

---

**CHAPTER-I**

**AN OVERVIEW**

**OF THE FUNCTIONING, ACCOUNTABILITY**

**MECHANISM AND FINANCIAL REPORTING ISSUES OF**

**PANCHAYATI RAJ INSTITUTIONS**

---



## SECTION A

### CHAPTER- I

#### **An Overview of the Functioning, Accountability Mechanism and Financial Reporting Issues of Panchayati Raj Institutions**

#### **1.1 Introduction**

In conformity with the provisions of the 73<sup>rd</sup> Constitutional Amendment, The Maharashtra Zilla Parishads and Panchayat Samitis Act, 1961 (ZP/PS Act) and The Maharashtra Village Panchayats Act, 1958 (VP Act) were amended in 1994. A three tier system of Panchayati Raj Institutions (PRIs) comprising Zilla Parishads (ZPs) at the district level, Panchayat Samitis (PSs) at the block level and Gram Panchayats (GPs) at the village level were established in the State. As per 2011 Census, the total population of the State stood at 11.24 crore of which, 55 *per cent* was from rural areas.

The demographic and developmental status of the State is given in **Table 1.1.1**.

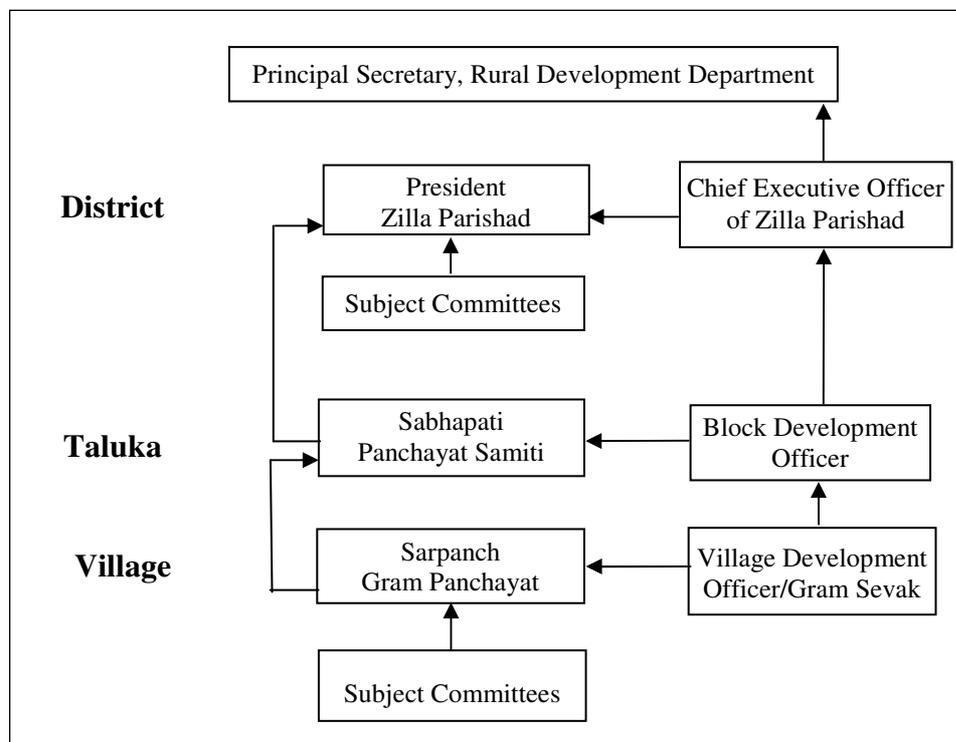
**Table 1.1.1: Important statistics of the State**

Indicator	Data
Population	11,23,74,333
Population density	365 km <sup>2</sup>
Gender ratio	929:1000
Rural population	6,15,56,074
Literacy in <i>per cent</i> (Rural)	77.01
Number of PRIs	28,416
(i) District Panchayats	34
(ii) Block Panchayats	351
(iii) Village Panchayats	28,031
Source: Information furnished by the Rural Development and Water Conservation Department and Census 2011	

## 1.2 Organisational Setup of PRIs

The organisational set up of PRIs in Maharashtra is depicted below.

**Chart 1: Organisational structure of PRIs**



The Chief Executive Officer (CEO) in the ZP, the Block Development Officer (BDO) in the PS and the Village Development Officer (VDO)/Gram Sevak in the GP report functionally to the respective elected bodies and administratively to their next superior authority in the State Government hierarchy.

There were 28,031 GPs for 44,105 villages in Maharashtra as of November 2016. The VDO/Gram Sevak, a village level functionary, functions as Secretary to the GP and is also responsible for maintenance of accounts and records at GP level. However, sanctioned strength of VDOs/Gram Sevaks was 22,864 which showed that not even one VDO/Gram Sevak post was sanctioned for each GP. The persons-in-position was 21,253 only with a shortage of 1,611 as of November 2016. No reasons were on record for not sanctioning and filling up of 1,611 posts of VDOs/Gram Sevaks.

## 1.3 Functioning of PRIs

**1.3.1** There are 36 districts in Maharashtra. Two districts (Mumbai and Mumbai Suburban) do not have rural areas and therefore, there are 34 ZPs in the State. The ZPs have their own Departments for Education, Public Works, Health, Minor Irrigation, Rural Water Supply, Social Welfare, Animal Husbandry, Agriculture, Women and Child Welfare, Finance, General Administration and Village Panchayat.

**1.3.2** The ZPs are required to prepare a budget for the planned development of the districts and utilisation of the resources. The Government of India (GoI) Schemes funded through the District Rural Development

Agency (DRDA) and the State Government Schemes are also implemented by the ZPs. The ZPs are empowered to impose water tax, pilgrim tax and special tax on land and buildings *etc.*

**1.3.3** The intermediate tier of Panchayat at the Taluka level in Maharashtra is called the PS. There were 351 PSs in the State. The PSs do not have their own source of revenue and are totally dependent on the Block Grants received from ZPs. The PSs undertake developmental works at the block level.

**1.3.4** The VP Act provides for the constitution of Gram Sabha, a body consisting of persons registered in the electoral rolls of the villages within the GP area. The GPs are empowered to levy tax on buildings, betterment charges, pilgrim tax, taxes on fairs/festivals/entertainment, taxes on bicycles, vehicles, shops, hotels *etc.*

**1.3.5** Gram Sabhas are required to meet periodically. They select beneficiaries for the Central/State Government Schemes, prepare and approve development plans and projects to be implemented by the GPs, grant permission for incurring expenditure by GPs on developmental Schemes. They also convey their views on the proposals for acquisition of land by GPs.

**1.3.6** Of the 29 functions referred to in the XI Schedule of the Constitution of India, 14 functions and 15,840 functionaries were transferred to the PRIs. Non-transfer of all functions and functionaries had also been commented in earlier Audit Reports.

**1.3.7** The broad accountability structure in PRIs is as shown in **Table 1.1.2.**

**Table 1.1.2: Accountability structure in PRIs**

PRIs	Functions Assigned
<b>Zilla Parishad, CEO</b>	<ol style="list-style-type: none"> <li>1. Drawal and disbursement of fund</li> <li>2. Preparation of annual budget and accounts</li> <li>3. Supervision and control of officers of the ZP</li> <li>4. Finalisation of contracts</li> <li>5. Publishing statement of accounts of ZPs in the Government Gazette</li> </ol>
Chief Accounts and Finance Officer, ZP	<ol style="list-style-type: none"> <li>1. Compilation of the accounts of ZP</li> <li>2. Providing financial advice</li> </ol>
Heads of Departments in ZPs	<ol style="list-style-type: none"> <li>1. According technical sanctions to the works and implement Schemes</li> <li>2. Supervising the work of Class II officers</li> </ol>
<b>Panchayat Samiti, BDO</b>	<ol style="list-style-type: none"> <li>1. Drawal and disbursement of funds</li> <li>2. Execution and monitoring of Schemes and maintenance of accounts and records</li> </ol>
<b>Gram Panchayat, Gram Sevak</b>	<ol style="list-style-type: none"> <li>1. Secretary to the Gram Sabha</li> <li>2. Execution and monitoring of Schemes and maintenance of accounts and records</li> </ol>
Source: The Maharashtra Zilla Parishads and Panchayat Samitis Act, 1961	

**1.3.8** Of the State Government's total revenue receipts of ₹ 1,40,031.12 crore during 2015-16 (excluding State's share of Union taxes and duties and Grants-in-aid from GoI), the PRIs were allocated ₹ 18,239.92 crore (13.02 *per cent*).

#### **1.4 Formation of various Committees**

The ZP/PS Act provides for formation of various Committees *viz.*, Standing Committee, Finance Committee, Works Committee, Agriculture Committee, Social Welfare Committee, Education Committee, Health Committee, Animal Husbandry and Dairy Committee, Water Management and Sanitation Committee *etc.* in every Zilla Parishad under Sections 78 to 80.

Rural Development and Water Conservation Department (Department) stated (November 2016) that all these Committees were functioning in all ZPs/GPs.

#### **1.5 Audit Arrangement**

##### **1.5.1 Primary Auditor**

Director, Local Fund Audit (DLFA) is the primary auditor of the accounts of local bodies and discharges duties and responsibilities as per the provisions of The Maharashtra Local Fund Act, 1930.

##### **Placing of Audit Review Report of DLFA**

As per Government of Maharashtra (GoM) Resolution of 01 April 1968, DLFA shall submit annually a consolidated report of the audited accounts to the Legislative Assembly. The Audit Review Report for the year 2013-14 has been placed in the State Legislature in August 2016.

##### **Arrears in Audit/Certification by DLFA**

As of February 2017, of the total 34 ZPs, DLFA completed the audit of one ZP for the year 2015-16, 30 ZPs for the year 2014-15 and four ZPs for the year 2013-14. However, certification of accounts of one ZP for the year 2015-16, 10 ZPs for the year 2014-15, 22 ZPs for the year 2013-14 and of one ZP for the year 2012-13 could only be done. There were arrears in audit and certification of accounts due to non-submission/delayed submission of approved accounts.

##### **1.5.2 Audit by the Comptroller and Auditor General of India**

The Comptroller and Auditor General of India conducts audit of ZPs and PSs under Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. Section 142 A of the ZP/PS Act also contains an enabling provision for audit by the Comptroller and Auditor General of India.

Audit of GPs was also entrusted (March 2011) to the Comptroller and Auditor General of India under Technical Guidance and Supervision by the GoM under Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

The Audit Report (Local Bodies) of the Comptroller and Auditor General of India for the year ended 31 March 2015 was placed in the State Legislature in August 2016 and the Audit Report for the year ended 31 March 2014 has been taken up for discussion by Public Accounts Committee (PAC) along with paragraphs from previous reports pending for discussion.

## 1.6 Response to Audit Observations

### 1.6.1 Outstanding Paragraphs from DLFA Reports

As per Annual Audit Review Report of DLFA for the year 2013-14, 1,28,440 paragraphs in respect of Government funds involving ₹ 10,998.66 crore and 30,629 paragraphs pertaining to ZPs own funds involving ₹ 3,502.50 crore were pending settlement from 1962-63 to 2013-14.

### 1.6.2 Outstanding Inspection Reports and Paragraphs of PRIs Audited by Accountant General

As of February 2017, a total of 3,679 Inspection Reports and 11,914 paragraphs of PRIs audited by Principal Accountant General/Accountant General, Maharashtra up to March 2016 were outstanding as shown in the **Table 1.1.3**.

**Table 1.1.3: Position of outstanding inspection reports and paragraphs**

Year	Inspection Reports	Paragraphs
Up to 2011-12	2581	6437
2012-13	278	1021
2013-14	294	1269
2014-15	157	962
2015-16	369	2225
<b>Total</b>	<b>3679</b>	<b>11914</b>

Source: Information compiled in the offices of the Principal Accountant General/Accountant General, Maharashtra (Mumbai and Nagpur)

### 1.6.3 Paragraphs Appeared in Audit Reports but Pending for Discussion by PAC

As of February 2017, of the 22 paragraphs pertaining to PRIs that appeared in Audit Reports from 2010-11 to 2014-15, 10 paragraphs were discussed by the PAC while 12 paragraphs were pending discussion as shown in the **Table 1.1.4**.

**Table 1.1.4: Position of paragraphs pending for discussion by PAC**

Year of Audit Report	Number of Paragraphs in Audit Report	Number of Paragraphs discussed in PAC	Number of Paragraphs pending for discussion in PAC
2010-11	06	03	03
2011-12	09	05	04
2012-13	01	01	00
2013-14	04	01	03
2014-15	02	02	00
<b>Total</b>	<b>22</b>	<b>12</b>	<b>10</b>

Source: Information compiled in the offices of the Principal Accountant General/Accountant General, Maharashtra (Mumbai and Nagpur)

## Accountability Mechanism and Financial Reporting Issues

### Accountability Mechanism

## 1.7 Lokayukta

The State of Maharashtra has established the institution of Lokayukta in Maharashtra on 25 October 1972 based on the concept of Ombudsman in accordance with The Maharashtra Lokayukta and Upa-Lokayukta Act, 1971. However, the Lokayukta was not exclusively formed for PRIs in Maharashtra.

## **1.8 Social Audit**

Social audit is a continuous and ongoing process which includes verification of quantity and quality of works at different stages of implementation to ensure transparency and public accountability in the implementation of projects, laws and policies and its results by the community with active involvement of primary stakeholders. The process also combines people's participation and monitoring with the requirements of the audit discipline.

The GoM vide Resolution dated 11 September 2013 established Social Audit Unit (SAU) in Maharashtra. The State Employment Guarantee Council was to monitor the action taken by the State Government on the observations raised during social audit and incorporate the Action Taken Report in the annual report to be laid before the State Legislature.

The SAU in the State is headed by the Director who is assisted by one Assistant Director, three State Co-coordinators and six regional co-coordinators for six regions of the State.

The Director, SAU stated (February 2017) that of the 1,400 GPs to be covered during 2015-16, social audit of only 281 GPs was completed.

## **1.9 Submission of Utilisation Certificates**

The Bombay Financial Rules, 1959 provide that for the grants provided for specific purposes, utilisation certificates (UCs) should be obtained by the departmental officers from the grantee institutions and after verification, the UCs should be forwarded to the concerned accounting offices *i.e.* Accountant General (Accounts and Entitlements), Maharashtra within 12 months from the dates of their sanction.

As of December 2016, a total of 2,346 UCs pertaining to the Department involving ₹ 1,187.13 crore were pending from field offices.

## **1.10 Internal Audit and Internal Control System of PRIs**

An effective Internal Control System and strict adherence to Statutes, Codes and Manuals minimise the risk of errors and irregularities, and help to protect resources against loss due to waste, abuse and mismanagement.

The Department informed (January 2017) that Internal Audit and Internal Control System exist in PRIs and internal audit is done/carried out as per the procedure prescribed in the Section A and B of Annexure 4 to The Maharashtra Zilla Parishads and Panchayat Samitis Account Code, 1968.

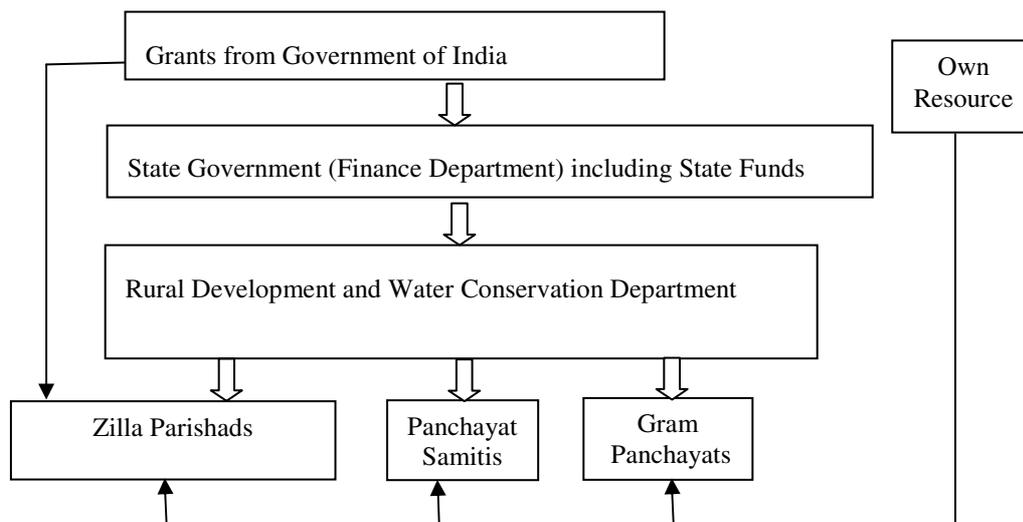
## **1.11 Financial Reporting Issues**

### **1.11.1 Source of Funds**

In addition to their own sources for tax and non-tax revenue *i.e.* fair tax, building tax, fees, rent from land and building, water charges *etc.* and capital receipts from sale of land, the PRIs also receive funds from the State Government and GoI in the form of grants-in-aid/loans for general administration, implementation of developmental schemes/works, creation of infrastructure in rural areas *etc.* Funds are also provided on the recommendations of the Central/State Finance Commissions.

The fund flow mechanism is as shown in **Chart 2**.

**Chart 2: Source of Funds**



The position of receipts and expenditure of PRIs for the period 2011-16 is shown in **Table 1.1.5**.

**Table 1.1.5: Position of receipts and expenditure of PRIs during 2011- 2016**

Description	₹ in crore				
	2011-12	2012-13	2013-14	2014-15	2015-16
Own revenue	1545.62	1277.46	1571.10	1759.08	1393.96
Grants received from GoM	690.48	1031.73	1537.63	1362.27	1185.88
GoI grants including 13 <sup>th</sup> Finance Commission grants	765.23	1433.00	989.96	2032.00	--
Total receipts	3001.33	3742.19	4098.69	5153.35	2579.84
Total expenditure	999.11	965.95	1100.3	2920.93	1686.97

Source: Information furnished by the Department

The budget provision of PRIs for the last five years (2011-16) showing the actual expenditure and savings is indicated in **Table 1.1.6**.

**Table 1.1.6: Details of budget and expenditure of PRIs during 2011-16**

Description	₹ in crore				
	2011-12	2012-13	2013-14	2014-15	2015-16
Total budget provision	1126.99	1097.67	1212.25	3423.93	2399.56
Total expenditure	999.11	965.95	1100.3	2920.93	1686.97
Savings	127.88	131.72	111.95	503.00	712.59
Percentage savings	11.35	12.00	09.23	14.70	29.70

Source: Information furnished by the Department

From **Table 1.1.6** it may be seen that 29.70 per cent of the budget provision could not be spent during 2015-16.

### 1.11.2 Recommendations of the State Finance Commission

Article 243 (I) of the Constitution of India requires that the State Finance Commission (SFC) be appointed at the expiry of every fifth year.

The Fourth SFC was constituted in February 2011 and was to submit its report to the State Government by September 2012 for implementation of its recommendations during 2011-12 to 2015-16. However, the date for submission of report was extended by the State Government up to December

2014. The report was under printing (December 2016).

### **1.11.3 Recommendation of the Thirteenth Finance Commission**

The 13<sup>th</sup> Finance Commission (13<sup>th</sup> FC) recommended grants of ₹ 5,565.60 crore to the PRIs during 2010-15. The grants were to be utilized up to 31 March 2015.

The position of yearly allocation by 13<sup>th</sup> FC, actual release by GoI to GoM, subsequent release to PRIs and actual utilisation up to the period ending February 2017 is shown in **Table 1.1.7**.

**Table 1.1.7: Utilisation of 13<sup>th</sup> FC grants**

(₹ in crore)

Year	Recommendations of 13 <sup>th</sup> FC	Actual grants released by GoI (including forfeited grants of other States)	Grants released by GoM to PRIs	Actual utilisation of grants by PRIs	Balance to be utilised
2010-11	519.85	513.68	515.00	499.28	15.72
2011-12	808.49	957.45	957.45	931.88	25.57
2012-13	1185.90	1244.46	1244.46	1225.58	19.09
2013-14	1399.66	1672.58	1672.58	1594.09	78.49
2014-15	1651.70	1203.67	1204.47	1043.19	161.28
<b>Total</b>	<b>5565.60</b>	<b>5591.84</b>	<b>5591.84</b>	<b>5294.02</b>	<b>300.16</b>

Source: Information furnished by the Department

It may be seen from **Table 1.1.7**, the PRIs could not spend ₹ 300.16 crore (February 2017). The Department extended the period of utilisation from time to time and finally up to 31 March 2017.

The audit findings regarding delayed release and utilisation of grants are discussed below.

#### **1.11.3.1 Delay in Release of Grants**

As per GoI guidelines (September 2010) regarding utilisation of grants recommended by 13<sup>th</sup> FC for rural and urban local bodies read with Government Resolution of August 2010, the grants received from 13<sup>th</sup> FC were to be released by GoM to PRIs within five to 10 days through electronic transfer or any alternative channels of transmission. In case of delayed disbursement of funds, the State/ZPs were to pay interest at the Bank Rate of RBI to ZPs/PSs/VPs.

Scrutiny of records of the Department revealed that during 2010-15, the GoM paid an interest of ₹ 2.34 crore to ZPs for delay of two to 37 days in release of the FC grants (₹ 5,592 crore).

Further scrutiny of cash books of four ZPs<sup>1</sup> revealed delays in release of grants by the ZPs to PSs/GPs to the extent of two to 299 days. However, these ZPs did not pay interest amounting to ₹ 0.95 crore to the PSs/GPs.

The concerned Chief Accounts and Finance Officers (CAFOs) stated (between February 2016 and August 2016) that the ZPs took longer to release the grants

<sup>1</sup> Nashik (29 to 66 days), Satara (03 to 26 days), Palghar (11 to 57 days) and Thane (02 to 299 days)

to PSs and GPs as the PSs/GPs did not furnish UCs for grants released in the preceding year and some of the PSs did not have bank accounts.

### 1.11.3.2 Diversion of 13<sup>th</sup> FC Grants

As per GoM guidelines of August 2010 regarding implementation of recommendations of 13<sup>th</sup> FC, grants received under 13<sup>th</sup> FC and interest accrued thereon were to be utilised for the intended purpose. Scrutiny of records of ZP, Pune revealed that an interest of ₹ 30.60 lakh accrued on 13<sup>th</sup> FC grants was diverted to the ZP's District Fund in March 2014.

The CAFO, ZP Pune accepted the diversion of ₹ 30.60 lakh and stated (May 2016) that the same was recouped in April 2015. The amount stated to have been recouped could however, not be ascertained in audit as the cash book was not updated since August 2014.

### 1.11.3.3 Execution of Inadmissible Works

As per GoM guidelines of August 2010, the broad categories on which 13<sup>th</sup> FC grants were to be spent included solid waste management, road works, sanitation, maintenance of assets created *etc.*

In three ZPs<sup>2</sup> and eight PSs<sup>3</sup>, an inadmissible expenditure of ₹ 1.03 crore was incurred from 13<sup>th</sup> FC grants on 51 inadmissible works such as, repair and maintenance of gymnasium, erection of gate, repairs to Mudranalaya, renovation of officers' quarters/Sabhapati residence, purchase of medical equipment *etc.*

## 1.11.4 Maintenance of 13<sup>th</sup> FC Records

### 1.11.4.1 Cash Book

As per Rule 98 (2) (ii) of Maharashtra Treasury Rules, 1968, all monetary transactions should be entered in the cash book as soon as they occur and attested by the head of the office in token of check. As per GoM guidelines of August 2010, separate account was to be maintained for each type of grant (general basic grant, general performance grant, special area basic grant and special area performance grant) received under 13<sup>th</sup> FC. Scrutiny of cash books revealed the following inadequacies in three ZPs<sup>4</sup> and eight GPs<sup>5</sup>:

- None of the above ZPs/GPs had maintained separate accounts for different types of grants. Due to non-maintenance of separate accounts, audit could not ascertain types of grant received from the Department and that disbursed to PSs and GPs. Since the ZPs/GPs did not maintain separate accounts, audit could not ascertain the actual utilization of 13<sup>th</sup> FC grants.
- In ZP Pune, cash book was incomplete for the year 2014-15 and 2015-16. Further, some of the pages in the cash books for the years 2014-15 and 2015-16 were kept blank. Reconciliation of cash books with bank accounts was done only up to August 2014.

---

<sup>2</sup> Nashik, Pune and Satara

<sup>3</sup> Haveli, Newasa, Mangalvedha, Shrirampur, Junnar, Niphad, Karad and Satara

<sup>4</sup> Pune, Satara and Thane

<sup>5</sup> Khed and Shahupuri (PS, Satara); Otur and Warulwadi (PS, Junnar); Phursungi and Manjri Budruk (PS, Haveli); and Dabhadi and Nimgaon (PS, Malegaon)

- There were differences in amount released by the Department and that indicated in the records of ZP, Thane for the years 2012-13 (₹ 49.56 lakh) and 2013-14 (₹ 73.90 lakh).

#### **1.11.4.2 A to N Format Reports**

As per GoM guidelines of August 2010, monthly reports in A to N format were required to be furnished by GPs to PSs regarding utilization of 13<sup>th</sup> FC grants. However, six GPs<sup>6</sup> had not submitted monthly reports in the prescribed formats to PSs.

#### **1.11.5 Maintenance of General Records by PRIs**

##### **1.11.5.1 Cash Book**

During local audit of PRIs in 2015-16, cash books of 22 of 354 test-checked units showed a number of discrepancies such as, daily/monthly closing of cash books not done, non-maintenance of separate cash books for various Schemes, regular attestation of daily entries by Drawing and Disbursing Officers (DDOs) not done *etc.*

##### **1.11.5.2 Advance Register and Stock Register**

As per Manual on Financial Management and Procurement Rule 72.1, the funds released to the districts and sub-district level were to be initially classified as advances and subsequently adjusted based on the expenditure Statements/UCs.

Further, as per Rule 98(1) of The Maharashtra Zilla Parishads and Panchayat Samitis Account Code, 1968, all movable and immovable properties were to be recorded in the stock register and verified annually by the head of the Department.

During audit of PRIs in 2015-16, it was noticed that advance registers were either improperly maintained or not maintained in 14 units. Similarly, stock registers were either improperly maintained or not maintained in five<sup>7</sup> units.

##### **1.11.5.3 Reconciliation of Balances as per Cash Book with Bank Pass Book**

As per Rule 57 of Maharashtra Zilla Parishads and Panchayat Samitis Account Code, 1968, cash book was to be closed on the last working day of the month and the balances were to be reconciled with the bank pass book. In 29 of 360 test-checked units during 2015-16, reconciliation of balances as per cash book with bank pass book was not done.

#### **1.11.6 Maintenance of Accounts by PRIs**

Under the provisions of Section 136 (2) of the ZP/PS Act, the BDOs forward the accounts approved by the PSs to the ZPs and these form part of the ZPs' accounts. Under provisions of Section 62 (4) of the VP Act, the Secretaries of the GPs are required to prepare annual accounts of GPs. A Performance Audit on quality of maintenance of accounts in PRIs in Maharashtra State was

---

<sup>6</sup> Otur, Phursungi, Khed, Manjri Budruk, Dabhadi and Nimgaon

<sup>7</sup> Child Development Project Officer (CDPO), Integrated Child Development Services Scheme (ICDS), Washim; BDO, Tellara (Akola); CDPO (ICDS), Akot (Akola); CDPO (ICDS), Sakoli (Bhandara); and CDPO (ICDS), Pandharkawda (Yawatmal)

conducted and commented in Chapter II of the Report of the Comptroller and Auditor General of India (Local Bodies), GoM for the year ended 31 March 2008.

In accordance with the provisions of Section 136 (1) of the ZP/PS Act and Rule 66 A of The Maharashtra Zilla Parishads and Panchayat Samitis Account Code, 1968, CEOs of ZPs are required to prepare annually, statements of accounts of revenue and expenditure of the ZPs along with statements of variations of expenditure from the final modified grants on or before 10 July of the following financial year to which the statements relate. The accounts are then placed before the Finance Committee and finally before the ZPs for approval along with the Finance Committee reports.

The abstracts of the approved accounts of the ZPs/PSs are prepared by CAFO and forwarded to DLFA for audit, certification and publication in the Government Gazette.

As per Section 136 (1) of ZP/PS Act and Rule 66 A of The Maharashtra Zilla Parishads and Panchayat Samitis Account Code, 1968, the prescribed date for approval of annual accounts of ZPs for a financial year is 30 September of the following year and accounts of ZPs are required to be published in the Government Gazette by 15 November of the year. Accordingly, the accounts for 2015-16 should have been finalised by September 2016 and published by November 2016. As per Government Resolution (September 2015), all the ZPs were to prepare accounts in all eight Model Accounting System formats.

The Department stated (January 2017) that annual accounts for the year 2013-14 had been received from all the ZPs and would be placed in the State Legislature soon. Annual accounts for the year 2014-15 had been received from four ZPs (Thane, Sindhudurg, Nandurbar and Solapur) and were under finalisation. Thus, preparation of accounts by ZPs were in arrears.

#### **1.11.7 Issues related to Abstract Contingent and Detailed Contingent Bills**

As per the Maharashtra Treasury Rules, 1968, the DDOs were required to submit Detailed Contingent (DC) bills (comprising vouchers in support of final expenditure) drawn against Abstract Contingent (AC) bills, within 30 days to the office of the Accountant General (Accounts and Entitlements), Maharashtra.

As of March 2016, DC bills in respect of 216 AC bills involving ₹ 4.46 crore pertaining to the Department were outstanding.

