CHAPTER III

FINANCIAL REPORTING

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A sound internal financial reporting system and availability of relevant and reliable information significantly contribute to efficient and effective governance by a State Government. Compliance with financial rules, procedures and directives as well as timeliness and quality of reporting are some of the attributes of good governance. Reports on compliance and controls, if effective and operational, assist State Governments in meeting their basic stewardship responsibilities, including strategic planning and decision-making. This chapter provides an overview of the State Government's compliance with some of the financial rules, procedures and directives during 2017-18.

3.1 Delay in furnishing of Utilisation Certificates

Article 210A of the Tamil Nadu Financial Code provides that Utilisation Certificates (UCs) should be obtained by the departmental officers from the organisations to whom grants were given and after verification, the UCs should be forwarded to the Accountant General (Accounts and Entitlements) (AG (A&E)) within 18 months from the date of release of the grants, unless specified otherwise.

It was found that in respect of 293 grants released during 2014-17, 24 UCs for ₹ 367.49 crore were not furnished by the grantees as of September 2018. Department/Chief Controlling Officer-wise break-up of outstanding UCs is given in **Appendix 3.1** and the year-wise analysis of delays in submission of UCs is summarised in **Table 3.1**.

Table 3.1: Year-wise position of outstanding Utilisation Certificates

(₹ in crore)

Period	Utilisation certificates outstanding	
	Number	Amount
2014-15	1	14.61
2015-16	1	2.95
2016-17	22	349.93
Total	**24**	**367.49**

(Source: Accountant General (A&E), Tamil Nadu)

Non-receipt of UCs indicates that the departmental officers failed to comply with the rules to ensure accountability of the agencies that received Government grants.

3.2 Non-reconciliation of receipts and expenditure

As per Rules 124 and 127 of the Tamil Nadu Budget Manual, departmental accounts maintained by the Chief Controlling Officers (CCOs) and the progressive actuals, month by month are required to be reconciled with those entered in the books of the AG (A&E), so as to ensure that the departmental accounts are sufficiently accurate to secure departmental financial control and also to ensure accuracy of the accounts maintained by the AG (A&E) from which final published accounts are compiled. As per Rule 128 of the Tamil Nadu Budget Manual, the CCO is required to send a Reconciliation Certificate (RC) to the AG (A&E) after necessary adjustments are made either in the accounts of the CCO or in the books of the AG (A&E).

However, it was seen that out of 207 CCOs in the State, 43 CCOs for expenditure and 74 CCOs for receipts did not reconcile their accounts with AG (A&E) as detailed in **Appendix 3.2**. It was observed that two CCOs did not reconcile their expenditure with the AG (A&E) for the whole year as given in **Table 3.2**.

Table 3.2: Non-reconciliation of expenditure for the whole year

Sl.No.	CCO	Major Head	Amount pending reconciliation (₹ in crore)
1	Forest Department	2225	3,610.74
2	Secretary to Government, Finance	2049	26,011.72
Total			**29,622.46**

(Source: Accountant General (A&E), Tamil Nadu)

Non-reconciliation of accounts impacted the assurance on the completeness and correctness of receipts and expenditure figures depicted in the accounts.

3.3 Non-submission/delay in submission of accounts

Sections 14 and 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 (DPC Act) envisages audit of accounts of institutions receiving Government grants, subject to conditions stipulated based on the quantum of the grants received, etc. In order to identify the institutions which attract audit under the DPC Act, every year, the heads of department were required to furnish to Audit the information about the financial assistance given to various institutions, the purposes for which the assistance was granted and the total expenditure of these institutions/bodies.

The annual accounts of 308 institutions/bodies, due upto 2017-18, were not received (June 2018) by Audit from the heads of department who released the financial assistances to them. The details are given in **Appendix 3.3** and their age-wise pendency is presented in **Table 3.3**.

Table 3.3: Age-wise arrears of annual accounts due from Institutions/Bodies

Sl. No.	Delay in number of years	Number of the Institutions/Bodies
1	Upto one year	83
2	More than one year and upto three years	70
3	More than three years and upto five years	44
4	Five years and above	111
Total		**308**

(Source: Data compiled from information furnished by the Heads of Department)

The major defaulters were educational institutions receiving Government grants for salaries, maintenance, etc. The delay in finalisation of accounts would hamper Audit in providing an assurance to the legislature that the grants were being utilised for the intended objective.

3.4 Non-adjustment of temporary advances

The Drawing and Disbursing Officers (DDOs) draw temporary advances for the purpose of meeting contingent expenditure either on the authority of standing orders or specific sanctions of the State Government. According to Article 99 of the Tamil Nadu Financial Code, the advances should be adjusted by presenting detailed bills and vouchers as soon as possible.

It was noticed that 791 temporary advances amounting to ₹ 261.90 crore drawn upto 31 March 2018 by DDOs through Pay and Accounts Offices/District Treasury Offices were not adjusted as on 30 June 2018. Age-wise analysis of the advances pending adjustment is given in **Table 3.4**.

Table 3.4: Age-wise analysis of advances pending

Sl. No.	Pendency	Number of Advances	Amount (₹ in crore)
1	More than 10 years	16	1.34
2	More than 5 years and less than 10 years	17	7.34
3	More than 1 year but less than 5 years	71	129.94
4	Less than one year	687	123.28
Total		**791**	**261.90**

(Source: Data compiled by the Accountant General (A&E), Tamil Nadu)

The pendency, involving substantial amounts, indicated laxity on the part of departmental officers in enforcing the codal provisions regarding adjustment of the advances. The non- settlement of advances within the prescribed period breaches financial discipline and entails the risk of misappropriation of public money and unhealthy practices.

3.5 Operation of Personal Deposit Accounts

Personal Deposit (PD) Accounts are created for specific purposes by debiting the service heads in the Consolidated Fund of the State and crediting Personal Deposits (Sub-head 'AA - Minor head - 106' under '8443 Civil Deposits') and authorisations are issued by AG (A&E). Under extant Rules, these PD Accounts are required to be closed by the Administrators at the end of the financial year by minus debit to the relevant service heads. Further, there should be a separate PD Account for every scheme implemented by the Administrator.

During 2017-18, based on requests from GoTN, AG (A&E) issued authorisations to open 78 PD Accounts for incurring expenditure on various schemes. It was noticed that in violation of the authorisation to open separate

PD Account for each of the scheme, several Administrators opened a single PD Account to book expenditure under multiple schemes, rendering it impossible to ensure that funds allotted for different schemes were utilised for the intended scheme.

A total of 24 PD Accounts in nine District Treasuries (DTs) and three Pay and Accounts Offices (PAOs) with a total balance of ₹ 30.05 crore were not closed on 31 March 2018, by minus debit to the service head concerned. The PD Accounts which were not closed on 31 March 2018 included one account at DT, Thiruvannamalai with negative balances aggregating to ₹ 0.28 crore. The negative balance indicated possible excess withdrawal, over and above the amount transferred from the service head. Non-closure of PD Accounts created by debiting service head led to depiction of inflated expenditure under the related service head.

3.5.1 Operation of 8443-800 - Other Deposits

The transactions under 8443-800 - Other Deposits during 2013-18 are given in **Table 3.5**.

Table 3.5: Transactions under 8443-800 - Other Deposits

(₹ in crore)

Year	OB	Receipts	Disbursements	CB
2013-14	3,558.05	17,660.18	17,178.07	4,040.16
2014-15	4,040.16	19,120.97	19,841.75	3,319.38
2015-16	3,319.38	23,598.81	23,277.92	3,640.27
2016-17	3,640.27	21,290.86	20,585.62	4,345.51
2017-18	4,345.51	25,415.84	25,294.80	4,466.55

(Source: Finance Accounts of respective years)

The closing balance of ₹ 4,466.55 crore, as on 31 March 2018, was held in the Deposit Accounts of 116 PSUs and autonomous bodies of GoTN. A list of PSUs/autonomous bodies holding more than ₹ 10 crore in their Deposit Accounts under 8443-800 is given in **Appendix 3.4**. GoTN utilised the head 8443-800 - Other Deposits mainly for releasing funds to various PSUs/autonomous bodies for implementing schemes/programmes. Funds debited to the service heads are placed at the disposal of PSUs/Agencies implementing schemes/programmes as agents of the Government. Audit scrutiny disclosed that:

- 29 of the 116 Deposit Accounts maintained under the head 8443-800 had negative balances totalling to ₹ 1,700.09 crore (minus) as on 31 March 2018. As overdrawal from Deposit Accounts is not allowed, these minus balances required detailed examination. A list of Deposit Accounts with negative balances are given in **Appendix 3.5**. These minus balances indicated laxities on the part of Treasuries/PAOs in administering these accounts.

- Forty six Deposit Accounts with a total balance of ₹ 805.29 crore, including nine of them with negative balances of ₹ 181.17 crore (minus), did not have any transaction during 2017-18 (**Appendix 3.6**).
- Six Deposit Accounts had zero balance as on 31 March 2018, five of them had no transactions during 2017-18.

Detailed audit of funds transferred to the Deposit Account (8443-800) of three PSUs[1] during 2017-18 disclosed the following:

(a) Tamil Nadu Slum Clearance Board

Tamil Nadu Slum Clearance Board (TNSCB) operates a Deposit Account (8443-800) for transactions connected with various Government schemes[2]. The transactions in the Deposit Account of TNSCB during 2017-18 are given in **Table 3.6**.

Table 3.6: TNSCB's Deposit Account transactions during 2017-18

(₹ in crore)

OB	Receipts	Disbursements	CB
14.60	1,804.50	1,593.64	225.46

(Source: O/o the AG (A&E), Tamil Nadu, Chennai)

- The closing balance of ₹ 225.46 crore as per the Accounts maintained by the Accountant General (A&E) did not tally with the closing balance of ₹ 253.99 crore as reported by TNSCB. The difference was not reconciled by TNSCB.
- The closing balance included ₹ 14.60 crore released by GoTN to TNSCB between June 2008 and March 2011 towards three schemes[3] for construction/improvement of slum tenements. The unutilised balance of ₹ 14.60 crore, out of the total release of ₹ 17.93 crore for three schemes, remained in the Deposit Account without being refunded to Government. TNSCB had no approved plan for utilising the balance.
- Audit found that the balance held in bank account of TNSCB included ₹ 35.67 crore which related to unspent balances under three other schemes[4] sanctioned between February 2008 and

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1 Randomly sampled from the seven PSUs that had received more than ₹ 1,000 crore in their PD Account from GoTN during 2017-18.

2 Construction/reconstruction of tenements under State plan scheme, Finance Commission grant, Emergency Tsunami Reconstruction Project, Flood relief works, etc.

3 Purchase of 1,228 tenements under RGRP, sanctioned in G.O. No. 367 dated 23-6-2008, Construction of houses in vulnerable areas in coastal district - Tsunami 2004, sanctioned in G.O. Ms. No. 518 dated 26-8-2008 and Resettlement of Foreshore Estate families, sanctioned in G.O. Ms. No. 77, dated 21-3-2011.

4 Reconstruction of 3,500 dilapidated tenements sanctioned in G.O.: 177 HUD, dated 5-7-2013, Reconstruction of dilapidated tenements under ETRP sale, sanctioned in G.O.: 37/HUD, dated 19-2-2008 and Resettlement of flood affected families, sanctioned in G.O.: 25/HUD dated 10-2-2016.

February 2016. Keeping unspent balances in bank accounts, without being remitting back to Government, was not in order.

(b) Tamil Nadu Urban Finance and Infrastructure Development Corporation

Tamil Nadu Urban Finance and Infrastructure Development Corporation (TUFIDCO) administers the Fund named 'Tamil Nadu Urban Infrastructure Development and Renewal Fund' (Fund). Grants released by GoTN under Jawaharlal Nehru National Urban Renewal Mission (JnNURM), Metropolitan Infrastructure Development Fund (MIDF), Atal Mission for Rejuvenation and Urban Transformation (AMRUT), Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT), etc., constituted the Fund. GoTN instructed (March 2007) to keep the Fund balance in Deposit Account. The grants received by TUFIDCO from GoTN are released to Urban Local Bodies (ULBs) as grants and loans as per respective scheme guidelines based on progress made in scheme implementation. The loans recovered from local bodies by TUFIDCO are used to create separate revolving funds as per applicable scheme guidelines and the money is ploughed back to local bodies as loan assistance for infrastructure development in urban areas. The transactions in the Deposit Account of TUFIDCO during 2017-18 are given in **Table 3.7**:

Table 3.7: TUFIDCO's Deposit Account transactions during 2017-18

(₹ in crore)

OB	Receipts	Disbursements	CB
202.05	2,237.67	2,355.62	84.10

(Source: O/o the AG (A&E), Tamil Nadu, Chennai)

- The closing balance of ₹ 84.10 crore as per the Accounts maintained by the Accountant General (A&E) did not tally with the closing balance of ₹ 7,598, reported by TUFIDCO. The difference was not reconciled by TUFIDCO.
- As on 31 March 2018, the revolving funds had ₹ 2,849.25 crore; of which, only ₹ 822.34 crore was advanced as loans to local bodies and the balance ₹ 2,026.91 crore was invested in deposits with banks and financial institutions. Audit observed that though technically GoTN had absolute domain over this amount, the balance in the revolving fund was not included in Government account.
- As on 31 March 2018, TUFIDCO had ₹ 3,888.13 crore in bank accounts/bank deposits. This included the revolving fund balance of ₹ 2,026.91 crore, which is allowed to be kept in bank. Further, scheme funds of ₹ 1,861.22 crore which were to be drawn from Deposit Account only at the time of disbursement to ULBs based on progress in scheme implementation. The practice of TUFIDCO to

draw Government money from the Deposit Account for investment in deposits bearing interest was irregular. This had resulted in ₹ 1,861.22 crore voted by the Legislature for specific infrastructure development activities and debited to final heads of accounts being invested in interest bearing deposits. This irregular practice had resulted in over statement of expenditure on urban infrastructure by ₹ 1,861.22 crore as this money was not actually spent for that purpose.

(c) Small Industries Promotion Corporation of Tamil Nadu Ltd

Small Industries Promotion Corporation of Tamil Nadu Ltd (SIPCOT) maintains a Deposit Account (8443-800) for transacting Government funds released under various schemes for industrial promotion in the State. The transactions in the Deposit Account of SIPCOT during 2017-18 are given in **Table 3.8**.

Table 3.8: SIPCOT's Deposit Account transactions during 2017-18

(₹ in crore)

OB	Receipts	Disbursements	CB
411.97	1,870.08	1,988.40	293.65

(Source: O/o the AG (A&E), Tamil Nadu, Chennai)

Audit scrutiny disclosed that the balance held included ₹ 9 crore sanctioned by GoTN in January 2016 towards establishment of a Textile Park in Perambalur District. Non-utilisation of the funds for nearly three years indicated hasty release by Government leading to idling of the funds in Deposit Account despite showing this as expenditure under 2852 - Industries.

3.6 Misappropriations, losses, defalcations, etc.

Article 294 of the Tamil Nadu Financial Code stipulates that heads of office should report all cases of defalcations or loss of public moneys, stores or other movable or immovable properties to the AG (A&E). Further, the Financial Code prescribes the principles and procedures to be followed for enforcing responsibility for losses and disposal of such cases.

As on 31 March 2018, 363 cases of misappropriation, shortages, theft and loss involving a total amount of ₹ 14.94 crore, were pending disposal. The department-wise break-up of pending cases and the nature of these cases are given in **Appendix 3.7**. The age-profile of the pending cases and the number of cases pending in each category *viz.,* misappropriation, loss, theft, etc., are summarised in **Table 3.9**.

Table 3.9: Profile of misappropriations, shortages, thefts, losses, etc.

Age-Profile of the pending cases			Nature of the pending cases		
Range in years	Number of cases	Amount involved (₹ in lakh)	Nature of the cases	Number of cases	Amount involved (₹ in lakh)
0 - 5	2	198.16	Thefts	30	12.46
6-10	20	188.42	Losses and shortages	128	237.31
11-15	47	431.87	Misappropriations	205	1,244.53
16 - 20	20	228.23			
21 and above	274	447.62			
Total	**363**	**1,494.30**	**Total pending cases**	**363**	**1,494.30**

(Source: Information furnished by Heads of Department)

The reasons for pendency of the cases are classified under the categories listed in **Table 3.10**.

Table 3.10: Reasons for pendency of the cases of misappropriations, shortages, thefts, losses, etc.

Reasons for the pendency		Number of cases	Amount (₹ in crore)
(i)	Awaiting departmental and criminal investigation	181	8.04
(ii)	Departmental action initiated but not finalised	120	2.53
(iii)	Criminal proceedings finalised but recovery of the amount still pending	16	1.64
(iv)	Awaiting orders for recovery or write off	24	0.72
(v)	Pending in Courts of law	22	2.01
	Total	**363**	**14.94**

(Source: Information received from Heads of Department)

3.7 Deficiencies noticed in the Pay and Accounts Offices

Accumulation of unencashed cheques and return Electronic Clearance Service

Paragraph 92 (iii) of the PAO Manual and Rule 49 of Tamil Nadu Treasury Code specify that in cases where cheques are not encashed within three months after the month of their issue, the payees should be advised by the PAO/DT of the fact of those cheques having become time-barred and should be requested to obtain fresh cheques surrendering the time-barred cheques. If no reply is received from the payee, action should be taken to cancel the cheque with appropriate action to correct the expenditure under the relevant head.

It was, however, noticed from the details of unencashed cheques furnished by the seven PAOs that 55,296 cheques for ₹ 69.30 crore remained unencashed (June 2018) for periods upto 30 years. The age-wise profile of the number of cases and the value of cheques depicted as unencashed, as per the books of PAOs, are summarised in **Table 3.11(a)**.

Table 3.11(a): Details of unencashed cheques

(₹ in crore)

Delay in number of years	Number of cases	Value of cheques
0-5 years	1,256	10.93
5-10 years	10,163	7.36
10-20 years	34,206	39.98
More than 20 years	9,671	11.03
Total	**55,296**	**69.30**

(Source: Information furnished by PAOs)

No action was taken by Government to resolve these long pending issues.

Payments through Electronic Clearance Service (ECS) has been the norm in respect of direct benefit transfer, payment of salaries, wages, etc. Payments made through ECS return to the PAO/Treasury if the payee details as per the bank account do not match with the details of the payee maintained by the PAO/Treasuries. In November 2017, Commissioner of Treasuries and Accounts issued guidelines to be followed regarding return of funds paid through ECS. As per the guidelines, if the beneficiaries are not traceable, the unclaimed amount lying for more than three months should be remitted back into Government account by giving intimation to concerned DDOs. Returned ECS payments, pertaining to 22,698 cases amounting to ₹ 5.55 crore, were kept pending in Pay and Accounts Offices. Neither the money was disbursed to the beneficiaries nor remitted back into Government account. The details are given in **Table 3.11(b)**. On a test check it was noticed that in respect of PAO, High Court, returned ECS payments amounting to ₹ 0.10 crore was pending from the year 2010-11. Though this has been repeatedly pointed out by the Accountant General (A&E), the returned ECS amount lying unclaimed for more than three months were not remitted back into Government account.

Table 3.11(b): Details of Returned ECS

(₹ in crore)

Name of the PAO	Number of cases	Amount
PAO South	21,483	4.45
PAO North	981	0.62
PAO Secretariat	71	0.07
PAO High Court	91	0.27
PAO Pension	72	0.14
Total	**22,698**	**5.55**

(Source: Data compiled by the Accountant General (A&E), Tamil Nadu)

3.8 Amounts booked under Minor Head "800"

Booking of receipts or expenditure under the Minor Head - "800 - Other Receipts" and "800 - Other Expenditure" is considered opaque classification of receipts and expenditure as these heads do not disclose the schemes, programmes, etc., to which the amounts relate. These minor heads normally accommodate the receipts/expenditure which cannot be classified under the available programme minor heads or due to incorrect identification of receipts/expenditure under the available heads of account at the stage of budget preparation.

During 2017-18, under 12 major heads in the Revenue and Capital sections, expenditure aggregating to ₹ 9,931.55 crore (71.25 *per cent* of the total expenditure of ₹ 13,939.37 crore in these heads) were classified under the minor head '800 - Other Expenditure'. The entire expenditure under "Flood Control and Drainage", and "Capital Outlay on Nutrition" were classified under the omnibus minor head '800 - Other Expenditure'. Under Industries department, the expenditure of ₹ 1,656.09 crore (99 *per cent* of the total expenditure of ₹ 1,672.64 crore) was classified under minor head '800 Other Expenditure', instead of depicting the same under relevant minor heads below the functional major heads as indicated in **Appendix 3.8**.

Similarly, under 22 major heads, revenue receipts aggregating ₹ 1,519.91 crore (94.45 *per cent* of the total receipt of ₹ 1,609.25 crore), were classified under minor head '800 - Other Receipts'. The entire receipts under "Urban Development", "Family Welfare" and "Other Rural Development Programme" were classified under the omnibus minor head '800 - Other Receipts' as indicated in **Appendix 3.9**.

Classification of the large amount under the omnibus minor head "800 - Other Expenditure/Receipts" reflected lack of transparency in financial reporting.

3.9 Functioning of Treasuries

The significant irregularities in Working of Treasuries, PAO's and PPO during the year 2017-18 pointed out by the Accountant General (A&E) are detailed below.

3.9.1 Excess payment of Pensionary benefits.

A test check of the payments made under pensionary benefits in 32 District Treasuries, six PAO's and one Pension Pay Office revealed excess payment of pension, family pension and other allowances amounting to ₹ 2.43 crore during 2017-18. The excess payment unearthed by Audit had increased from ₹ 1.38 crore in 2016-17 to ₹ 2.43 crore in 2017-18, indicating failure of internal controls in Treasuries/PAOs.

Despite computerisation of Treasuries, the issue of excess payment continue to exist, pointing to the need for strengthening the internal controls.

3.9.2 Deposits not lapsed to Government

As per the provisions of Article 271 of Tamil Nadu Financial Code Volume I, deposits lying unclaimed for more than four financial years shall be lapsed to Government. Various deposits amounting to ₹ 13.96 crore from 47 Treasuries/Sub-Treasuries have not been lapsed to Government. Details of deposits of more than ₹ 1 crore, which were unclaimed for more than four years in five Treasuries, but not lapsed to Government account are given in **Appendix 3.10**.

Further, in respect of nine District Treasuries and 25 Sub-Treasuries, the details of amount lying unclaimed with year wise break up was not available. The details are shown in **Appendix 3.11**. In the absence of the information regarding the deposits lying unclaimed and the period of pendency, the total amount to be lapsing to Government account could not be ascertained.

3.10 Accounting of transactions under the object head 002 - "Other contingencies" under Office Expenses

During the year, total expenditure of ₹ 524.51 crore was incurred under the detailed head "050 - Office Expenses" across all the Departments/Grants. Out of this expenditure, an amount of ₹ 127.64 crore was incurred under the object head "002 - Other Contingencies" across all the Departments/Grants, which is 24.34 *per cent* of the total expenditure under Office Expenses.

Audit observed that booking of large sums under 002 - Other Contingencies makes the Accounts opaque as it would make it impossible to ascertain the object head-wise expenditure with accuracy.

3.11 Parking of Government funds in banks

According to Rule 178 of Tamil Nadu Budget Manual (TNBM) it is irregular to draw money from Treasury without immediate requirement. Notwithstanding the provision of TNBM, Government departments draw the funds provided in budget for various schemes and deposit the money in bank accounts for implementing schemes. Test check of records of Directorate and field offices of Social Welfare and Nutritious Meal Programme Department revealed the following:

The details of Government funds kept in banks during the period from 2015-16 to 2017-18 are given in **Table 3.12**.

Table 3.12: Year end balances of funds kept in bank account

(₹ in crore)

Directorate/Offices	Number of Bank accounts	Balance as at the end of				Interest earned
		March 2015	March 2016	March 2017	March 2018	
Social Welfare Department						
State Headquarters	10	7.94	12.04	5.98	6.97	0.59
Field Offices	77	106.61	89.84	27.03	14.45	6.72
Differently Abled Welfare Directorate						
State Headquarters	11	1.04	3.21	25.63	6.03	1.09
Field Offices	198	10.33	16.77	8.92	7.36	1.09
Nutritious Meal Programme Department						
State Headquarters	4	20.26	7.60	28.16	239.19	4.21
Field offices	122	288.64	263.14	226.01	88.33	28.15
Total	**422**	**434.82**	**392.60**	**321.73**	**362.33**	**41.85**

(Source: Details collected by Audit from respective offices)

- District officers maintained multiple bank accounts for implementing various schemes. The number of bank accounts ranged from 1 to 13. However, no separate cash book was maintained for such accounts. Instead, one consolidated cash book was maintained. As such, there was no proper system of reconciliation of cash book balances with respective bank accounts to avoid non-payment/delay in payment of assistance to the beneficiaries. Further, this made it difficult to work out scheme wise balances at a given point of time.
- It was noticed that out of the above 422 bank accounts, 153 accounts having a balance of ₹ 201.31 crore (as of March 2018) were not operated for more than one year. The bank accounts were in-operative except for interest credits and bank charges. Non-operation of these accounts for more than a year indicated that these funds were not required immediately and hence keeping these amounts in bank account was not in order.
- The expenditure of the Department is overstated to that extent.

3.12 Conclusion

Departmental officers failed to ensure adherence to the terms and conditions relating to timely submission of Utilisation Certificates in respect of grants released. Similarly, 308 autonomous bodies/institutions did not submit their accounts due upto 2017-18 to Audit. Temporary advances drawn upto 31 March 2018 by the DDOs involving an amount of ₹ 261.90 crore in 791 cases remained unadjusted. 24 Personal Deposit Accounts opened by transferring funds from service heads of consolidated fund with a balance of ₹ 30.05 crore were not closed by returning the balance to the service heads concerned. The State Government departments reported 363 cases of misappropriations, losses, defalcation, etc., involving a total amount of ₹ 14.94 crore upto March 2018 on which final action was pending. There were 55,296 number of cheques amounting to ₹ 69.30 crore remaining unencashed and 22,698 returned ECS amounting to ₹ 5.55 crore pending due to non-initiation of timely action by PAOs.

3.13 Recommendations

- Government may ensure receipt of UCs for grants already released before releasing further grants.

- Institutions/Bodies receiving Government grants may be made responsible to submit their audited accounts in time.
- Operation of PD Accounts by Government officers and Other Deposits under 8443-800 by public sector undertakings and autonomous bodies require closer monitoring.
- Money should not be parked outside the government account, but drawn as and when required. The Government is advised to check the parking of funds in other Departments also, and take appropriate corrective measures.

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The 29 April 2019

Countersigned

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Comptroller and Auditor General of India

New Delhi
The 30 April 2019