakud, Cuttack and Berhampur	3	0.72
12	Treasurer, Charitable Endowment	1	0.36
Total		392	11,417.84

Source: Office of the Principal Accountant General (A&E), Odisha.

Rule 141(3) of the Odisha Budget Manual states that no money should be withdrawn from the Treasury unless it is required for immediate payment and prohibits withdrawal of funds from the Treasury for mere parking in deposit heads under Public Account, to avoid lapse of allotment. Audit observed nine instances where funds were transferred to PD accounts at the year-end, which distorted actual expenditure, reduced transparency, weakened controls and undermined prudent fiscal management as discussed below:

Irregular use of Personal Deposit Accounts

During 2024-25, ST & SC Development, Minorities & Backward Classes Welfare Department issued nine sanction orders wherein it was explicitly directed to transfer the sanctioned funds to Personal Ledger (PL) Accounts of Project Administrators of ITDAs and District Welfare Officers (DWOs). These sanction orders related to General expenditure, details of which are given below:

Sl. No	Sanction order No. and Nature of Expenditure (Capital Expenditure (CE)/ Revenue Expenditure (RE))	Date of Sanction order	Number of DDOs for whom funds were sanctioned	Amount (₹ in crore)
1	202469170557 (CE)	11.02.2025	23	28.00

2	202469535957 (CE)	25.02.2025	23	46.00
3	202469741019 (CE)	28.02.2025	6	233.28
4	202469809959 (RE)	06.03.2025	23	6.05
5	202469844786 (RE)	06.03.2025	23	8.47
6	202469846794 (RE)	06.03.2025	23	45.98
7	202469865107 (CE)	07.03.2025	23	115.00
8	202469866068 (CE)	07.03.2025	26*	164.34
9	202448137705 (RE)	09.07.2024	1	0.40
TOTAL				647.52

*Including 7 DWOs

The practice of instructing direct transfer of funds to PL Accounts within the sanction orders itself, without immediate disbursement needs, constitutes a violation of Rule 141(3) of the OBM. Further, these sanction orders were predominantly issued in the months of February and March, *i.e.*, the final quarter of the financial year.

This indicated a possible effort to park funds in deposits and avoid budgetary lapses, as corroborated by the available balance of ₹ 1,545.59 crore with ITDAs in PL Accounts at the end of FY 2024-25 (as seen in **Table 3.6**), which undermines the principles of financial propriety, reduces legislative oversight and poses a risk of idle or misutilised public funds. Moreover, in such cases the actual expenditure may occur much later, which leads to misrepresentation of the fiscal position of the State.

3.6.1 Non-reconciliation of PD Account balances

In terms of Sub-Rule 479 of the Odisha Treasury Code (OTC), PD Accounts are required to be reconciled annually by the Administrators with the balance in Treasury accounts.

During the year 2024-25, out of 392 PD accounts, 70 PD accounts had not been reconciled by the Administrators as of 31 March 2025.

Thus, non-reconciliation as stipulated in the OTC, indicated significant lapse in compliance and internal control which may lead to inaccurate financial reporting, as the balances maintained by the Administrators may not reflect the actual Treasury position. Further, in the absence of reconciliation, discrepancies, errors or unauthorised withdrawals could remain undetected, increasing the risk of misappropriation.

In reply, the Principal Secretary, Finance Department assured (November 2025) Audit that strict action would be taken against the Administrators, who had not reconciled their accounts.

3.7 Operation 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 was to be discouraged since 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.

During the year 2024-25, ₹ 15,140.06 crore under 57 Major Heads of account, constituting 7.32 per cent of the total Revenue and Capital expenditure (₹ 2,06,792.73 crore) was classified under the Minor Head-800-Other Expenditure in the accounts. Of these, instances of misclassification were noticed where ₹ 4,734.31 crore under five Major Heads was classified under Minor Head-800-Other Expenditure, despite the availability of appropriate Minor Heads thereunder, as detailed in **Table 3.7**.

Table 3.7: Expenditure misclassified under Minor Head 800-Other Expenditure during 2024-25

Details of head, under which booking was wrongly done	Amount (₹ in crore)	Nature of expenditure	Correct classification of Minor Head	Brief Description of the available Minor Head
2401-0-800-3851	3,469.22	Subsidy	130-Farmers income support	This Minor Head is operated for subsidy given under Samrudh Krushak Yojana, the objective of which is to provide input assistance and increase the income of the farmers and thereby improve socio-economic status of the farmers.
2401-0-800-3722	14.52	Development of agricultural farms	104-Agricultural farm	As per note below List of Major and Minor Heads (LMMH), this Minor Head shall include expenditure on commercial farms and experimental farms other than seed farms.
2401-0-800-1304	11.25	Salary	001- Direction and Administration	Salaries paid to staff of soil testing laboratory are classified under this head.
2401-0-800-1304	0.28	Office expenses	001- Direction and Administration	This Minor Head includes office expenses of soil testing laboratory
2202-2-800-3380	525.42	State Support for Samagra Shiksha	113- Samagra Shiksha	LMMH provides this Minor Head for booking expenditure for Samagra Shiksha Scheme.
2202-2-800-3767	114.01	Grants to PR institutions for construction of Additional Classrooms	103- Assistance to Local Bodies for primary education	This Minor Head includes grants given to Local Bodies for primary education.
2202-3-800-3869	29.38	Incentive and awards	107- Scholarships	The Minor Head is meant for Scholarship under Godabarisha Vidyarathi Protsahana Yojana
2202-3-800-3730	5.36	Mukhya Mantri Odia Bhasa Bruti	107- Scholarships	The Minor Head is meant for Scholarship under Mukhyamantri Medhabi Chatra Protsahan Yojana
2203-800-2564	99.60	Establishment of Veer Surendra Sai University of Technology (VSSUT), Burla	102-Assistance to Universities for Technical Education	This Minor Head is for Grants given to Universities for technical education
2217-5-800-3218	118.80	Storm Water Drainage and	191- Assistance to Local Bodies	This represents Grants given to Urban Local bodies.

		Development of Water Bodies		
2217-5-800-3586	116.62	Mukhyamantri Karma Tatpara Abhiyan (MUKTA)	191- Assistance to Local Bodies	This Head is for Grants given to Urban Local bodies.
2217-800-3219	116.40	Urban Road Transport	191- Assistance to Local Bodies	This Head is for Grants given to Urban Local bodies.
5054-4-800-1230	113.45	Connecting Unconnected Villages in Difficult Areas	337-Road works	This Head includes the scheme for Connecting Unconnected Villages in Difficult Areas (CUVDA) under Mukhya Mantri Sadak Yojana
Total	4,734.31			

Source: Finance Accounts 2024-25, VLC data maintained by the Office of PAG (A&E), Odisha and List of Major and Minor Head, Controller General of Accounts, GoI

Similarly, ₹ 4,219.38 crore under 50 Major Heads of Account, constituting 2.29 per cent of the total Revenue Receipts (₹ 1,83,962.68 crore) was classified under 800-Other Receipts in the accounts. Instances of misclassification were also noticed, where ₹ 25.67 crore was classified under Minor Head-800-Other Receipts despite availability of appropriate Minor Heads thereunder, as detailed in **Table 3.8**.

Table 3.8: Receipts misclassified under Minor Head 800-Other Receipts during 2024-25

(₹ in crore)

Details of heads under which booking was wrongly classified	Amount (₹ in crore)	Nature of expenditure	Correct classification	Brief Description of the available Minor Head
0029-00-800-0097	8.66	Conversion fees u/s 8A of OLR Act	101- Land revenue/Tax	This Minor Head includes Land revenue; hence Conversion fees should have been classified here.
0029-00-800-0097	8.33	Conversion fees u/s 8A of OLR Act	101- Land revenue/Tax	-do-
0029-00-800-0097	8.05	Conversion fees u/s 8A of OLR Act	101- Land revenue/Tax	-do-
0070-60-800-0097	0.30	Penalties/fines/ recoveries due to audit/ official proceedings	119- Penalties for deficiencies for public services	As the nomenclature of the Head indicates, the Penalties should have been classified here.
0070-60-800-0097	0.17	Penalties/fines/ recoveries due to audit/ official proceedings	119- Penalties for deficiencies for public services	-do-
0070-60-800-0097	0.16	Penalties/fines/ recoveries due to audit/ official proceedings	119- Penalties for deficiencies for public services	-do-
Total	25.67			

Source: Finance Accounts 2024-25, VLC data maintained by the Office of PAG (A&E), Odisha and List of Major and Minor Head, Controller General of Accounts, GoI

During the Exit conference, the Principal Secretary, Finance Department instructed (November 2025) Financial Advisors of different departments to follow proper accounting procedures.

Issues related to measurement

3.8 Outstanding balance under major Suspense and DDR Heads

Finance Accounts of a State 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. Significant suspense balances for the last three years are shown in **Table 3.9**.

Table 3.9: Balances under Suspense and Remittance Heads

(₹ in crore)

Head of Account		2022-23		2023-24		2024-25	
		Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
	1						
8658	Suspense Account						
101	Pay and Accounts Office-Suspense	125.89	23.50	95.59	33.03	112.64	10.77
	Net Debit (Dr.) / Credit (Cr.)	Dr.102.39		Dr.62.56		Dr.101.87	
102	Suspense Account-(Civil)	6.08	151.21	5.53	32.55	4.73	35.46
	Net Debit (Dr.) / Credit (Cr.)	Cr.145.13		Cr.27.02		Cr.30.73	
112	Tax Deducted at Source (TDS) Suspense	..	443.51	..	371.21	..	324.26
	Net Debit (Dr.) / Credit (Cr.)	Cr.443.51		Cr.371.21		Cr.324.26	
8782	Cash Remittance and adjustments between officers rendering account to the same Accounts Officer						
102	Public Works Remittances	250.56	256.14	329.74	335.59	38,541.25	38,551.17
	Net Debit (Dr.) / Credit (Cr.)	Cr.5.58		Cr. 5.85		Cr.9.92	
103	Forest Remittances	43.99	..	21.04	1.85	1,726.85	1,705.95
	Net Debit (Dr.) / Credit (Cr.)	Dr.43.99		Dr.19.19		Dr.20.90	

Source: Finance Accounts of respective years

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.

3.9 Reconciliation of Cash Balances

The Cash Balance of the State Government as on 31 March 2025, as per Accounts of the Principal Accountant General (A&E), was ₹ 2.53 crore (Debit), while the same was reported as ₹ 1.24 crore (Credit) by the Reserve Bank of India. As such, there was an unreconciled difference of ₹ 1.29 crore (Debit).

The difference was mainly due to pending reconciliation between the Treasury/RBI/Agency Bank. Non-reconciliation of cash balances affects the reliability of the reported cash position and indicates weak financial control. The State

Government should carry out the necessary reconciliation to reflect actual cash position.

3.10 Parking of funds in the bank accounts

In terms of OTC, OGFR and the Odisha Budget Manual, money should not be withdrawn from Treasury unless it is required for immediate payment. It is also not permissible to draw money from the Treasury and keep it in bank account without sanction of the Finance Department. Similar instructions had also been issued by the Finance Department from time to time to strictly avoid unauthorized parking of government funds in bank accounts.

As per the information furnished by the State Government during FY 2024-25, an amount of ₹ 1,835.88 crore remained unspent in the bank accounts of 4,289 DDOs (as of 31 March 2025).

In this context, during the compliance audit of District Social Welfare Officer (DSWO), Subarnapur and Child Development Project Officer (CDPO), Birmaharajpur in 2024-25 and while carrying out a detailed review of the Department of Panchayati Raj & Drinking Water Department, Audit noticed that substantial funds continued to remain idle in the bank accounts of the concerned DDOs over an extended period of time without requirement, as discussed in the succeeding paragraphs.

Audit found that the State Institute of Rural Development and Panchayati Raj⁷ (SIRD&PR) maintained 30 bank accounts as of September 2025, for various purposes. It was noticed that ₹ 56.98 crore was available in these bank accounts. Audit analysis of the statements of these accounts with huge balances, revealed the following:

- PR&DW Department sanctioned ₹ 1.00 crore (Sanction Order No. 6598 dated 10.03.2025) during 2024-25 for celebration of Panchayati Raj Diwas on 24 April 2025. Audit scrutiny of the bank statement of the 'Panchayati Raj Diwas' account revealed that a balance of ₹ 4.23 crore was already available in the said account, as on 14 July 2025 and had been lying idle. However, Audit could not verify the period since when these funds had been lying idle, as bank statements were made available only for the period from 11 April 2025 to 14 July 2025. Thus, despite sufficient availability of funds, an additional ₹ 1.00 crore was sanctioned, which lacked justification.
- An amount of ₹ 0.80 crore was lying idle as on 15 September 2025 in the Savings bank account under the Panchayat Mahila Evam Yuva Shakti Abhiyan. Audit observed that no transactions had taken place in this account since 2013 and therefore these funds should have been refunded to the Consolidated Fund of the State.
- An amount of ₹ 1.22 crore was found lying idle in the bank account namely National Rural Employment Guarantee Scheme (NREGS) Training. Audit noticed that the last transaction from this account, of ₹ 99,058 was done on

⁷ SIRD&PR fall under Panchayati Raj & Drinking Water Department

17 December 2014, leaving a balance of ₹ 0.84 crore. No further transactions were carried out and the balance along with accrued interest, accumulated to ₹ 1.22 crore, as on 01 May 2025. Lack of any transaction for this prolonged period highlighted that the bank account had been idle and that the Scheme funds should have been refunded back.

- The Ministry of Rural Development (MoRD), GoI released ₹ 1.72 crore (₹ 1.59 crore in December 2013 and ₹ 0.13 crore in November 2019) to SIRD&PR for training and IEC campaign relating to Lab to Land⁸ initiative of MoRD. Out of this, an amount of ₹ 0.60 crore was spent till 2019-20, leaving a balance of ₹ 1.12 crore. Audit found that no expenditure had been made since 2019-20 and a balance of ₹ 1.35 crore along with accrued interest was lying idle in the bank account of SIRD&PR. The SIRD&PR stated (December 2025) that the programme was discontinued by the MoRD, GoI since 2020, therefore, the fund could not be utilised and would be refunded to MoRD, after receipt of instructions for refund. The reply is not convincing since a significant amount of ₹ 1.35 crore was lying idle in the bank accounts for the last five years.

Further, during Compliance Audit of Women & Child Welfare Department, it was observed that:

- Audit scrutiny revealed that DSWO, Subarnapur received ₹ 55.49 crore during 2018-25 for various welfare programmes, of which ₹ 42.87 crore was spent and ₹ 10.40 crore, including ₹ 1.89 crore as accrued interest, remained unutilised in bank accounts, as of March 2025. Funds pertaining to schemes like Supplementary Nutrition Programme, Strategy for Odisha's Pathway to Accelerated Nutrition, Mukhyamantri Sampurna Pushti Yojana, Ujjwala and Mamata were parked in bank accounts without immediate requirement. Further, ₹ 4.21 crore was retained in six bank accounts of closed or inactive schemes with no transactions since 2018-19. No efforts had been made by the department to either utilise or refund the amounts to the Consolidated Fund of the State.

The DSWO replied that the purpose for which the fund had been received would be identified and the unspent balance would be refunded to the funding agency after taking approval of higher authorities. The reply is not acceptable as the Finance Department had already issued the procedure (14448/dated 9 May 2025) to refund money to the Consolidated Fund of the State, in respect of closed schemes or schemes which were no more in operation for more than two years, unclassified amount parked in Bank account of DDOs etc.

⁸ Lab to Land was an initiative of Ministry of Rural Development to bridge the gap between Government research/ schemes ("Lab") and actual ground level application ("Land") in rural areas with the objective to make rural development programmes more effective, inclusive and impactful by ensuring that knowledge, innovation, training and technologies actually reach rural households and communities.

Thus, sanctioning of funds without assessing actual requirement and retention of unutilised balances in bank accounts reflects poor financial discipline and weak cash management. While on the one hand, the State Government is borrowing funds at high rates of interest to meet its expenditure needs, substantial amounts remain idle in bank accounts earning low returns, in violation of Treasury Rules, provisions of OGFR and instructions of Finance Department against parking of funds. This not only resulted in blocking of scarce financial resources but also deprived the Government of their productive utilisation for other priority programmes.

The Principal Secretary, Finance Department stated (November 2025) that with the introduction of 'Just-in-Time' release of funds, parking of funds in the Bank accounts had been stopped. However, a time-bound action plan would be undertaken to plough back funds which were lying in bank accounts since long-periods and to transfer these back into the Consolidated Fund of the State.

Issues related to disclosure

3.11 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 with these Accounting Standards by the State Government as well as deficiencies therein during 2024-25, are detailed in **Table 3.10**.

Table 3.10: Compliance with Accounting Standards

Sl. No.	Accounting Standards	Essence of IGAS	Compliance by State Government	Deficiency
1.	IGAS-1	Guarantees Given by the Government – Disclosure requirements	Complied (Statements 9 and 20 of Finance Accounts)	--
2.	IGAS-2	Accounting and Classification of Grants-in-aid	Not complied (Statement 10 of Finance Accounts)	1) Certain Grants-in-Aid were classified under Capital Section (<i>Refer Paragraph 2.5.6 of Chapter-II</i>) 2) No information was available regarding Grants-in-Aid, given in kind by the State Government.
3.	IGAS-3	Loans and Advances made by Government	Complied (Statements 7 and 18 of Finance Accounts)	--
4	IGAS-4	Prior period adjustments	Complied (Prior period adjustments of back-to-back loan in lieu of GST Compensation from GoI.)	--

Source: Finance Accounts for FY 2024-25

3.12 Submission of accounts of Autonomous Bodies

The accounts of Autonomous Bodies established by the State Government are certified by C&AG under Sections 19 and 20 of the Comptroller and Auditor General of India (Duties, Powers and Conditions of Service) Act, 1971. The Autonomous Bodies which are under the audit purview of C&AG are required to submit their annual accounts to Audit by 30 June each year.

As on 31 March 2025, 336 accounts in respect of 13 Autonomous Bodies had not been submitted to the CAG for audit, for periods ranging between one to 42 years, as detailed in **Table 3.11**.

Table 3.11: Arrears of accounts of Autonomous Bodies as on 31 March 2025

Sl. No.	Name of Body or Authority	Status of pendency of accounts	No. of Accounts pending
1	Odisha Building and Other Construction Workers Welfare Board (OB&OCWWB), Bhubaneswar	Pending since 2014-15	10
2	Bhubaneswar Development Authority (BDA), Bhubaneswar	Accounts not received in uniform prescribed format since 1983-84	42
3	Cuttack Development Authority (CDA), Cuttack	-do-	42
4	Rourkela Development Authority (RDA), Rourkela	Accounts not received in prescribed format since 1995-96	30
5	Puri & Konark Development Authority (PKDA), Puri	No accounts have been received	28
6	Sambalpur Development Authority (SDA), Sambalpur	-do-	30
7	Talcher Angul Development Authority (TADA), Angul	-do-	36
8	Kalinga Nagar Development Authority (KNDA), Jajpur	-do-	32
9	Paradeep Development Authority (PDA), Paradeep	-do-	36
10	Berhampur Development Authority (BDA), Berhampur	-do-	32
11	Odisha State Legal Services Authority (OSLSA), Bhubaneswar	Pending since 2022-23	03
12	Compensatory Afforestation Fund Management and Planning Authority (CAMPA), Odisha, Bhubaneswar	Pending since 2011-12	14
13	Odisha Electricity Regulatory Commission (AB)	Pending since 2024-25	01
Total			336

Source: Office of the Principal Accountant General (Audit-I) & Office of the Accountant General (Audit II), Odisha

Non-submission of annual accounts to Audit by the Autonomous Bodies within the stipulated time, despite being pointed out in C&AG's State Finances Audit Reports of previous years, not only impacted timely financial reporting, but also weakened accountability and transparency in the utilisation of public funds, increasing risk of misappropriation or embezzlement, besides resulting in non-compliance with the statutory provisions of the Act. Further, the absence of audited accounts impedes detection of irregularities, prevents corrective action and compromises the accountability of management and governing authorities of these bodies, thereby affecting the overall credibility of the State's fiscal management.

Other Issues

3.13 Misappropriations, losses, thefts etc.

As per provisions of Rules 19 and 47(1) of OGFR, 2023 (Vol. I) read with Rule 48, Government Officers are empowered to report such cases of loss of money, departmental revenue, stores or other properties to immediate superior officers as well as to the Accountant General, Odisha, where the amount is ₹ 10,000 or more.

Audit observed that there was no change in the number of cases of misappropriation, losses, theft etc., since 2021-22 and accordingly sought updated status from the Finance Department, duly confirmed by the concerned departments. However, except the Panchayati Raj & Drinking Water Department, no other department furnished the required confirmation to Audit.

As on 31 March 2025, 711 cases of misappropriation, losses, theft etc., involving ₹ 18.45 crore were pending for settlement. No cases were disposed of during FY 2024-25. The department-wise break-up of pending cases is given in *Appendix 3.4*.

The age-wise profile of the pending cases and the number of cases pending in each category of theft and misappropriation/ loss of Government material, is summarised in **Table 3.12**.

Table 3.12: Profile of misappropriations, losses, defalcations etc.

Age-profile of the pending cases			Nature of the pending cases	Number of cases	Amount involved (₹ in crore)
Range in years	Number of cases	Amount involved (₹ in crore)			
0-5	0	0.0	Theft Cases	389	4.00
5-10	33	3.41			
10-15	10	0.55			
15-20	52	2.74	Misappropriation cases	322	14.45
20-25	126	2.85			
More than 25	490	8.90			
Total	711	18.45	Total	711	18.45

Source: Data/information furnished by Finance Department, Government of Odisha

Out of the total 711 cases, 383 cases amounting to ₹ 3.77 crore were related to theft of Government money/stores, whereas 295 cases involving ₹ 11.27 crore pertaining to misappropriation/loss of Government material were pending for more than ten years.

Audit observed that the Government had not taken any action to logically conclude the long pending theft/ misappropriation cases. Besides, there was no effective mechanism to ensure monitoring and speedy settlement of cases relating to theft, misappropriation and losses.

3.14 Follow up action on State Finances Audit Report

In every State, the Public Accounts Committee (PAC)/Finance Department requires the line departments to provide a *suo-motu* Explanatory Note (EN) on the paragraphs

featuring in the C&AG's Audit Reports within three months of placing the Reports in the Legislative Assembly. The line departments are also required to provide Action Taken Notes (ATNs) to the AG (for vetting and onward transmission to the PAC) within four months from the date of laying of the Report in the Legislative Assembly.

During 2024-25, only one PAC meeting was held on 08 October 2024 to discuss the pending position of Audit paragraphs and the Annual Action Plan for their disposal. As of March 2025, 425 paragraphs relating to SFARs pertaining to the period from 2008-09 to 2023-24 were pending for discussion. The paragraphs of the SFARs for the years 2016-17 and 2018-19 to 2023-24, are yet to be taken up for discussion by the PAC.

3.15 Conclusion

The State Government's financial management exhibited persistent weaknesses, reflected in both statutory and operational areas. Undischarged liabilities, such as ₹ 397.84 crore interest not paid on Deposits/Reserve Funds of ₹ 5,608.73 crore, short transfer of ₹271.71 crore to the NPS and un-transferred amount of ₹ 29.67 crore under the NMET, distorted the correct fiscal position.

On the other hand, non-transfer of ₹ 1.88 crore of collected labour cess to the Building and Other Construction Workers Welfare Board and ₹ 122.81 crore of cess/fee/surcharge (other than labour cess) meant for Local Bodies, deprived the intended beneficiaries of the welfare and social security measures and increased the deferred liability of the State.

Delays in submission of 12,050 UCs amounting to ₹ 16,585.45 crore, pending adjustment of 1,490 AC bills amounting to ₹ 221.47 crore with an increasing trend and transfer of funds to Personal Deposit Accounts without immediate requirement, further weakened the accountability and transparency. Instances of misclassification of ₹ 4,734.31 crore under Minor Head-800-Other Expenditure, despite availability of suitable minor heads, reduced the clarity and reliability of financial reporting and rendered the accounts opaque.

Non-submission of 336 accounts of 13 Autonomous Bodies, some pending for over a decade, not only delayed audit certification but also significantly weakened financial oversight, statutory compliance and undermined transparency in the utilisation of public funds.

3.16 Good Practices

The Government of Odisha has introduced 'Just-in-Time Funding System' (JiT-FS) in IFMS, similar to SNA-SPARSH developed by the Government of India for release of Centrally Sponsored Scheme funds. JiT-FS is being implemented in a phased manner, with its use mandated for 13 PSUs/Societies from 1 April 2025 in the first phase. This system prevents parking of funds in bank accounts, enables real-time monitoring of fund utilisation by Departments and simplifies accounting, thereby strengthening transparency and efficiency in financial management.

Further, to address the issue of parking of Government funds outside the Government account and pending full roll out of JiT-FS, Government mandated 149 selected organisations under various departments to use Personal Ledger Accounts for handling State Government funds ensuring that drawn funds remain within the Government accounting system. This practice would prevent unauthorised parking of funds in bank accounts, improve cash management and strengthen the State Government's fund liquidity position.

3.17 Recommendations

1. The State Government should adhere to a strict timeline for prompt payment of undischarged and deferred liabilities.
2. The State Government should fully operationalize the UC and AC/DC bill modules in IFMS with robust monitoring and regular reviews to reduce pendency in non-submission of UCs and ensure timely adjustment of AC bills.
3. The State Government should ensure adherence to classification norms in financial reporting, minimize misclassifications through internal audits, staff trainings and periodic reviews to improve reporting standards and data reliability.
4. The State Government should take measures to enforce timely submission of accounts of Autonomous Bodies for Audit and set up a centralised monitoring system to strengthen oversight.

Bhubaneswar

(SUBU R.)

Dated

Principal Accountant General (Audit-I)

Odisha

Countersigned

New Delhi

(K. SANJAY MURTHY)

Dated

Comptroller and Auditor General of India

