

CHAPTER 3

FINANCIAL REPORTING

A sound internal financial reporting 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 compliances is thus 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 current year.

3.1 Non-submission of Utilisation Certificates

3.1.1 The State Government rules (Para 369-H of FHB Volume 5 Part I) prescribe that where grants are sanctioned for specific purposes, the departmental officers concerned should obtain Utilisation Certificates (UCs) from grantees which after verification should be forwarded to the Accountant General (A&E). Non-submission of UCs makes it difficult to ensure that the funds released have been utilised for intended purposes. The position of outstanding UCs as on 31 March 2016 is given in **Table 3.1**.

Table 3.1: Outstanding Utilisation Certificates

Period	Number of Utilisation Certificates awaited	Amount (₹ in crore)
Upto 2013-14	361489	1,00,539.80
2014-15	18440	19,914.15
2015-16	19630	25,847.63
Total	399559	1,46,301.58

(Source: Finance Accounts 2015-16)

Table reveals that a large number of UCs in respect of substantial amounts were outstanding at the close of 2015-16.

Major cases of non-submission of UCs relates to Social Welfare Department (49349 cases - ₹ 22,104 crore), Primary Education Department (45107 cases - ₹ 19,818 crore), Panchayati Raj (10937 cases - ₹ 18,287 crore), Power Department (186 cases - ₹ 18,065 crore) and Social Welfare and Welfare of Schedule Castes (29767 cases - ₹ 14,181 crore). This huge amount constitutes 63 per cent of total amount of outstanding Utilisation Certificates.

During test check of records, the Agriculture and Social Welfare Department (September 2016) replied that collection of Utilisation Certificates is in process. Reply of the Department is not acceptable as Department is not

following up the collection and sending of Utilisation Certificates within the stipulated time to the AG (A&E).

3.2 Detailed Contingency Bills

As per Para 62 of Uttar Pradesh Treasury Manual, Drawing and Disbursing Officers are authorised to draw sums of money through Abstract Contingent (AC) bills by debiting service heads. After utilisation of the money, Detailed Contingent (DC) bills are required to be presented subsequently to the Accountant General (A&E) along with supporting documents within 30 days. Prolonged non-submission of supporting DC bills renders the expenditure under AC bills opaque.

As on 31 March 2016, 5113 AC bills amounting to ₹ 301.13 crore were outstanding for want of DC bills. Year-wise details are given in the **Table 3.2**.

Table 3.2: Outstanding Abstract Contingent Bills

Year	Number of pending DC bills	Amount (₹ in crore)
Upto 2013-14	4453	64.53
2014-15	319	131.81
2015-16	341	104.79
Total	5113	301.13

(Source: Finance Accounts 2015-16)

During 2015-16, out of 341 AC bills amounting to ₹ 104.79 crore, 46 AC bills amounting to ₹ 24.94 crore were drawn in March 2016 which includes 13 AC bills amounting to ₹ 9.80 crore. These were drawn between 29 March and 31 March 2016. Significant expenditure against AC bills in the month of March, especially in the last week of March, indicates that the drawals were primarily for the purpose of exhausting the budget provisions and indicates inadequate budgetary control.

3.3 Departmental Commercial Undertakings

Departmental Commercial Undertakings finalise *proforma* accounts in prescribed format annually showing the working results of the financial operations and efficiency in business. The accounts should be submitted to the Accountants General for audit within three months from the month of closure of the accounts.

As of March 2016, there were nine such undertakings in the State. Three of these had not finalised their proforma accounts as of March 2016. The Department-wise position of arrears of accounts is given in **Appendix 3.1**.

The State Pharmacy of Ayurvedic and Unani Medicine (with no investment) had not finalised their accounts from 1991-92 to 2015-16. The *proforma* accounts of the State Live Stock cum Agriculture Farm with an investment of ₹ 24.85 crore was not finalised from 2011-12 to 2015-16. Similarly, the

proforma accounts of Public Distribution System of Food Grains with an investment of ₹ 2,617.93 crore was not finalised from 2012-13 to 2015-16.

As a result, the investments in the Departmental Commercial Undertakings remained beyond scrutiny of Audit/State Legislature.

3.4 Reporting of Pending Cases

As per Paragraph 82 of the Financial Rules, cases of defalcation or losses should immediately be reported to the office of the Principal Accountant General (G&SSA), U.P., Allahabad even though made good by the person responsible for it.

As of 2015-16, 135 such cases involving ₹ 8.83 crore (₹ 882.57 lakh) were pending for settlement. The Department-wise break up of pending cases and their age-wise analysis is given in *Appendix 3.2*. The nature of these cases is given in *Appendix 3.3*. The nature and age profile of the pending cases given in the appendices are summarised in **Table 3.3**.

Table 3.3: Profile of Pending cases

Age-profile of the pending cases			Nature of the pending cases		
Years ranging	Number of cases	Amount involved (₹ in lakh)	Nature of the cases	Number of cases	Amount involved (₹ in lakh)
0 – 5	8	66.85	Theft	63	40.99
5 – 10	17	308.07			
10 – 15	18	44.17	Misappropriations	08	58.73
15 – 20	17	63.57			
20 – 25	32	16.06	Losses	23	171.27
25 & above	43	383.85	Defalcations	41	611.58
Total	135	882.57	Total	135	882.57

(Source: Records of Concerned Departments)

We observed that out of 139 cases (as of 31 March 2015) involving ₹ 884.60 lakh, four cases, involving ₹ 2.03 lakh was settled/written off during 2015-16 (*Appendix 3.4*) and remaining 135 cases involving ₹ 882.57 lakh were pending as of March 2016 for various reasons as listed in **Table 3.4**.

Table 3.4: Reasons for Pending cases

Reasons for the delay/ outstanding cases		Number of cases	Amount (₹ in lakh)
i	Awaiting departmental and criminal investigation	27	189.67
ii	Departmental action initiated but not finalised	74	541.63
iii	Criminal proceedings finalised but execution of cases for the recovery of the amount pending	1	4.14
iv	Awaiting orders for recovery or write off	9	6.40
v	Pending in the Hon'ble Courts of law	24	140.73
Total		135	882.57

(Source: Records of Concerned Departments)

3.5 Opening of new sub-heads and detailed heads in the State budget by the State Government

New sub-head and detailed head meant for any scheme/sub-scheme to be implemented by the State Government is required by law to be opened by the Government with the advice of the State Accountant General, but the State Government opened such new heads in its budget in the foregoing years without consent of the Accountant General. The details are given in **Appendix 3.5**.

The Government stated (June 2016) that the list of new sub heads and detailed heads opened in the budget will be sent to the Accountant General for approval in future.

3.6 Operation of Minor Head '800'

Minor Head 800-Other Receipts/Other Expenditure is intended to be operated only when the appropriate Minor Head has not been provided in the accounts. Routine operation of Minor Head 800 is to be discouraged, since it renders the accounts opaque.

However, during 2015-16, ₹ 43,328.60 crore under various Revenue and Capital Major Heads of accounts on the expenditure side, constituting about 15.63 *per cent* of total expenditure ₹ 2,77,158.67 crore (Revenue and Capital), was recorded under Minor Head 800-Other Expenditure, below the concerned Major Heads. Similarly, ₹ 37,594.34 crore under various Revenue Major Heads of accounts on the receipt side constituting about 16.56 *per cent* of the total Revenue Receipts, ₹ 2,27,075.94 crore was recorded under Minor head 800-Other Receipts under concerned major heads. Instances where a substantial proportion (50 *per cent* or more of the total Receipts/ Expenditure under the Major Head) of the receipts/expenditure were classified under Minor Head 800 - Other Receipts/ Expenditure are given in **Appendices 3.6** and **3.7** and summarised in **Table 3.5**.

Table 3.5: Bookings under Minor Head 800- 'Other Receipts' and 'Other Expenditure'

Particulars	Receipts		Expenditure	
	Amounts (₹ in crore)	Heads of accounts	Amounts (₹ in crore)	Heads of accounts
100 <i>per cent</i> and above	1,432.53	0217, 0801, 0023, 0506, 0852, 1456, 0810, 1053, 0220, 0415, 0875, 0215, 0575, 0047	22,986.82	2801, 2040, 5053, 2705, 4859, 2407, 2885, 4853, 5425,2041, 4047
Between 75 <i>per cent</i> and 99 <i>per cent</i>	30,881.90	0235, 0406, 0851, 0075, 0425, 0230, 0071, 0029, 1055, 0211, 0056, 1452, 1054, 1601	1,346.70	3475, 4070
Between 50 <i>per cent</i> and 74 <i>per cent</i>	871.49	0403, 0401, 0059, 0700, 0853, 0515	2,208.81	4575,4235,2405, 2575, 3452, 4401, 4202, 4217
Total	33,185.92		26,542.33	

(Source: Finance Accounts 2015-16)

As a result, receipts/expenditure incurred under various programmes/ activities of the Government and classified under Minor Head '800- Other receipts/ expenditure' could not be depicted distinctly in the proper heads of Finance Accounts 2015-16.

The State Government asserted (June, 2016) that Minor Head 800-Other Receipts/ Expenditure is utilised in those cases where relevant minor head is not available for receipts/expenditure provision relating to the scheme. However, the State Government has been booking a substantial percentage of receipts and expenditure under the omnibus head 800 for several years.

3.7 End Use of Cess

The State Government imposed cesses for meeting expenditure for specific purposes. Labour cess imposed by the State Government was test checked to see as to whether the fund collected on account of cess was utilised for the purpose for which it was collected.

3.7.1 End Use of Labour Cess

The GoI enacted the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act 1996 (Act 27 of 1996) and the Building and Other Construction Worker Welfare Cess Act 1996 (Act 28 of 1996) for regulating the conditions of service, particularly health and safety, and providing the benefits of cess for the building and other construction workers of the unorganised sector. Pursuant to the enactment by GoI, the Government of Uttar Pradesh (GoUP) framed U.P. Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Rules, 2009.

Rule 1(4) of the Act (Act 27 of 1996) applies to every establishment which employs or had employed on any day of the preceding twelve months, ten or more building workers in any building or other construction work or from the owner of such private residential building, the construction cost of which is ₹ 10 lakh or above. It envisaged deduction of Cess at the rate of one *per cent* from the total cost of works from every establishment falling under the above provisions.

For extending the benefits to the construction workers, GoUP incorporated (November 2009) the U.P. Building and Other Construction Workers Welfare Board (BOCW), under overall control of the Principal Secretary, Labour Department, for preparation of schemes and implementation. BOCW was responsible for administration of the fund, submission of budget and annual report to GoUP and maintenance of accounts.

3.7.2 Provision for levy and collection of Labour Cess

Section 3 of Cess Act envisaged for the levy of a Cess at the rate not less than one *per cent* of the cost of construction. Further, registration fee of ₹ 50 and membership fee of ₹ 50 annually were to be charged by Deputy Labour Commissioner (DLC) from the workers and entire fund so collected was to be remitted by DLC to the BOCW.

3.7.3 Function of the Welfare Board

As per Section 22 of the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act 1996, the main function of the Board are providing assistance to beneficiaries in case of accident, pension payment, sanctioning loans and advances, payment of premium for Group Insurance Scheme, financial assistance for education of children, assistance for treatment of major ailments, payment of maternity benefits to the female beneficiaries.

3.7.4 Financial status

Under Section 27 of Building and Other Construction Workers Regulation of Employment and Conditions of Service Act, 1996, the Board has to maintain relevant records and prepare annual statement of accounts of BOCW. During Audit, it was noticed that the Board has not finalised its accounts since inception. However, as per the records made available to audit the year-wise receipts and utilisation of cess during the period 2011-16 is given in **Table 3.6**.

Table 3.6: Financial status of registration charges, cess realised and utilisation

(₹ in crore)

Sl. No.	Year	Opening Balance	Receipts			Total funds available	Expenditure	Closing Balance
			Registration Charges	Labour Cess	Interest on deposits			
1	2011-12	104.53	1.33	266.63	11.71	384.20	2.29	381.91
2	2012-13	381.91	13.87	311.79	27.43	735.00	4.89	730.11
3	2013-14	730.11	17.84	458.46	49.58	1,255.99	98.12	1,157.87
4	2014-15	1,157.87	28.59	500.44	72.87	1,759.77	127.63	1,632.14
5	2015-16	1,632.14	14.55	686.81	128.39	2,461.89	202.41	2,259.48
Total			76.18	2,224.13	289.98		435.34	

(Source: Secretary, BOCW Board) (Provisional data)

Following comments deserve mention on the basis of details given in the **Table**:

- Board has not prepared its accounts since inception. Therefore, the figures of income and expenditure have not been authenticated. In absence of authenticated accounts the authenticity of expenditure and its genuineness could not be ascertained in audit.
- The sum of ₹ 2,259.48 crore (**Appendix 3.8**) available as on March 2016 has been kept in shape of fixed deposit and in savings bank accounts. The Board has not adopted a system to obtain the competitive rate of interest for investments of the available fund at competitive rate of interest. The bank accounts have also not been reconciled so far.
- The details of the assets created out of the fund received have not been accounted in the fixed asset register. In absence of the fixed asset register and dead stock register the actual location of the assets could not be verified.

3.7.5 Utilisation of Cess

GoUP notified (February 2009) 11 activities *i.e.* Maternity Benefits, Pension, Advance for Purchase or Construction of Houses, Disability Pension, Funeral Assistance, Death Benefits, Cash Awards for Meritorious Students, Medical Assistance, Financial Assistance for Education of Children of Beneficiaries, Financial Assistance for Marriage of Children of Beneficiaries and Family Pension, while incorporating the Board.

On the implementation stage, 20 schemes were selected for incorporation and an additional Prachar Prasar Scheme was started later for publicity of all schemes by the Board. During Audit, it was noticed that out of 20 schemes, two schemes have been cancelled (August 2014 & March 2015), one has been closed (February 2016), one has been postponed (February 2014) and one scheme has not yet started as the clearance of State Government has not been received (May 2016). The expenditure on schemes against available fund during 2011-16 is given in **Table 3.7**.

Table 3.7: Expenditure on schemes against available funds

Year	Available Fund (₹ in crore)	Scheme operated		Actual Expenditure of scheme (₹ in crore)	Registered workers	Workers covered	Percentage	
		No.	Allotment (₹ in crore)				Workers covered	Utilised fund against allotment
2011-12	384.20	8	64.00	1.41	161687	3837	2.37	2.20
2012-13	735.00	14	197.50	3.95	270871	9610	3.55	2.00
2013-14	1,255.99	16	301.83	93.39	1090192	95295	8.74	30.94
2014-15	1,759.77	19	453.40	105.96	1958544	214121	10.93	23.37
2015-16	2,461.89	19	603.60	141.82	2741452	277909	10.14	23.50
Total			1,620.33	346.53				

(Source: Secretary, BOCW Board) (Provisional data)

Table reveals that the expenditure incurred by the Board against fund allotted for the schemes ranged between two *per cent* to 30.94 *per cent* only which indicates that the cess collected was not expended on the notified activities upto the level, which was required to be done. The State Government failed to extend the benefit to the beneficiaries, for the purpose for which the cess was collected.

3.8 Non-transfer of amounts to the Central Road Fund

There was a budget provision of ₹ 300 crore for grant from Central Road Fund for the year 2015-16. As against this, Government of India released ₹ 225.39 crore from Central Road Fund to State Government in 2015-16.

The accounting procedure relating to Central Road Fund has explicitly been laid down in the List of Major and Minor Heads of Account of Union and States issued by the Controller General of Accounts with consultation of the Comptroller and Auditor General of India under Article 150 of the Constitution. In accordance with this, the amounts received from Central Road Fund are credited to the Major Head 1601- Grants-in-aid from the Central Government. Out of these amounts, the allocations for the purpose are credited

to Major Head 8449- Other Deposits-Subventions from Central Road Fund, by per contra debit to the Major Head 3054- Roads and Bridges or any other appropriate head of account concerned. Such of the expenditure under this major head as is to be met out of the said allocations is set off by transfer of the equivalent amounts from the Deposit Head mentioned above.

As against the aforesaid procedure prescribed by the Central Government, the State Government stated (June 2016) that roads are constructed from the funds received from Central Road Fund, which is the asset of the State Government and therefore, provisions for incurring such expenditure are made in Capital side.

Thus due to non-availability of budget provisions under the Major Head 3054 or any appropriate head for transfer of these allocations to the Deposit head as per the procedure prescribed above, no amount was transferred to the Major Head 8449-103-Subventions from Central Road Fund under the Public Account. Further, since no expenditure on Roads and Bridges has been booked against the Major Head 8449-103 in the Public Account during 2015-16, the utilisation of the Government of India releases of ₹ 225.39 crore for CRF works is not ascertainable. This is because the accounting procedure prescribed for the purpose is not being followed by the State Government.

3.9 Variation in Cash Balance

The difference of ₹ 66.56 crore (net debit) between the cash balance of the State Government, as worked out by the Accountant General (A&E) and as reported by the Reserve Bank of India (as on 31.03.2016), is mainly due to non-reconciliation of figures by the Agency Banks. This is being reconciled.

3.10 Transfer of Funds to Personal Deposit Accounts

As per Para 4 of Uttar Pradesh Personal Ledger Account Rules 1998, the State Government is authorised to open Personal Deposit (PD) Accounts for specific purposes in consultation with the Accountant General. Designated Administrators are authorised to operate these PD accounts by transfer of funds, which is booked as expenditure against the Consolidated Fund (Service Major Heads) of the State. These PD accounts are required to be closed on the last working day of the following financial year and the unspent balances remitted back to the Government Accounts. However, the State Government has not followed this procedure. Details are given in **Table 3.8**.

Table 3.8: Status of Personal Deposit Accounts

(₹ in crore)

Opening Balance (01.04.2015)		Addition during 2015-16		Clearance during 2015-16		Closing Balance (31.03.2016)	
No. of accounts	Amount involved	No. of accounts	Amount involved	No. of accounts	Amount involved	No. of accounts	Amount involved
1459	5,868.25	0	2,300.93	03	0.00	1456	8,169.18

(Source: Finance Accounts 2015-16)

As per information received from the State Government, out of 1456 PD Accounts, 1093 are operative and 363 are inoperative. The inoperative

accounts with unspent balance of ₹ 98.45 crore are required to be closed. The State Government has stated that the procedure for closing of inoperative PD accounts is being finalised.

Further, 25 out of 79 treasuries in the State intimated the Accountant General (A&E) that 151 PD accounts maintained by them had been reconciled during 2015-16. The status of reconciliation of the remaining 54 treasuries has not been made available by the respective treasuries.

3.11 Comments on Accounts

3.11.1 Irregular retention of receipts

The State Government issued an order¹ related to deposit of Government money into the bank by all Government offices/ Government undertakings and Corporations, whereby it had been instructed that the interest received on Government money is the income of State Government rather than income of respective Departments and all interest received by them should be deposited in treasury. During the audit of different units, it came to notice that some Drawing and Disbursing Officers (DDOs) were not following the said regulations. Some instances, where DDO's who had not deposited the interest received by them into the treasury are given in **Table 3.9**.

Table 3.9: List of DDOs, who had not deposited interest into Treasury

Sl. No.	Name of the local bodies	Interest received but not deposited in treasury (₹ in lakh)
1.	Executive Officer, Nagar Panchayat (Rura) Kanpur Dehat	5.42
2.	Executive Officer, Nagar Panchayat (Beekapur) Faizabad	12.16
3.	Additional Chief Officer, Zila Panchayat, Hamirpur	39.26
4.	Additional Chief Officer, Zila Panchayat, Rampur	122.04
Total		178.88

(Source: Concerned Department)

Table reveals that interest (₹ 178.88 lakh) on Government money received by the local bodies was not deposited in the Government Account as stipulated by Government.

3.11.2 Transparency in Accounts

Transfer of funds to the Development Authorities and Housing Development Councils

The State Government made a budget provision of ₹ 541 crore in 2015-16 under the Major Head 3475-800-03 for transfer of funds collected as

¹ G.O. number-B-564/10-7/97 dated - 02.03.1998 and G.O. number -A-1-122/10-2012-10(33) 2010 dated - 21.03.2012.

two *per cent* additional stamp duty to the Development Authorities and U.P. Housing and Development Councils and expended ₹ 541 crore during the year. The additional stamp duty is collected by the Government for development of infrastructure facilities within the development area. As against this, the State Government authorised Lucknow Development Authority, a nodal agency, to draw the money and disburse to the different Development Authorities in the State for the intended purposes. As such, the Lucknow Development Authority has withdrawn an amount of ₹ 541 crore during the year and expenditure was booked under the said major head.

The money so withdrawn by the Lucknow Development Authority and disbursed to other Development Authorities in the State amounts to assistance given by the State Government to the Development Authorities in the nature of grants-in-aid. However, this is not being reflected by the State Government in its budget proposals and expenditure under the Major Head 3604 – Compensation and Assignments to Local Bodies and Panchayati Raj Institutions.

3.11.3 Important factors affecting accuracy of accounts

The accounts of the Government are kept on cash basis. Certain transactions that arise in Government account, the receipts and payments of which cannot at once, be taken to a final head of receipt or expenditure owing to lack of information as to the nature or for any other reasons, are to be booked temporarily under the suspense head. This head is cleared on receipt of relevant details/ information. Debt, Deposit and Remittances (DDR) heads account for such transactions where the Government as a custodian of public money, receives and holds such money in trust.

The accuracy of Finance Accounts 2015-16 has been adversely affected by the factors that large number of transactions under suspense head are awaiting final classification.

Outstanding balances under major suspense accounts

Certain intermediary/ adjusting heads of accounts known as ‘Suspense heads’ are operated in Government accounts to reflect transactions of receipts and payments which cannot be booked to a final head of account due to lack of information as to the nature or for other reasons. These heads of accounts are finally cleared by minus debit or minus credit when amounts under them are booked to their respective final heads of accounts. If these amounts remain uncleared, the balances under the suspense heads would accumulate and would not reflect Government’s receipt and expenditure accurately. The balances under certain major suspense heads of accounts, as reflected in the Finance Accounts of the State are indicated in the **Table 3.10**.

Table 3.10: Position of balances under Suspense Head (8658)

(₹ in crore)

Name of Minor Head	2013-14		2014-15		2015-16	
	Debit	Credit	Debit	Credit	Debit	Credit
101- Pay and Accounts Office-Suspense	(-) 8.75	1.41	3.49	0.24	30.39	12.00
Net	Cr. 10.16		Dr. 3.25		Dr. 18.39	
102-Suspense Accounts (Civil)	24,072.87	24,083.53	(-)6.50	(-) 17.46	50.03	31.53
Net	Cr. 10.66		Dr. 10.96		Dr. 18.50	
110- Reserve Bank Suspense-Central Accounts Office	(-) 56.77	(-) 417.63	(-) 0.10	(-) 0.01	14.27	0.00
Net	Dr. 360.86		Cr. 0.09		Dr 14.27	

(Source: Finance Accounts 2015-16)

The Finance Accounts reflects the net balances under these heads. The outstanding balances are worked out by aggregating the outstanding debit and credit separately. The implications of the balances under these heads are discussed below:

- **Pay and Accounts Office (PAO) Suspense**

This Minor Head is operated for the settlement of inter-departmental and inter-governmental transactions arising in the books of PAO and Accountant General (A&E). Transactions under this minor head represent either recoveries effected or payments made by an accounts officer on behalf of another accounts officer, against whom the Minor Head “PAO Suspense” has been operated. Credit under the head is cleared by minus credit when cheque is issued by the Accounts officers in whose books, initial recovery was accounted for. Debit under PAO Suspense is cleared by minus debit on receipt and realisation of cheque from the Accounts officer on whose behalf payment was made. Outstanding debit balance under this head would mean that payments have been made by the Accountant General (A&E) on behalf of a PAO, which were yet to be recovered. Outstanding credit balance would mean that payments have been received by the Accountant General on behalf of a PAO, which were yet to be paid. The net debit balance under this head (₹ 18.39 crore) indicates that on clearance/ settlement of this, the cash balance of the State Government will increase.

- **Suspense Accounts (Civil)**

This transitory Minor Head is operated for accounting of transactions, which for want of certain information/ documents viz., voucher, challan etc., cannot be taken to the final head of expenditure or receipt. This minor head is credited for recording receipts and debited for expenditure incurred. On receipt of the requisite information/ documents etc., the minor head is cleared by minus debit or minus credit by per contra debit

or credit to the concerned major/ Sub-major/ minor heads of accounts. Outstanding debit balance under this head would mean payments were made which could not be debited to final expenditure head for want of details like vouchers etc. Outstanding credit balance would mean that amounts were received which could not be credited to the final receipt head for want of details. The net debit balance (₹ 18.50 crore) under this head has substantially increased during the year. There is no impact on cash balance on clearance of this item.

- **Reserve Bank Suspense – Central Accounts Office**

This Minor Head is operated in the books of State Government for repayment of loans and payment of interest in respect of central loans received by the Government. At the time of repayment of loan and payment of interest thereon by the State Government, this head is debited by crediting the loans/ interest head. The credit balance under this head of previous year (₹ 0.09 crore) decreased to debit balance (₹ 14.27 crore) which indicates that the corresponding clearances had not been made by the concerned Pay and Accounts Offices for the above amount. There is no impact on cash balance on clearance of this item.

3.12 Conclusion and Recommendations

Conclusion

- **Outstanding Utilisation Certificates**

A large number (399559) of utilisation certificates were outstanding at the close of 2015- 2016 from the grantees.

- **Detailed Contingency Bills**

As many as 5113 AC bills amounting to ₹ 301.13 crore were awaiting adjustment as on 31 March 2016.

- **Cases of theft, losses and misappropriations**

There were 135 cases of theft, losses and misappropriations involving an amount of ₹ 882.57 lakh.

- **Operation of omnibus Minor Head ‘800’**

Classification of large amounts booked under the Minor Heads ‘800- Other Receipts/ Expenditure’ does not give a complete picture in the financial reporting.

- **Outstanding balances under major suspense accounts**

There are adverse balances under certain accounts in Consolidated Fund, which requires remedial action for clearance.

- **End use of Cess**

BOCW has not prepared its accounts since inception. Therefore, the figures of income and expenditure have not been authenticated. In absence of authenticated accounts the authenticity of expenditure and its genuineness could not be ascertained in audit.

Recommendations

- The Government should take steps for obtaining Utilisation Certificates from the grantees.
- The Government should ensure adjustment of Abstract Contingent Bills within stipulated period.
- The Government should expedite inquiries in cases of misappropriation, theft etc. and strengthen the internal control system to prevent recurrence of such cases.
- The Government should discourage routine operation of Minor Heads-800 since it renders the accounts opaque.
- Review of suspense heads needs to be done to bring the transactions to the final heads in the accounting year itself.
- The accounts of the fund of the U.P. Building and Other Construction Workers Welfare Board (BOCW) should be maintained, as required and annual accounts be prepared to represent the true and fair picture of the financial position of BOCW.

ALLAHABAD
THE

(P.K. KATARIA)
Principal Accountant General (G&SSA)
Uttar Pradesh

COUNTERSIGNED

NEW DELHI
THE

(SHASHI KANT SHARMA)
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