
Chapter-3
FINANCIAL REPORTING

CHAPTER 3

Financial Reporting

A sound internal financial reporting system with relevant and reliable information significantly contributes to efficient and effective governance by the State Government. Compliance with financial rules, procedures and directives as well as the timeliness and quality of reporting on the status of such compliance is one of the attributes of good governance. The reports on compliance and controls, if effective and operational, assist the State Government in meeting its basic stewardship responsibilities, including strategic planning and decision-making. This Chapter provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the year 2014-15.

3.1 Delay in furnishing Utilisation Certificates

As per Rule 182 of the Madhya Pradesh Financial Code (MPFC) Vol. I, in case of an annual or a non-recurring conditional grant, the Departmental Officer on whose signature or counter-signature the grant-in-aid bill was drawn, shall furnish the Utilisation Certificates (UCs) to the Accountant General (AG) on or before 30 September of the year following that to which the grant is related.

The position of outstanding UCs against grants-in-aid sanctioned to various Departments up to 2014-15 is given in **Table 3.1**.

Table 3.1: Year-wise position of outstanding Utilisation Certificates

(₹ in crore)

Year	Opening balance		Utilisation Certificate due during the current year		Total		UCs received during the year		Outstanding Utilisation Certificate at the end of the year	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Up to 2012-13	40405	31,417.72	687	3,708.83	41092	35,126.55	2469	6,885.64	38623	28,240.91
2013-14	38623	28,240.91	428	926.94	39051	29,167.85	2637	1,795.12	36414	27,372.73
2014-15	36414	27,372.73	132	1,346.22	36546	28,718.95	1596	1713.22	34950	27,005.73*

(Source: Finance Accounts 2014-15)

*Except where the sanction orders state otherwise, Utilization Certificate in respect of grants disbursed during 2014-15 will be due on or before 30 September 2015)

As seen from the above 34950 UCs for an aggregate amount of ₹ 27,005.73 crore were outstanding as on 31 March 2015 in respect of 35 Departments. Details are given in **Appendix 3.1**. Large pendency in submission of UCs was mainly in respect of Urban Administration (₹ 8,711 crore), Food and Civil Supplies (₹ 5,210 crore), Rural Development (₹ 5,102 crore), Education (₹ 2,784 crore) and Energy (₹ 998 crore) Departments.

3.2 Status of Placement of Separate Audit Reports of Autonomous Bodies in the State Assembly

The State Government has set up several Autonomous Bodies (ABs) in the fields of Agriculture, Housing, Labour Welfare, Urban Development, etc. The audit of accounts of six ABs in the State has been entrusted to the Comptroller and Auditor General of India. The status of entrustment of audit, rendering of accounts to Audit, issuance of Separate Audit Reports (SAR) and their placement in the Legislature as on 30 September 2015 is given in **Table 3.2**.

Table 3.2: Status of rendering Accounts of the Autonomous Bodies

Sl. No	Name of body	Period of entrustment	Year up to which accounts were rendered	Period up to which SARs were issued	Placement of SAR in the Legislature	Delay ¹ in submission/non-submission of accounts (in months)
1	Madhya Pradesh (MP) Khadi and Village Industries Board, Bhopal	Entrustment 1998-99 and onwards under section 19(3) of C&AG (DPC) Act	2012-13	2012-13	2008-09 SARs for the year 2009-10 to 2012-13 were issued. Information about status of placing SAR to the State Legislature was awaited, despite reminders (August 2015 and November 2015).	2012-13 (24) 2013-14 (15) 2014-15 (03)
2	MP Human Rights Commission, Bhopal	upto 2014-15	2013-14	2013-14	2012-13 SAR for the year 2013-14 was issued. Information about status of placing SAR to the State Legislature was awaited.	2013-14 (03) 2014-15 (03)
3	MP Building and Other Construction Workers Welfare Board, Bhopal	Entrustment vide Act of Parliament	2011-12	2011-12	SAR for the year 2011-12 was issued. Information about status of placing SAR to the State Legislature was awaited.	2011-12 (23) 2012-13 (27) 2013-14 (15) 2014-15 (03)
4	MP State Legal Services Authority, Jabalpur	Entrustment vide Act of Parliament	1997-98 to 2012-13	Accounts for the year 1997-98 to 2012-13 were received from the entity in August 2015. These accounts will be audited and SAR issued.	-	1997-98 (205) to 2012-13 (25) 2013-14 (15) 2014-15 (03)
5	MP Housing and Infrastructure Development Board, Bhopal	upto 2016-17	2013-14	2013-14	SAR for the year 2013-14 was issued. Information about status of placing SAR to the State Legislature was awaited, despite reminder (May 2015).	2013-14 (09) 2014-15 (03)
6	Madhya Pradesh Electricity Regulatory Commission (MPERC), Bhopal	Entrustment vide Act of Parliament	2014-15	2014-15	SAR for the year 2014-15 was issued in September 2015. Information about status of placing SAR to the State Legislature was awaited.	-

As seen from the **Table 3.2**, there were significant delays of up to 205 months in submission of accounts by Madhya Pradesh Legal Services Authority and accounts for the year 1997-98 to 2012-13 were received from the entity in August 2015. Inordinate delays in submission of accounts and presentation of the SARs to the State Legislature result in delays in scrutiny of the functioning of these bodies, where Government investments are made, besides delays in initiating necessary remedial action on financial irregularities in the ABs.

¹ Period of delay taken from the due date of receipt of accounts i.e. 30 June of the ensuing financial year till 30 September 2015.

3.3 Reporting of Misappropriation, Losses, Defalcations etc.

Rule 22(1) of the Madhya Pradesh Financial Code Vol. I states that any loss of public money, caused by defalcation or otherwise, should be immediately reported to the Accountant General, even when such loss has been made good by the party responsible for it.

The State Government reported 3134 cases of misappropriation, losses, defalcations etc., involving ₹ 34.37 crore up to 31 March 2015 on which final action was pending as of June 2015. The amount included ₹ 1.15 crore (95 cases) for the year 2014-15. A large number of cases involving ₹ 15.75 crore (2515 cases) and ₹ 8.30 crore (11 cases) were pending for recovery/regularization against the Forestry & Wild Life Department and Treasury and Accounts Administration Department respectively. Department-wise details of pending cases of misappropriation, losses, defalcations etc. at the end of 2014-15 and their age-wise analysis is given in **Appendix 3.2**. Department-wise and nature of irregularity-wise details of these cases are given in **Appendix 3.3**. The age-profile of the pending cases with nature of irregularities emerging from these Appendices are summarised in **Table 3.3**.

Table 3.3: Profile of Misappropriation, Losses, Defalcations etc.

Age-profile of the pending cases			Details of the pending cases		
Range in years	Number of cases	Amount involved (₹ in crore)	Nature of the case	Number of cases	Amount involved (₹ in crore)
0 – 5	715	16.89	Theft	182	6.41
5 – 10	398	7.57			
10 – 15	446	4.59	Misappropriation/ Loss of material	2952	27.96
15 – 20	376	2.24			
20 – 25	649	1.53			
25 & above	550	1.55			
Total	3134	34.37	Total	3134	34.37

Further analysis indicated that the cases were outstanding owing to reasons listed in **Table 3.4**.

Table 3.4: Reasons for outstanding cases of Misappropriation, Losses, Defalcations etc.

Reasons for the delay/outstanding cases		Number of cases	Amount (₹ in crore)
(i)	Awaiting departmental and criminal investigation	16	0.25
(ii)	Departmental action initiated but not finalized	14	0.73
(iii)	Criminal proceedings finalised but execution of certificate cases for the recovery of the amount pending	05	0.18
(iv)	Awaiting orders for recovery or write off	3083	24.83
(v)	Pending in the Courts of law	16	8.38
Total		3134	34.37

Thus, out of 3134 cases involving ₹ 34.37 crore, 2021 cases (64 per cent) involving ₹ 9.91 crore were pending for more than 10 years. In 3083 cases (98 per cent), orders for recovery or write off were awaited.

Further, 98 cases of losses involving an amount of ₹ 23.54 lakh were written off during the year 2014-15, as detailed in **Appendix 3.4**.

During exit conference (November 2015) FD replied that departments were taking necessary action.

3.4 Pendency in submission of DCC bills

3.4.1 Pendency in submission of Detailed Countersigned Contingent (DCC) bills against Abstract Contingent (AC) bills

As per Rule 313 of the Madhya Pradesh Treasury Code (MPTC) Part-1, every Drawing and Disbursing Officer (DDO) has to certify in each AC bill that DCC bills for all contingent charges drawn by him prior to the first of the current month have been forwarded to the concerned Controlling Officers (CO) for countersignature and transmission to the Accountant General (A&E). As per MPTC Subsidiary Rule 327, DDOs should submit monthly DCC bills along with necessary certificate to the CO within 5th of the following month. The CO is required to submit the Passed DCC bills to AG, so that these may be received in AG's office till 25th of the same month. However, drawal of amounts by way of AC bills has been prohibited by the Finance Department instructions (September 1999) for all the departments except for Sports and Youth Welfare Department (only for expenditure on NCC).

We observed that 19 DCC bills aggregating to ₹ 7.59 crore were pending at the end of March 2015, which were drawn by State Protocol Officer (SPO), Bhopal under General Administration Department. The case of these drawals was pending for decision in the Court of law. The case was closed by the Honorable Court of the special judge under prevention of Corruption Act on 13.03.2012, however adjustment of these AC bills were awaited. Year-wise pendency in submission of DCC bills are given in **Table 3.5**.

Table 3.5: Year-wise position of outstanding DCC bills

(₹ in crore)		
Year	Number of Outstanding DCC bills	Amount
2004-05	11	4.60
2005-06	05	2.74
2006-07	03	0.25
Total	19	7.59

(Source: Finance Accounts 2014-15)

3.5 Reconciliation of Departmental receipts and expenditure

According to Para 24.9.3 of the Madhya Pradesh Budget Manual (MPBM), Budget Controlling Officers (BCOs) are responsible for reconciliation of accounts maintained by them with those appearing in the Accountant General (A&E)'s books and for identifying and correcting misclassifications.

We observed that against the total expenditure of ₹ 1,06,787 crore (excluding repayment of Public Debt and transfer to Contingency Fund) during 2014-15, all the 117 Controlling Officers have partially reconciled an expenditure of ₹ 41,850.93 crore (39.19 per cent) as on 31 March 2015.

Further, all BCOs are required to reconcile the receipts of the Government with the figures accounted for by the Accountant General (A&E).

However, only 8 out of 117 controlling officers have reconciled for ₹ 998.84 crore (1.05 per cent) against the receipts of ₹ 95,434.47 crore excluding receipts under "Public Debt" during the year 2014-15.

Non-reconciliation of expenditure and receipts by the controlling officers indicated deficient financial management. Even though non-reconciliation of departmental figures is pointed out regularly in our Audit Reports, lapses on the part of Controlling Officers (COs) in this regard continued to persist during 2014-15.

3.6 Non-adjustment of temporary advances

According to Subsidiary rule 53(4) of MPTC, temporary advance should be adjusted as early as possible and adjustment should not be delayed for more than three months in any condition. According to the Finance Department's instructions (October 2001), temporary advances taken by Government employees for tours or contingent expenditure should be adjusted within three months from the date of drawal of advance or by the end of the financial year whichever is earlier, failing which interest as per the interest rate on fixed deposits of State Bank of India should be charged from the erring employee/officer.

Information furnished by various departments (to the extent available) revealed that as on 31 March 2015, 3144 cases aggregating ₹ 15.09 crore were pending for adjustment by 15 Departments² in their records. We observed that large pendency of temporary advances (more than one crore) in respect of Farmer Welfare & Agriculture Development Department (₹ 7.75 crore), Water Resources Department (₹ 4.10 crore), Public Health Engineering Department (₹ 1.09 crore) and Animal Husbandry (₹ 1.05 crore) which were pending for adjustment.

Reasons for non-adjustment of temporary advances have not been intimated by maximum Departments. Age-wise analysis of advances pending is given in **Table 3.6**.

Table 3.6: Age-wise analysis of cases of advances pending as of March 2015

Sl. No.	Pendency	No. of cases	Amount (₹ in crore)
1	More than 10 years	793	1.03
2	More than five years and upto 10 years	560	3.74
3	More than one year but less than five years	640	2.14
4	Less than one year	1151	8.18
	Total	3144	15.09

(Source: Data Furnished by the Departments)

It would be seen from the above that 25 per cent of the cases (793 nos.) were more than ten years old and thus, possibility of their recovery appears to be remote.

² (1) Animal Husbandry: ₹ 104.50 lakh, (2) Archaeology Archives and museum: ₹ 15.91 lakh, (3) Aviation: ₹ 1.88 lakh, (4) Culture: ₹ 2.08 lakh, (5) Farmer Welfare & Agriculture Development: ₹ 775.41 lakh, (6) Fisheries: ₹ 0.28 lakh, (7) Horticulture: ₹ 76.36 lakh, (8) Jail: ₹ 5.23 lakh, (9) Public Health Engineering: ₹ 109.10 lakh, (10) Social Justice and Disability Welfare: ₹ 0.14 lakh, (11) Technical Education: ₹ 5.46 lakh, (12) Town & Country Planning: ₹ 0.04 lakh, (13) Tribal Welfare: ₹ 0.04 lakh, (14) Water Resources Department: ₹ 410.32 lakh, (15) Narmada Valley Development: ₹ 1.91 lakh

Non-recovery of advances indicated absence of effective internal controls in the concerned Departments.

3.7 Booking under Minor Heads ‘800-Other Receipts’ and ‘800-Other Expenditure’

Since most of the government activities are well defined in the list of Major and Minor Heads of Accounts of Union and States, issued by the Controller General of Accounts, and also provided in para 8.3.5(vi) of MP Budget Manual, the Budget Controlling Officers are to ensure that operation of the minor head ‘800-Other Receipts/ Expenditure’ should be minimised.

Scrutiny of Finance Accounts 2014-15 disclosed that expenditure of ₹ 10,215.68 crore, consisting 10.84 *per cent* of total expenditure of ₹ 94,250.50 crore (revenue and capital) recorded under the major heads, was classified under the minor head ‘800-Other Expenditure’.

We also observed that under 16 major heads of accounts (revenue and capital), substantial portion (50 *per cent* or more) of an amount of ₹ 7,526.83 crore, which constituted 76.82 *per cent* of total expenditure of ₹ 9,798.29 crore, were classified under the minor head of accounts ‘800-Other Expenditure’. Such expenditure ranged between 55 *per cent* and 100 *per cent* of total expenditure under the respective major heads, as shown in **Appendix 3.5**.

Similarly, revenue receipts of ₹ 22,543.10 crore, constituting 25.43 *per cent* of the total revenue receipts (₹ 88,640.78 crore) recorded under the respective major head, were classified under the minor head ‘800-Other Receipts’. Under 17 major head of accounts (revenue receipts) substantial portion (50 *per cent* or more) of an amount of ₹ 21,620.75 crore (75.28 *per cent*) out of total receipts under these major heads amounting to ₹ 28,718.90 crore were classified under ‘800-Other Receipts’, which ranged between 58 and 100 *per cent* of total revenue receipts under the respective major heads. Details are given in **Appendix 3.6**.

Large amounts booked under the minor head ‘800-Other Receipts’ and ‘800-Other Expenditure’ affects the transparency in financial reporting as it fails to indicate disaggregated information on different activities of the Government separately in the accounts.

During exit conference (November 2015) FD replied that directions were already issued and these would be reiterated.

3.8 Payment of Previous year’s liabilities from the next year’s Budget

Subsidiary rule 283 of MPTC provides that all charges actually incurred must be drawn and paid at once, and under no circumstances they be allowed to stand over to be paid from the grant of another year. To the extent possible, expenditure should be postponed till the sanction of new budget, but on no account the charge be incurred in one year and thrown on the grant of another year.

Test check of the records related to payment of bills in 11 offices of Chief Medical and Health Officer (CMHO)/Civil Surgeon cum Superintendent

Hospital (CS) during 2014-15 revealed that the payment amounting to ₹ 60.42 lakh of 178 pending bills of the years 2011-12 and 2012-13 was made in year 2013-14 as detailed in **Appendix 3.7-'A'**. Further, payment amounting to ₹ 143.41 lakh of 200 pending bills for the year 2011-12, 2012-13 and 2013-14 was made in 2014-15 as detailed in **Appendix 3.7-'B'**. Thus, the charges incurred in one year were being thrown on the grant of another year, which was contrary to subsidiary rule 283 of MPTC.

On this being pointed out, the CMHOs/CSs replied that payment could not be done due to non-availability of adequate funds, non-revision of budget, ban imposed by the treasury before ending of financial years, purchase orders were issued due to immediate need of medicines/materials keeping in view the treatment of patients etc.

The reply confirms the audit observation that charges were incurred without adequate provisions for the purpose. The reply that non-payment was due to ban imposed by the treasury was not acceptable as bills were pending from period prior to the imposition of ban. Further, the payment of previous year's liabilities from the next year's budget is contrary to the provision of MPTC.

The matter was referred to the Government (August 2015); their reply had not been received (November 2015).

3.9 Irregular Maintenance of bank accounts

Rule 6 of MPFC and Subsidiary Rule 284 of MPTC provide that withdrawal of funds from consolidated fund of the State without immediate requirement is totally prohibited. According to Rule 9 of MPTC a Government servant may not, except with the special permission of the Government, deposit in a bank moneys withdrawn from the Consolidated Fund and Public Account of the State. Finance Department, Government of Madhya Pradesh directed (February 2009) that Government Offices, which had withdrawn funds of various schemes and deposited in bank accounts opened without permission of finance department, may withdraw money immediately from these bank accounts and deposit in to Government Accounts.

- Test check of office records of 25 Drawing and Disbursement Officers (DDOs) under ten departments³ revealed that these DDOs were operating 35 bank accounts in which ₹ 30.61 crore was deposited. Transactions were also being made from the bank accounts. Thus the direction of FD for closing bank accounts were not complied. Details of balances in bank accounts has been shown in **Appendix 3.8**.

On being pointed out, the DDOs replied that action regarding obtaining permission from Finance Department would be taken. If permission was not received, funds would be deposited in Government's account after closing the accounts.

In fact remains that operation of bank account without permission of Finance Department was contrary to directions of Finance Department and provisions of MPFC/MPTC.

³ (1) Home Department, (2) Planning, Economics & Statistics, (3) General Administration, (4) School Education, (5) Higher Education, (6) Public Health & Family Welfare, (7) Schedule Tribal Welfare, (8) Backward Classes & Minorities Welfare (9) Social Justice & Disabled Welfare, (10) Gas Tragedy, Relief & Rehabilitation.

- Test check (April 2014) of records of Principal, Government Law college, Morena revealed that Commissioner, Higher Education, Government of Madhya Pradesh, Bhopal sanctioned ₹ 153.34 lakh for construction of new Government Law College and administrative approval (March 2011) was granted by the Higher Education Department of Madhya Pradesh. The Principal, Government Law College withdrew the same amount from treasury in March 2011 and transferred to PWD Morena during the same month. However PWD returned (January 2012) entire amount due to unsuitable site for construction. Principal, Government Law College deposited the whole amount in *Jan Bhagidari* account in Oriental Bank of Commerce (January 2012). Later on, Principal, Law College, Morena transferred (November 2014) ₹ 153.34 lakh to MPHIDB, Morena for construction of Law College.

On being pointed out office replied that correspondence with other construction agencies was undergoing for construction of building therefore money was not returned to Government.

Reply was not acceptable since the permission for keeping the amount in bank was not obtained.

Depositing of ₹ 153.34 lakh in bank account without permission of Government by Principal Government Law College, Morena for more than two years was contrary to the above Government rules and instructions issued by FD.

The above matter was referred to the Government (August 2015); their reply had not been received (November 2015). Withdrawal of funds without adequate planning and keeping the funds unutilized in bank accounts was contrary to the directions of Finance Department and provision of MPTC.

During exit conference (November 2015) FD replied that directions were already issued to departments and specific cases would be taken up with the departments.

3.10 Non-submission of the details of grants or loans paid to bodies and authorities

In order to identify institutions/organizations, 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/Heads of the Departments are required to furnish to Audit every year the detailed information about the financial assistance given to various institutions, the purpose for which the assistance is granted and the total expenditure of the institutions. Further, Regulation on Audit and Accounts 2007 provides that Governments and heads of departments which sanction grants and /or loans to bodies or authorities shall furnish to the Audit Office by the end of July every year a statement of such bodies and authorities to which grants and/or loans aggregating ₹ 10 lakh or more were paid during the preceding year indicating (a) the amount of assistance (b) the purpose for which the assistance was sanctioned and (c) the total expenditure of the body or authority.

The matter was taken up with the Finance Department in April and July 2015. FD stated (August 2015) that instructions have been issued (June 2015) to all departments for providing information. However, as of September 2015, none of the Departments of the Government of Madhya Pradesh furnished such details to the Audit office for the year 2014-15.

3.11 Maintenance of Personal Deposit Accounts

The Personal Deposit (PD) Accounts are Deposit Accounts kept in Treasuries in the name of the Administrators of the Accounts. The moneys are placed under 8443-Civil deposits 106 Personal Deposit. These accounts can be opened with the approval of the Finance Department. AG's consent is not required as per the existing rules. In terms of provisions made for maintenance of PD Accounts in Subsidiary Rules 543 and 584 to 590 of Madhya Pradesh Treasury Code (MPTC) Part-1, the PD Accounts which are opened by debit to the Consolidated Fund of the State should be closed at the end of the financial year by minus debit to relevant service heads. As per Finance Department (FD) instructions of February 2010, if it is necessary to open a PD Account in the next year, the same may be opened in the usual manner. The PD Accounts which remained inoperative for continuous three years, should be closed by the Treasury Officer by giving notice to the Administrator of the PD Account and action for transfer of balance amount as Revenue deposit credit to Government Account should be initiated.

Periodical reconciliation of PD Accounts with treasury accounts is the responsibility of the Administrator concerned. Subsidiary Rule 558 also stipulates that plus minus memorandum indicating the details of opening balance, receipts, disbursements and closing balance of the PD Accounts, are required to be submitted to AG every month. Subsidiary Rule 284 provides that no money should be drawn from treasury unless it is required for immediate disbursement. FD directed (March 2013) that separately PD accounts financed by consolidated fund of the state and various sources would be opened.

Overall position of PD Accounts

The position of PD accounts remained open as on 31 March 2015 is detailed in **Table 3.7**.

Table 3.7: Position of Personal Deposit Accounts as on 31 March 2015.

(₹ in crore)

PD accounts as on 1 April 2014		PD accounts opened during the year	Amount transferred to PD account during the year	PD accounts closed during the year	Amount cleared from PD account during the year	PD accounts as on 31 March 2015	
No.	Amount	No.	Amount	No.	Amount	No.	Amount
880	1,784.77	14	1,069.43	92	149.75	802*	2,704.45

(Source: Notes to Accounts in Finance Accounts)

*Government: 799, Semi Government: 3, of these 399 PD Accounts containing ₹ 266.52 crore have been inoperative for more than one year.

The closing balance in PD accounts indicated that the administrators did not close the PD accounts by minus debit to the relevant service head at the close of financial year, as required under the rules. Since the amounts transferred to

PD Accounts are shown as final expenditure from the Consolidated Fund of the State, non-closing of the PD accounts at the close of the year resulted in overstatement of expenditure under Consolidated Fund during the year.

Records relating to the Administrators of six PD accounts were test checked (May to August 2015) in audit. The following observations were made:

- During test check of PD accounts No.6 (which was opened without permission of FD) of the Directorate, Public Instruction, Bhopal we observed that grant of ₹ eight crore was received on March 2008 from Government of India (GOI) for scheme 'Information and Communication Technology'. The same amount was released by the State Government. The whole amount (₹ 16 crore) was deposited into above PD account, which remained unutilised till December 2014. We noted that the central share was not returned to GOI and PD accounts was closed by Treasury Officer in January 2015 and entire amount of ₹ 16 crore was deposited in State's Revenue Deposit head 8443-101.

On being pointed out by audit, Directorate Public Instruction, Bhopal accepted that PD account has been closed in January 2015 and whole amount was deposited in State's Revenue Deposit head 8443-101.

Thus, the fact remains that grant received from GOI was taken as revenue in the Government accounts.

- During audit of PD account of Land Acquisition Officer (LAO) Morena, it was found that no transaction was made since March 2012 from this PD account and balance of ₹ 5.47 crore was available as on May 2015 in PD account as per Treasury and Cash book records. Neither PD account was closed at the end of the year and nor permission to continue the PD account was obtained from FD. Plus-minus memorandum was also not sent to the Accountant General by the Administrator.

On being pointed out by the audit, LAO, Morena replied (May 2015) that permission for continuance of PD account was being obtained from FD.

- We observed that Finance Department permitted Director, Technical Education to open a PD account - 'Establishment of Technical Education Institutions and course approval formalities Accounts' - for the purpose of receipt of fees on account of sale of forms, processing fees, inspection of institutions, etc. We noted that grant of ₹ 20 crore received from Central Government for building construction of National Institute of Fashion Technology (NIFT) was also kept in this PD Account, though Director, Technical Education was authorized to open another PD Account for the purpose. We noticed that plus minus memorandum were not sent to AG every month and reconciliation was not done. Due to this the difference of ₹ 10.22 crore was appearing in cashbook and passbook of PD account.

On being pointed out, Director, Technical Education stated (July 2015) that action to rectify would be taken in future.

The fact remains that the PD accounts for the processing fees and NIFT should have been opened separately, which was not done by Department.

- We have seen that balance of PD account No. 38 maintained by Commissioner, Silk Directorate, Bhopal was ₹ 2.28 crore (March 2015)

which included ₹ 1.47 crore and ₹ 0.81 crore deposited in 2005-06 and 2006-07 respectively under Iri Resham Vikas scheme and Iri projects. Due to non operationalisation of fund kept in PD account under these schemes for consecutive three years the amount should have been transferred to Revenue Deposit Account as required under Rule 562 of MPTC.

- We observed that PD account maintained by Deputy Director, Farmer Welfare and Agriculture Development, Ujjain and Khargon transferred ₹ 0.91 crore⁴ and ₹ 0.23 crore⁵ respectively to bank account of other Districts through e-payment in compliance of order (September 2014) Directorate of Farmer Welfare and Agriculture Development Department. Depositing of Government money in bank account is in contravention of Provision of Rule 9 of MPTC.
- During the inspection of the treasuries it was found that 71 Personal Deposit Accounts remained inoperative for a period of more than three years. Details shown in **Appendix 3.9**. However, the balances of ₹ 107.66 crore in these PD accounts were not transferred to Revenue Deposit Account as required under Rule 562 of MPTC.

On this being pointed out, concerned Treasury Officers replied that after taking the proper sanction from concerned authorities, the balances of inoperative Personal Deposit Accounts would be transferred to Revenue Deposit Account. The final action in this connection is still awaited.

During exit conference (November 2015) FD replied that directions were already issued to departments and specific cases would be taken up with the departments.

3.12 Retention of Tenth Finance Commission (TFC) grant

Directorate, Public Instructions (DPI), Madhya Pradesh, Bhopal released Tenth Finance Commission (TFC) grant of ₹ 36.70 lakh in May 1998 to Collector, Shivpuri for implementation of scheme for providing drinking water and constructions of toilets in primary and secondary schools with the instruction to spend the whole amount during the same financial year. DPI issued instructions (August 1998) not to spend the said amount. In March 2000, DPI released TFC grants of ₹ 50.90 lakh to Collector, Shivpuri with instruction to deposit the amount of ₹ 36.70 lakh granted earlier to Government Account to avoid double expenditure.

During test check of records of Office of the Collector, Shivpuri, we found that the Collector, Shivpuri did not deposit earlier drawn ₹ 36.70 lakh to the Government Account and it was kept in interest bearing SBI Bank Account No 53037060191 (March 2015).

⁴ (1) Director, Agriculture Sahjapur: ₹ 9.94 lakh (November 2014), (2) Deputy Director, Agriculture Neemuch: ₹ 77.43 lakh (November 2014), (3) Director, Agriculture Development and Training Institute, Barkhedi kala, Bhopal: ₹ 3.77 lakh.(December 2014)

⁵ (1) Director, Agriculture Development and Training Institute, Barkhedi kala, Bhopal: ₹ 22.98 lakh.(November 2014)

On being pointed out, Joint Collector Shivpuri replied that amount was not deposited in Government Account due to non-receipt of instructions from the Government and the amount would be deposited as and when instructions were received.

The reply of the department is not acceptable as instructions for depositing the amount in Government Account was given in March 2000 by the DPI.

The above matter was referred to Government (March 2015); their reply had not been received (November 2015).

3.13 Conclusion and Recommendations

Outstanding Utilisation Certificates against the Grants

- Utilisation Certificates (34950) in respect of grant-in-aid given by different departments of State Government amounting to ₹ 27,005.73 crore were outstanding as on 31 March 2015, indicating lack of proper monitoring by the concerned departments of utilisation of grants.

The internal control mechanism of the Government departments needs to be strengthened to watch timely submission of the utilisation certificates by the organisations to whom grants were released.

Submission of Accounts by Autonomous Bodies

- There were significant delays (up to 205 months) in submission of accounts by five Autonomous Bodies to the Accountant General, resulting in delays in scrutiny of functioning of the Autonomous Bodies.

Government should ensure timely submission of accounts by the Autonomous Bodies to the Audit.

Cases of misappropriations, losses and defalcations

- Total of 3134 cases of losses, misappropriation etc. amounting to ₹ 34.37 crore were pending in different departments as on 30 June 2015. Delayed action on the part of department led to non-realisation of Government revenue.

Government Departments should take prompt action for the disposal of pending cases of losses, misappropriation etc.

Submission of DCC bills against AC bills

- Detailed Countersigned Contingent (DCC) bills against ₹ 7.59 crore drawn on Abstract Contingent (AC) bills were awaited as of March 2015.

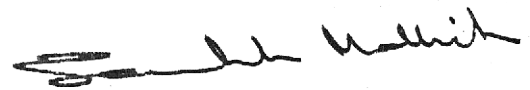
The State Government should ensure timely submission of DCC bills as per extant rules and provisions.

Fund kept in Personal Deposit Accounts

- Personal Deposit (PD) Accounts were continued even after close of the financial year without approval of Finance Department, in violation of the provisions of Madhya Pradesh Treasury Code. There was significant

amount of closing balance aggregating to ₹ 2,704.45 crore in the PD Accounts at the end of March 2015.

The departments should ensure closing of PD Accounts at the end of the financial year and the balance should be transferred to the Consolidated Fund of the State.



(SAURABH K. MALLICK)
Accountant General
(General and Social Sector Audit)
Madhya Pradesh

Gwalior
The 07 February 2016

Countersigned



(SHASHI KANT SHARMA)
Comptroller and Auditor General of India

New Delhi
The 09 February 2016

