

A sound internal financial reporting system with relevant and reliable information significantly contributes to effective governance by the State Government.

This Chapter provides an overview and status of compliance with various financial rules, procedures and directives, in so far as financial reporting is concerned, by the State Government and its subordinate offices in 2016-17.

3.1 Delay in furnishing of Utilisation Certificates

Odisha General Financial Rules (OGFR) 170 to 173 provides detailed guidelines for sanction of Grant-in-Aid (GIA), maintenance of accounts and submission of Utilisation Certificates (UCs). The Government has modified some of these provisions in July 2014 in compliance with Indian Government Accounting Standard-2 (IGAS-2).

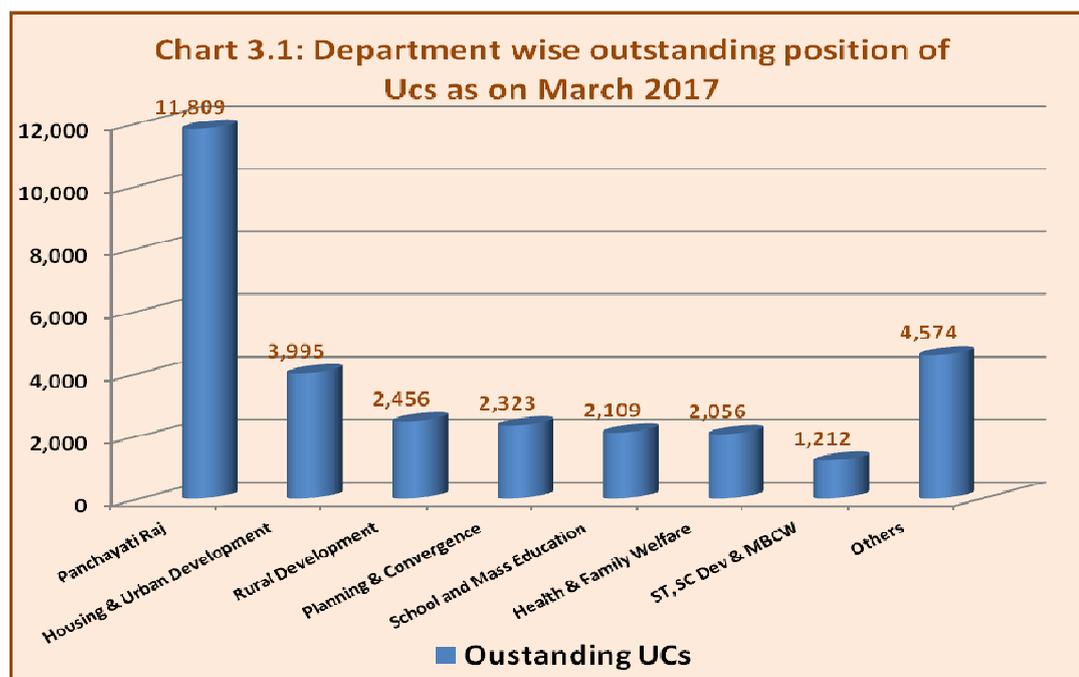
Through the UC, the grantor obtains assurance about non-diversion and proper utilisation of the funds. Any delay or inaccuracy in such reporting undermines this control mechanism.

Utilisation Certificates for a total amount of ₹30,533.95 crore remained outstanding against 35 departments of the State as of March 2017 in the books of the Principal Accountant General (A&E), Odisha. Year-wise break up of pending UCs against number of GIA vouchers is given in **Table 3.1**.

Table 3.1: Year-wise break up of pending Utilisation Certificates in respect of Grants-in-Aid

Years	Grants-in-Aid (G.I.A) against which UCs are awaited as of March 2017	
	Number of vouchers	Amount
Up to 2011-12	14,108	29,86.20
2012-13	1,766	604.76
2013-14	2,518	1,872.40
2014-15	2,548	3,980.51
2015-16	2,935	6,120.70
2016-17	3,878	14,969.38
TOTAL	27,753	30,533.95

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



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

Department-wise outstanding position of UCs of 35 departments is given in *Appendix 3.1*. The seven major defaulting departments accounted for 85.01 per cent of total outstanding UCs as of March 2017 (Chart 3.1). In comparison to 2015-16, the outstanding UCs in 2016-17 has increased by ₹ 2,922.64 crore.

Further, analysis of Voucher Level Computerization (VLC) data revealed that UCs amounting to ₹ 2,986.20 crore (14,108 vouchers), relating to the period 2003-04 to 2011-12, were not submitted by the departments. It was observed that UCs amounting to ₹ 647.48 crore (3,117 vouchers) were pending for more than ten years in 20 departments as detailed in *Appendix-3.2*. Panchayati Raj and Housing & Urban Development Departments alone accounted for 52.82 per cent of UCs pending for more than 10 years apart from being the major defaulters as of March 2017.

In response to Para no. 3.1 of the Report on State Finances for the year ended March 2013, the Government had stated (November 2013) that a special drive had been undertaken to streamline UCs and that there was a provision of stoppage of salaries of officers responsible for non-submission of UCs in time. Further, in response to Para no. 3.1 of the Report on State Finances for the year ended March 2014, the Government had replied that detailed guidelines had been issued in October 2014, wherein a separate mechanism to keep track of GIA sanctioned and submission of UCs within stipulated time had been prescribed. Despite assurances, UCs are still outstanding for more than 14 years.

The Government accepted (November 2017) the fact and stated that submission of UCs was a continuous process. It also assured that a review of department-wise pendency of UCs is being made by the Finance Secretary regularly. Due to this,

the pendency position of UCs would come down substantially in the coming months.

3.2 Non-submission of details of grants / loans paid

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 / HODs are 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
- total expenditure of the institutions.

Further, Regulation on Audit and Accounts, 2007 (Regulation 84) provides that Governments and HODs, 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 to ₹ 10 lakh or more were paid during the preceding year indicating (a) the amount of assistance, (b) the purpose for which the assistance was sanctioned and (c) the total expenditure of the body or authority. The above obligation of the Government Departments and their HODs for furnishing necessary information through Finance Department was also mentioned in the C&AG's Report on State Finances for the years 2008-16 (paragraph 3.2). However, for the year 2016-17, only 17 out of 41 departments have furnished information regarding receipt of grants by the institutions / organisations under their jurisdiction to the Accountant General as detailed in *Appendix 3.3*. For the last four years, the Government had not responded to these observations.

The Government accepted the audit observation and stated (November 2017) that 21 Departments submitted required information to the A.G. The remaining 20 departments were pursued to submit the required information in time in order to ensure compilation of the information by the A.G in a time bound manner.

The reply is not acceptable as out of the above 21 departments, four departments submitted the required information after due date.

3.3 Delays in Submission of Accounts of Autonomous Bodies

Out of 181 autonomous bodies, 11 bodies / authorities falling under Section 19(2), 19(3) & 20(1) of CAG's DPC Act were required to submit accounts to Audit as of March 2017. Of these, only two bodies / authorities viz. Odisha State Legal Services Authority (OSLSA) and Odisha Building and Other Construction Workers Welfare Board submitted their accounts for financial audit up to 2015-16 and 2013-14 respectively.

It was noticed that all the remaining nine development authorities¹ had consistently not submitted their accounts for at least five years to Audit, as of August 2017.

The Government accepted the views of audit and stated (November 2017) that the autonomous bodies/authorities should submit the accounts in time. Necessary instructions would be issued in this regard by the Finance Department.

3.4 Departmentally Managed Commercial Activities

The departmental undertakings of certain Government departments performing activities of quasi-commercial nature are required to prepare *proforma* accounts in the prescribed format annually. The *proforma* accounts of departmentally managed commercial and quasi-commercial activities reflect their overall financial health and efficiency in conducting their business.

The Heads of Departments are to ensure that these units prepare such accounts and submit these to Accountant General for audit within a specified time-frame. As of March 2017, out of 16 departmental undertakings, only Chief Conservator of Forests (Kendu Leaves), prepared accounts up to 2011-12. Four undertakings remained inoperative or closed. Their assets and liabilities were not fully disposed off or liquidated by the Government. In respect of two schemes, viz. (i) Purchase and distribution of quality seeds to cultivators and (ii) Poultry Development, Government had not prescribed the methodology of preparation of *proforma* accounts.

Despite repeated recommendations² of the Public Accounts Committee, there was no improvement in the preparation of *proforma* accounts by these undertakings. The department-wise position of arrears in preparation of *proforma* accounts and investments made by the Government are given in *Appendix 3.4*.

3.5 Inadequate departmental action on cases of misappropriations, losses and defalcations etc.

As per provisions of OGFR Vol. I (Rule-19), 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 (G&SSA), Odisha where the amount is ₹ 500 or more. Various departments of the State Government reported that there were 717 cases of loss, misappropriation and defalcation etc. The Government money involved amounted to ₹ 16.47 crore up to March 2017, on which final action was pending. The department-wise break up of pending cases and age-wise analysis are given in *Appendix 3.5* and nature of these cases is given in *Appendix 3.6*. Age-wise profile and number of pending cases in each category of theft and misappropriation/loss as of March 2017, are summarised in *Table 3.2* and *Table 3.3*.

¹ (i) Bhubaneswar Development Authority, (ii) Berhampur Development Authority, (iii) Cuttack Development Authority, (iv) Kalinganagar-Jajpur Development Authority, (v) Paradip Development Authority, (vi) Puri-Konark Development Authority, (vii) Sambalpur Development Authority, (viii) Rourkela Development Authority, (ix) Talcher-Angul-Meramundali Development Authority.

² 10th Assembly 14th Report para 12 and 25, 10th Assembly 33rd Report para-2 and 6.

Table 3.2: Age-wise pending cases of misappropriations, losses and defalcations etc.

Age-wise Pending Cases				
Range in Years	Number of cases		Amount involved (₹ in lakhs)	
	2015-16	2016-17	2015-16	2016-17
0 - 5	23	32	130.82	182.66
5 - 10	39	12	128.61	34.71
10 - 15	69	80	232.47	306.13
15 - 20	208	145	331.56	289.23
20 - 25	246	236	367.47	364.70
25 & above	128	212	408.14	469.76
Total	713	717	1,599.07	1,647.19

Source: Compiled from the information received from various departments of the State Government.

In response to Para no. 3.5 of Report on State Finances for the year ended March 2013, the Government had stated (November 2013) that instructions would be issued to the concerned administrative department for taking timely action on cases of misappropriation, losses, defalcation etc. Despite the assurances, no significant follow up action was taken during these years.

Table 3.3: Nature of pending cases of misappropriations, losses and defalcations etc.

Nature/Characteristics of the cases	Number of cases	Amount involved (₹ in lakhs)
Theft	390	396.56
Misappropriation/Loss of material	327	1,250.63
Total Pending cases	717	1,647.19

Source: Compiled from the information received from various departments of the State Government.

Out of 717 cases, 7 cases amounting to ₹ 9.70 lakh were written off (*Appendix-3.7*). Reasons for which the cases were outstanding (*Appendix-3.8*) are classified into five categories, a summary of which is given in **Table 3.4**.

Table 3.4: Reasons for outstanding cases of misappropriations, losses and defalcations, etc.

Reasons for Delay/Outstanding Pending cases		Number of cases	Amount (₹ in lakh)
i)	Awaiting departmental and criminal investigation	284	494.61
ii)	Departmental action initiated but not finalised	285	792.45
iii)	Criminal proceedings finalised but execution of certificate cases for recovery of the amount pending	8	16.69
iv)	Awaiting orders for recovery or write off	45	57.91
v)	Pending in the courts of law	95	285.53
Total		717	1,647.19

Source: Compiled from the information received from various departments of the State Government.

There were 284 cases involving ₹ 4.94 crore were awaiting departmental and criminal investigation since 1966-67 (51 years). No reasons were furnished for non-finalisation of 285 misappropriation and loss cases involving ₹ 7.92 crore on

which departmental action had been initiated. It was noticed that 95 cases involving ₹ 2.86 crore were still sub judice.

The Government stated (November 2017) that the cases of misappropriations, losses and defalcations etc. reviewed on monthly basis in Departmental Monitoring Committee (DMC) and corrective measures were taken. However, the fact remained that no significant results were achieved during the year.

3.6 Pendency in adjustment of Abstract Contingent Bills

Controlling and Disbursing Officers are authorized to draw sums of money by preparing Abstract Contingent(AC) bills, by debiting service heads and are required to present detailed contingent bills (vouchers in support of final expenditure) to the Principal Accountant General (A&E) through treasuries.

Supplementary Rules 260 and 261 of Odisha Treasury Code (OTC), Vol. I read with Rule 84 of the OGFR, provide that every drawing officer has to certify in each Abstract Contingent (AC) bill that the detailed bills for all contingent charges drawn by him prior to first of the current month have been forwarded to the respective Controlling Officers for counter signature and transmission to the Principal Accountant General (A&E).

The total amount of outstanding Detailed Contingent (DC) bills during 2006-07 to 2016-17 was ₹ 80.20 crore as of March 2017.

Department-wise pendency of AC bills up to 2016-17 are detailed in *Appendix-3.9*. The major defaulters were Panchayati Raj (₹ 46.53 crore), Home (₹ 22.04 crore), General Administration (₹ 5.94 crore) and Commerce (₹ 3.70 crores) which accounted for 97.52 per cent of the total unadjusted AC bills.

3.6.1 Money drawn on AC bills for Plan expenditure and retained with Drawing and Disbursing Officers

Drawal of Plan funds in AC bill is not permissible as the same are not of contingent nature. Plan expenditure is intended to meet the distinct objectives of a Programme /Scheme /Project of a Central/State Plan. As such, these are planned well in advance and earmarked for meeting specific purposes as envisaged in the concerned project/scheme details. Thus, there should be no occasion to draw money through AC bills to make payments on the items of Plan expenditure under them.

Analysis of VLC database revealed that during 2016-17, ₹ 4.61 crore was inappropriately drawn on AC bills for Plan expenditure. DC bills for ₹ 4.32 crore (93.7 per cent) were not submitted (**Table No. 3.5**). An amount of ₹ 0.15 crore was drawn on AC bills for Plan expenditure by the Tourism and Culture department in 2012-13, with no DC bills submitted till date. Similarly, ₹ 0.19 crore was drawn on AC bills for Plan expenditure by the Co-operation department in 2013-14 with DC bills for ₹ 0.08 crore still pending.

Table 3.5: Pending D.C. bills for funds drawn on AC bills for Plan expenditure

(₹ in crore)

Name of the department	Amount drawn for Plan expenditure	Pending D.C. bills
Commerce	3.44	3.44
Employment & Technical Education	0.07	0.07
Planning & Convergence	0.44	0.44
Steel & Mines	0.32	0.14
Tourism and Culture	0.15	0.15
Co-operation	0.19	0.08
Total	4.61	4.32

Source: Compiled from the VLC database maintained by the Principal Accountant General (A&E), Odisha.

This fact was brought to the notice of the concerned departments (September-2017). The Co-operation department (September 2017) intimated that steps were being taken to submit the entire bill at the earliest. The Planning & Convergence department directed (October 2017) the Officers dealing with AC/DC bills to submit the pending bills, duly countersigned by the officer-in-charge. The department of Tourism and Culture confirmed (September 2017) that ₹ 0.15 crore was pending against the Director of Culture. The Commerce and Transport (Commerce) Department directed (October 2017) the Director, Printing, Stationery & Publication to submit the D.C. bills amounting to ₹ 3.44 crore.

In response to Para no. 3.6.1.3 of the Report on State Finances for the year ended 2015, the Government had (November 2015) assured to clear the pending DC bills prior to 2012-13 by the end of November 2015. As of March 2017, the amount of pending DC bills was ₹ 80.20 crore, of which amount pending upto 2012-13 was ₹ 2.09 crore. It shows that sufficient efforts were not made to adjust pending DC bills prior to 2012-13.

Withdrawal of funds under Plan Heads through AC bill was indicative of the fact that project level planning was deficient. Funds were simply drawn through AC bills for future use and to avoid lapse of appropriation. As such, the Government funds were parked outside Consolidated Fund at the end of each financial year.

3.6.2 Money drawn on AC bills for Non-Plan expenditure and retained with Drawing and Disbursing Officers

Further analysis of VLC data revealed that the following DDOs did not submit DC bills for funds drawn on AC bills for Non-Plan expenditure since 2013-14. DDO-wise pendency of DC bills for more than three years is detailed in **Table 3.6**.

Table 3.6 : DDO-wise pending DC bills (₹ in crore)

Name of Drawing and Disbursing Officer	Financial Year from which due	Amount of pending DC bills
Member, Odisha Public Service Commission, Cuttack	2013-14 to 2016-17	4.59
Officer-in-Charge, Election Collectorate, Jajpur	2013-14	2.64
District Panchayat Officer, Dhenkanal	2013-14 to 2016-17	2.26
Chief Electoral Officer, Bhubaneswar	2013-14	1.87
District Election Officer, Bhawanipatna	2013-14	0.38
District Election Officer, Nayagarh	2013-14	0.32
District Election Officer, Keonjhar	2013-14	0.22
District Election Officer, Paralakhemundi	2013-14	0.19
District Election Officer, Boudh	2013-14	0.18
District Election Officer, Balasore	2013-14	0.12
District Election Officer, Cuttack	2013-14	0.11
District Election Officer, Deogarh	2013-14	0.11
District Election Officer, Malkangiri	2013-14	0.11
Total		13.10

Source: Compiled from the VLC database maintained by the Principal Accountant General (A&E), Odisha.

This was brought to the notice of the concerned DDOs. It was intimated by the District Panchayat Officer, Dhenkanal (October-2017) that the balance amount of ₹ 86.86 lakh would be submitted very soon. The Deputy Collector (Election), Keonjhar had intimated that the balance DC bills amounting to ₹ 10.82 lakh would be submitted to the Government (October-2017). The Finance Officer, Odisha Public Service Commission intimated (October-2017) that the balance amount of ₹5.34 lakh was pending due to non-receipt of vouchers from the Co-ordinators and Centre Supervisors. He further stated that steps were being taken to collect the D.C. bills within a short time.

Non-submission of DC bills raises concerns about proper utilisation of amount drawn on A.C. bills.

3.6.3 Money drawn on AC bills in the month of March

On analysis of VLC data, Audit noted that during 2016-17, ₹ 148.62 crore was drawn on AC bills in March 2017. Of these, DC bills for ₹ 18.21 crore only were submitted. The percentage drawal of AC bills in the month of March was 36 per cent of the total amount of AC bills drawn during 2012-13 to 2016-17 (Table 3.7).

Table-3.7: Money drawn on AC bills in the month of March

(₹ in crore)

Financial Year	Total amount drawn on AC bill	Total AC bill amount drawn in March	Percentage of drawal in March
2012-2013	74.14	44.56	60
2013-2014	130.78	64.08	50
2014-2015	72.23	17.38	24
2015-2016	62.39	7.58	12
2016-2017	73.15	15.02	21
Total	412.69	148.62	36

Source: Compiled from the VLC database maintained by the Principal Accountant General (A&E), Odisha.

Rule 261 of OTC requires that a certificate shall be furnished by the DDOs to the effect that funds drawn on AC bills shall be spent within the same financial year. However, the funds were carried forward to the next financial year.

The reason for non-adjustment/settlement of AC bills as of March 2017 was awaited from the Departments.

The Government stated (November 2017) that the matter was reviewed by Principal Secretary, Finance Department. The Financial Advisors and Controlling Officers were sensitised about timely submission of DC bills. However, the fact remained that no significant results were achieved during the year.

3.7 Personal Deposit (PD) Account

Note below Rule 141 read with sub-rule (3) of OBM provides that money should not be withdrawn from the Treasury unless it is required for immediate disbursement. It is also not permissible to draw money from the treasury under Revenue heads of accounts for placing it in Deposit head under Public Account of the State to avoid lapse of allotment. Parking of funds in PD account adversely affects the transparency of State accounts as it inflates the Revenue Expenditure to that extent and locks up resources which otherwise can be utilised elsewhere for development.

There were 827 PD Account holders with a closing unspent balance of ₹ 1,097.36 crore as of March 2017. During 2016-17, ₹ 2,033.64 crore were transferred from the Consolidated Fund of the State to these PD accounts. This resulted in net decrease of ₹ 145.10 crore in the cumulative closing balance at the end of the year.

Drawals from PD Accounts in the subsequent years were not subject to legislative control through the appropriation mechanism.

The Government accepted the views of audit and stated (November 2017) that the Treasury Officers were to enforce monthly and annual reconciliation of accounts envisaged under SR 475 and 479 of Odisha Treasury Code. In case of default, further drawals from the P.D Accounts were to be stopped. The verification mechanism prescribed under SR 475 should be strictly enforced.

3.8 Booking under Minor Head ‘800-Other Receipts and Other Expenditure’

The receipts and expenditure accounts of the Government are reported to the Legislature. The receipt and expenditure on all major activities of the Government are presented in a manner to meet the basic information needs of all the stakeholders.

Booking under Minor Head ‘800-Other Receipts and 800-Other Expenditure’ is opaque, as it does not disclose the schemes, programmes etc., to which they relate to. It accommodates the expenditure which could not be classified under the relevant Minor Head.

Scrutiny of State Finance Accounts 2016-17 showed that under 57 major heads of account (both Revenue and Capital), ₹ 10,712.94 crore (12.83 *per cent*) of the total expenditure of ₹ 83,512 crore, was classified under the minor head of account ‘800-Other Expenditure’. In 11 major heads, this constituted more than 50 *per cent* of the total expenditure under the respective major heads. Similarly, under 53 major heads of account (Revenue Receipt), ₹ 13,311.23 crore (17.92 *per cent*) out of total receipts of ₹ 74,299 crore was classified under ‘800-Other Receipts’. In eight major heads, 100 *per cent* expenditure was booked under ‘800-Other Receipts’. These eight major heads constitute 90 to 99 *per cent* of the total Revenue Receipts under the respective major heads of account.

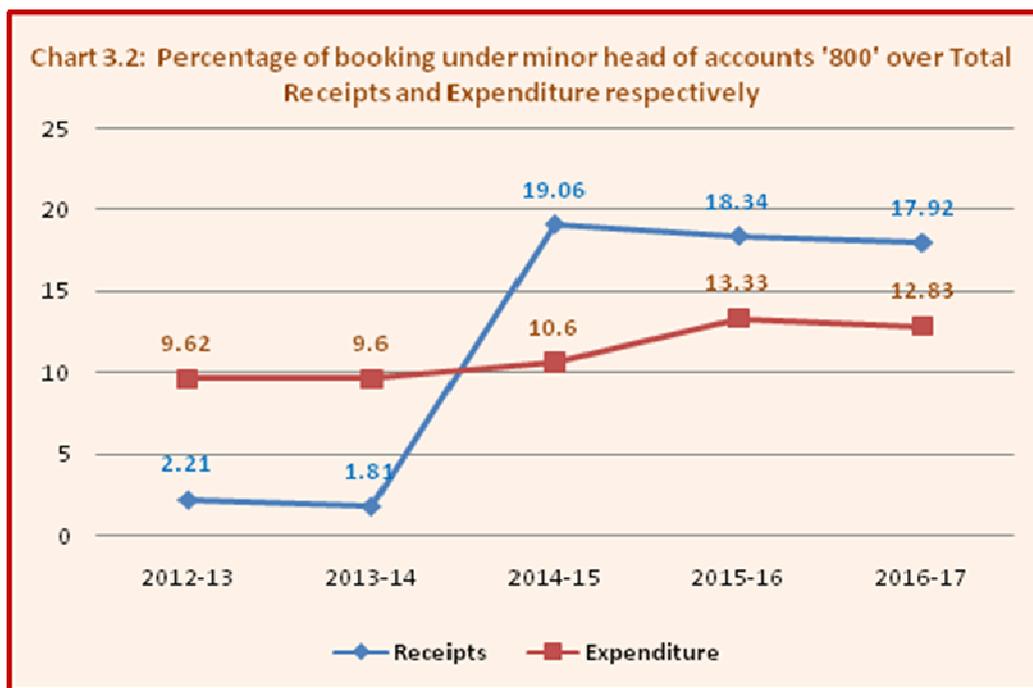
Table 3.8 : Booking under minor head ‘800-Other Receipts and Other Expenditure

(₹ in crore)

Financial Year	Expenditure booked under minor head-800	Percentage to total Expenditure	Receipts booked under minor head-800	Percentage to total Receipts
2012-2013	4,217.32	9.62	970.80	2.21
2013-2014	5,124.13	9.60	883.53	1.81
2014-2015	6,596.75	10.60	10,861.89	19.06
2015-2016	10,118.45	13.33	12,645.12	18.34
2016-2017	10,712.94	12.83	13,311.23	17.92
Total	36,769.16		38,672.57	

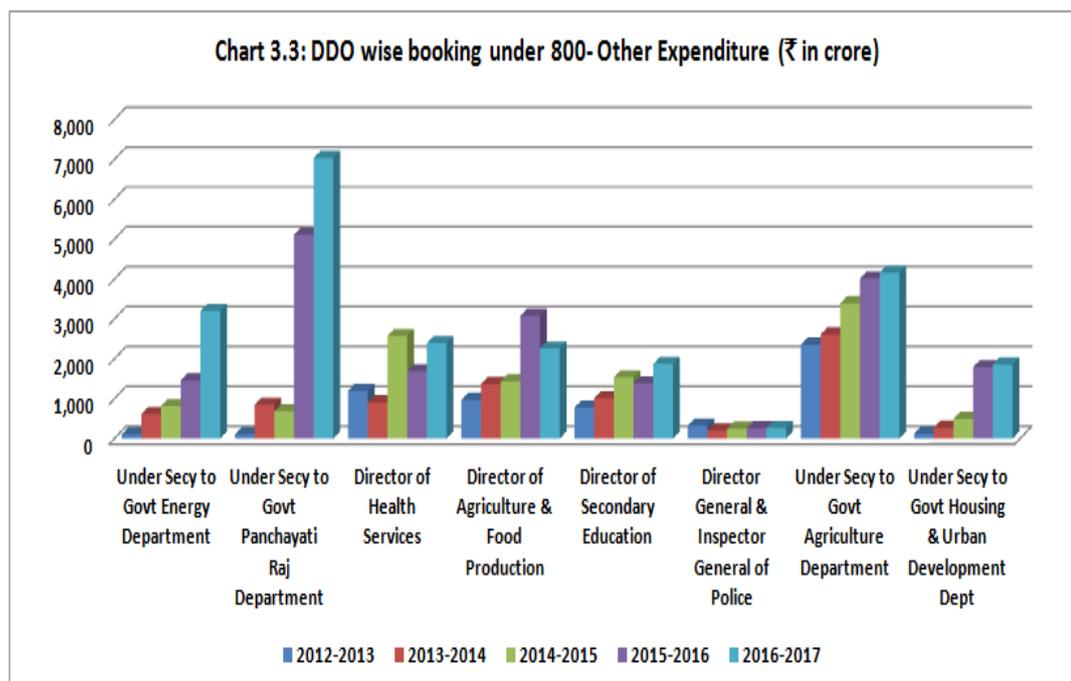
Source: Finance Accounts of previous years.

The percentage of bookings under the minor head ‘800-Other Receipts’ to total receipts increased from 2.2 *per cent* in 2012-13 to 17.92 *per cent* in 2016-17 (**Table 3.8**). The percentage of bookings under the minor head ‘800-Other expenditure’ to total expenditure (both Revenue and Capital), gradually increased from 9.62 *per cent* in 2012-13 to 13.33 *per cent* in 2015-16 and then marginally decreased in 2016-17 to 12.83 *per cent* of the total expenditure (**Chart-3.2**).



Source: State Finance Reports and Finance Accounts of previous years.

Analysis of the Voucher Level data from 2012-13 to 2016-17 revealed that Drawing and Disbursing Officers (DDOs) booked expenditure under the minor head -800- Other Expenditure. Out of the total eight DDOs whose total bookings under the minor head was more than ₹ 1,000 crore in the last five years, it was observed that Under Secretary to Panchayati Raj Department, Under Secretary to Energy Department, and Director Health Services most frequently used this minor head as exhibited in the **Chart:3.3**.



Source: Compiled from the VLC database maintained by the Principal Accountant General (A&E), Odisha.

Gradual increase and high incidence of transaction under the minor head '800-Other Receipts/Expenditure' affects the transparency in financial reporting. The Finance Department should discourage frequent use of this minor head '800- Other Receipts/Expenditure' by the DDOs by creating new minor heads of accounts after consultation with Pr. Accountant General (A &E).

The Government stated (November 2017) that the Expenditure and Receipts were booked under the minor head '800-Other Expenditure' and '800-Other Receipts', only if the nature of expenditure or receipt do not fit to the minor heads as prescribed by the Controller General of Accounts (CGA). The Government should take up the issue with Finance Ministry for creating new minor head.

3.9 Advances amounting to ₹ 1,291.93 crore remaining unadjusted

As per Subsidiary Rule 37 Notes 9 of OTC Vol. I, the DDO is required to maintain a Register of Advances showing all the particulars viz., date, name and designation of the officer receiving the advances, the purpose for which it is given, date of submission of accounts/ bill for payment made against such advances. The accounts of advances so rendered, are required to be checked and passed by the DDO. Further, as per Finance Department Notification (2nd December 1986), each item of outstanding advances as appearing in the cash book of the DDO, is to be analysed and adjusted within one month of disbursement, failing which, the salary of the Government servant concerned should be withheld. Subsidiary Rule 509 of OTC Vol. I envisages that the advance register should be reviewed frequently by the DDO to ensure that all the advances are cleared by adjustment without delay.

Test check of records of 54 DDOs showed that advances of ₹ 1,291.93 crore (**Appendix 3.10**) relating to Plan schemes were outstanding as of March 2017. It was observed that Register of Advances showing the required details was not maintained by 49 DDOs. As a result, periodicity of pending of advances could not be ascertained. However, audit analysed advance registers of five DDOs and found that advances worth ₹ 9.18 crore remained unadjusted ranging from seven to 59 years. Advance of ₹ 1.93 lakh against 24 employees of five DDOs had remained unadjusted even after their retirement.

Non-adherence to codal provisions results in understatement of actual expenditure. It is also fraught with the risk of improper and irregular utilisation of the advance so drawn. Continued non-adjustment over a long period is also fraught with the risk of misappropriation and embezzlement.

The Government accepted the views of Audit and stated (November 2017) that the Advance sanctioned in the name of employee should be adjusted in a time bound manner. Necessary instructions were issued in this regard by Finance Department from time to time.

3.10 Discrepancy of ₹ 36.45 crore due to non-reconciliation between bank balance and cash book balance.

Reconciliation of bank account figure with that of cash book figure is required to be done regularly at the end of each month in order to ensure accuracy of the transactions entered in the books of accounts. DDOs were required to carry out reconciliation at the end of each month to set right the mismatches/discrepancies, if any.

Audit found that in 11 sample DDOs, there was a difference of ₹ 36.45 crore (*Appendix 3.11*) between the balances in cash book and bank pass book as of March 2017. Non-reconciliation of cash balances was pointed out in earlier audit reports, but this had continued during 2016-17 also. In absence of reconciliation of cash balances, the authenticity of accounts maintained by these DDOs could not be vouchsafed in audit.

It was further noticed that in eight cases, the amount of outstanding advances was ₹ 17.31 crore as of March 2017. In none of these cases, reconciliation between Bank Pass Books and Cash Books had been done.

3.11 Outcome of review of voucher Audit

The Principal Accountant General (A&E) received vouchers from all the district treasuries for compilation of accounts of the State. Substantial audit check on sampled vouchers and transactions was carried out by Financial Audit Wing (FAW) of the Accountant General (G&SSA). It was observed that 1,271 Audit Notes with objection amount of ₹810.89 lakh were issued to respective DDOs. Three hundred and seventy four (374) Audit Notes amounting ₹ 181.63 lakh were settled after receiving audit compliances from respective DDOs. Also, ₹ 11.40 lakh was recovered at the instance of audit against 132 Audit Notes, details of which are depicted in **Table 3.9**.

Table 3.9: Year-wise un-settled Audit Notes in Objection Book of FAW Group.

(₹ in lakh)

Year	Audit Notes Issued		Audit Notes Settled		Recovered		Un-settled Audit Notes	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
2013-14	152	639.55	53	113.24	132	11.40	99	526.30
2014-15	348	76.02	139	51.07			209	24.95
2015-16	403	35.18	121	12.38			282	22.80
2016-17	368	60.14	61	4.94			307	55.21
	1,271	810.89	374	181.63	132	11.40	897	629.26

Source: Objection Books maintained by FAW Group of AG (G&SSA).

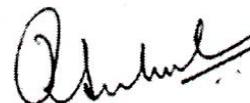
Eight hundred and ninety seven (897) Audit Notes involving ₹ 629.26 lakh were outstanding as on 31 March 2017.

Finance Department/Controlling Officers should issue necessary instructions to the DDOs to furnish necessary compliances to Audit for settlement of outstanding Audit Notes.

The Government accepted the views of audit and stated (November 2017) that prompt action would be taken by the D.D.Os on the audit objections for early settlement.

3.12 Significant Findings

- In the case of 35 departments, there is no assurance that the GIA amounting to ₹ 30,534 crore had actually been utilised for the sanctioned purpose as of March 2017 (*Paragraph 3.1*).
- The Government had not provided information regarding receipt of grants and /or loans by bodies/ authorities coming under 24 departments during 2016-17. As a result, it could not be ascertained if they attracted C&AG's audit (*Paragraph 3.2*).
- Out of ₹ 80.20 crore unadjusted AC bills for 2006-07 to 2016-17, four departments alone accounted for ₹ 78.21 crore (97.5 per cent). The risk of diversion/misappropriation was high in these cases (*Paragraph 3.6*).



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