

Chapter-IV

Quality of Accounts and Financial Reporting Practices

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QUALITY OF ACCOUNTS AND FINANCIAL REPORTING PRACTICES

A sound internal financial reporting system with relevant and reliable information significantly contributes to efficient and effective governance by the Union Territory Government. Compliance with financial rules, procedures and directives as well as the timeliness and quality of reporting on the status of such compliance is, thus, one of the attributes of good governance. Reports on compliance and controls, if effective and operational, assist the Government in meeting its basic stewardship responsibilities, including strategic planning and decision-making.

Issues related to completeness of accounts

4.1 Funds outside Consolidated Fund or Public Account of the Union Territory of Jammu and Kashmir

Section 67 of Jammu and Kashmir Reorganisation Act 2019 envisages that all revenues received in the Union Territory of Jammu and Kashmir by the Government of India or Lieutenant Governor of the Union Territory of Jammu and Kashmir in relation to any matter with respect to which the Legislative Assembly of the Union Territory of Jammu and Kashmir has power to make laws, and all grants made and all loans advanced to the Union Territory of Jammu and Kashmir from the Consolidated Fund of India and all loans raised by the Government of India or the Lieutenant Governor of the Union Territory of Jammu and Kashmir upon the Security of the Consolidated Fund of the Union Territory of Jammu and Kashmir and all moneys received by the Union Territory of Jammu and Kashmir in repayment of loans shall form one Consolidated Fund. No moneys can be appropriated from this Fund except in accordance with law and for the purposes and in the manner provided in Jammu and Kashmir Reorganisation Act, 2019. Certain categories of expenditure (e.g., salaries of Constitutional authorities, loan repayments etc.), constitute a charge on the Consolidated Fund of the Union Territory of Jammu and Kashmir (Charged expenditure) and are not subject to vote by the Legislature. All other expenditure (Voted expenditure) is voted by the Legislature.

4.1.1 Building and Other Construction Workers Welfare Cess

The Government of India enacted the Building and Other Construction Workers Welfare Cess Act, 1996 (Cess Act) to levy and collect cess for providing benefits to the workers. The Act, *inter alia*, mandated constitution of a Building and Other Construction Workers' Welfare Board and framing of rules by every Government to exercise the powers conferred under the Act. Accordingly, the erstwhile State Government of Jammu and Kashmir framed Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Rules 2006 under the Act and constituted Jammu and Kashmir Building and Other Construction Workers Welfare Board in 2007. The Board is responsible for the operation and maintenance of the amount credited by Government as Labour Cess Deposits.

The Government of Union Territory of Jammu and Kashmir continued with the same Rules. During the year 2020-21, the Government of Union Territory collected ₹124.41 crore as Labour Cess under various Major Heads and transferred the entire amount to the Building and Other Construction Workers Welfare Board. The Closing balance of Labour Cess as on 31 March 2021 was ₹615.58 crore.

4.1.2 Water Usage Charges

The Water Usage Charges are being levied at 05 paisa to 25 paisa per cubic meter of water on Hydel power generating companies under the provisions of the Jammu and Kashmir Water Resources (Regulation and Management) Act, 2010 amended on 25 October 2012 and 27 October 2014. Under the Act, a Fund was to be constituted as an account in the Jammu and Kashmir Bank or allotted a proper account head. The amount realised as water usage charges was to be deposited in the account/head so created, and utilised for establishment of Hydroelectric and Multi-purpose Hydro Electric Projects and for buying back Hydroelectric Power Projects already established in the State and purchase of power. As on 31 March 2021 an amount of ₹15.31 crore on account of water usage charges/interest was in the Water Usage Fund Account (Saving Bank Account) which remained out of Consolidated Fund of the Union Territory of Jammu and Kashmir.

4.1.3 Unspent amount lying in bank accounts of Drawing and Disbursing Officers (DDOs)

As per information received from Government of Union Territory (August 2021) an amount ₹25.39 crore was lying in the Savings/Current Bank Account of nine DDOs of Health and Medical Education Department only as on 31 March 2021. The information relating to other Departments was awaited from Government of Union Territory of Jammu and Kashmir (August 2021). As a result, the amount of ₹25.39 crore remained out of Government accounts.

4.2 Funds transferred directly to Implementing Agencies

Government of India (GoI) transfers substantial funds directly to State Implementing Agencies (SIAs) for implementation of various schemes and Programmes. The amount of funds transferred by the various Ministries/ Departments of GoI directly to SIAs of the Union Territory Government of Jammu and Kashmir during 2020-21 as per the Public Financial Management System (PFMS) portal of Controller General of Accounts (CGA) was ₹917.68 crore (*Appendix 4.1*). This is 14.05 per cent of the amount (₹6,533.49 crore) released by the GoI for Centrally Sponsored Schemes as Grants-in-Aid through the Union Territory Budget. In addition to above, Central Government released an amount of ₹1,843.51 crore directly to various Autonomous Bodies, Central Government Organisations, Societies etc.

The schemes where direct funding is more than ₹100 crore during the year 2020-21 are given below:

Table 4.1: Funds transferred by Government of India directly to Government Department.*(₹ in crore)*

Sl. No.	Name of the Schemes of Government of India	Name of the Implementing Agencies	Government of India releases during 2020-21
1	Pradhan Mantri Kissan Samman Nidhi	Department of Agriculture Production, Government of Jammu and Kashmir	708.83
2	Assistance to State Agencies for intra-state Movement of Food grains and FPS dealers margin under NFSA	Consumer Affairs and Public Distribution Department Jammu and Kashmir	137.84

Source: Finance Accounts

4.3 Deposit of Local Funds

Jammu and Kashmir Panchayati Raj Act provides that Halqa Panchayat would maintain Halqa Panchayat Fund. It is to be kept under Major Head 8448-Deposits of Local Funds-109-Panchayat Bodies Funds which would include all the money realised or realisable under the Act and all money otherwise received by the PRIs, such as grants received from Government and its own revenue, which includes tax and non-tax receipt of a Panchayat. The Municipal Act envisages that the Municipal Fund is to be held by the Municipality. All the money realised or realisable under this act and all money otherwise received by the Municipalities are kept in the Municipal Fund under the Major Head 8448- Deposits of Local Funds-102-Municipal Funds. Receipt and expenditure under the aforesaid two local funds during 2020-21 is shown in **Table 4.2**.

Table 4.2: Deposits of Local Funds*(₹ in crore)*

		Year		2020-21
Panchayat Fund	(8448-109)	Opening Balance	1	Nil
		Receipt	2	Nil
		Expenditure	3	Nil
		Closing Balance	4	Nil (0.27)
Total Closing Balance at end of the year				
Municipal Fund	(8448-102)	Opening Balance	5	60.26
		Receipt	6	705.53
		Expenditure	7	490.52
		Closing Balance	8	275.27 (133.39)

Source: Finance Accounts. Figures in bracket shows closing balance ending 30 October 2019 of erstwhile State of Jammu and Kashmir which has to be bifurcated between two UTs

There is no receipt and expenditure from the Panchayat Fund during 2020-21. However, there is a closing balance of ₹0.27 crore of erstwhile State of Jammu and Kashmir. Municipal Fund increased from ₹60.26 crore to ₹275.27 crore during 2020-21, besides there is also closing balance of ₹133.39 crore of erstwhile State of Jammu and Kashmir which is to be divided between the two Union Territories.

Issues related to transparency
4.4 Delay in submission of Utilisation Certificates

The position of outstanding Utilisation Certificates (UCs) as on 31 March 2021 for the grants released by the erstwhile State of Jammu and Kashmir up to 30 September 2019, yet to be apportioned is shown in the **Table 4.3**.

Table 4.3: Year-wise arrears in submission of Utilisation Certificates of erstwhile State of Jammu and Kashmir

(₹ in crore)

Year*	Opening Balance		Addition		Clearance		Due for submission	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Upto 2018-19	1,133	4,488.84	442	2,585.06	114	1,347.91	1,461	5,725.99
2019-20	1,461	5,725.99	502	2,639.91	157	1,391.70	1,806	6,974.20
2020-21	1,806	6,974.20	1,409	3,102.38	0.00	0.00	3,215	10,076.58

* The year mentioned above relates to "Due year" i.e, after 18 months of actual drawal year

3,215 number of Utilisation Certificates for grants paid up to 30 September 2019 amounting to ₹10,076.58 crore were outstanding up to 31 March 2021. Year wise breakup of outstanding UCs is shown below in **Table 4.4**.

Table 4.4: Year wise break up of outstanding UCs in respect of erstwhile State of Jammu and Kashmir.

(₹ in crore)

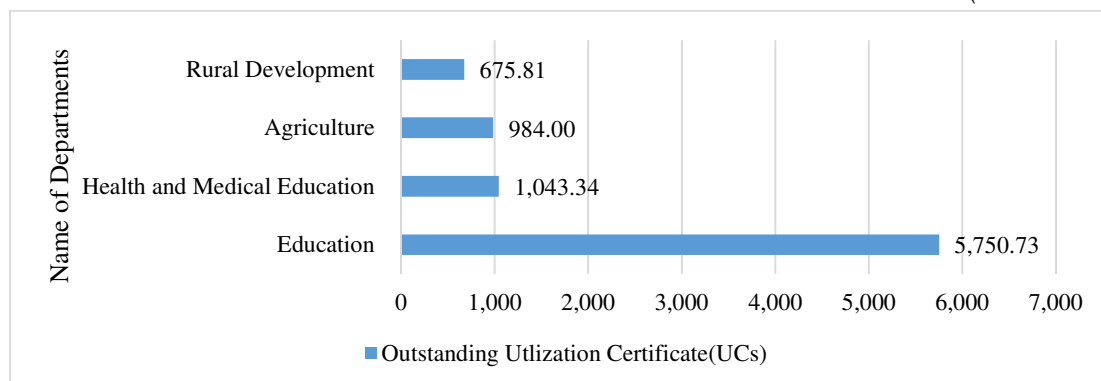
Year*	Number of UCs	Amount
Up to 2018-19	1,461	5,725.99
2019-20	345	1,248.21
2020-21	1,409	3,102.38
Total	3,215	10,076.58

* The year mentioned above relates to "Due year" i.e, after 18 months of actual drawal year

Department wise breakup of outstanding UCs shows that 83.90 per cent of total amount of outstanding UCs pertain to below noted four departments, of which 57.07 per cent of outstanding UCs pertain to Education Department only.

Chart 4.1: Outstanding UCs in respect of major Departments for the grants paid up to September 2019

(₹ in crore)



Source: Finance Accounts

Non-submission of the UCs means that the authorities have not explained as to how funds were spent over the years. There is also no assurance that the intended objectives of providing these funds have been achieved. This assumes greater importance if such UCs are pending against Grants-in-Aid meant for capital expenditure. Since non-submission of UCs is fraught with the risk of misappropriation, it is imperative that the Government should monitor this aspect closely and hold the concerned persons accountable for submission of UCs in a timely manner.

4.5 Abstract Contingent bills

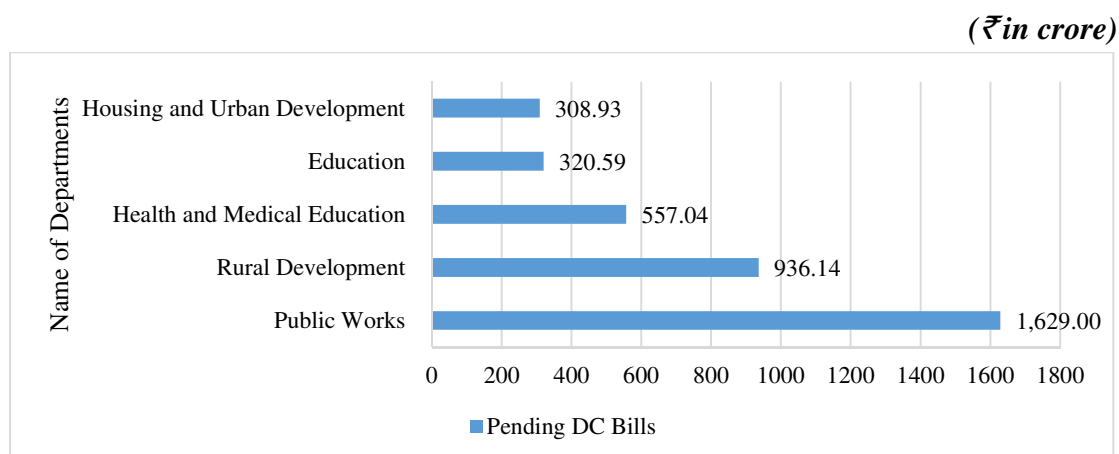
Detailed Countersigned Contingent (DCC) bills for the amount drawn against Abstract Contingent bills are to be submitted to the Principal Accountant General (A&E) within a period of two months. It was seen that 719 AC Bills amounting to ₹5,187.43 crore were drawn during the year 2020-21. Out of 719 AC bills, 604 AC Bills amounting to ₹2,379.15 crore (45.86 per cent) were drawn in March 2021 alone. Expenditure against AC Bills in March indicate that the drawals were primarily to exhaust the Budget Provisions and reveals inadequate budgetary control. As of 31 March 2021, DCC Bills drawn on 356 AC bills amounting to ₹5,280.71 crore by various drawing and disbursing officers up to 31 January 2021, were not submitted to the Pr. Accountant General (A&E), Jammu and Kashmir. The department wise position of awaited AC bills as on 31 March 2021 is as under.

Table 4.5: Awaited DC bills from Departments of UT of Jammu and Kashmir

Sl. No	Name of the Department	Amount Outstanding (₹ in crore)	Percentage of total outstanding amount of ₹5,280.71 crore as on 31 March 2021
1.	Public Works	1,629.00	30.85
2	Rural Development	936.14	17.73
3.	Health and Medical Education	557.04	10.55
4	Education	320.59	6.07
5.	Housing and Urban Development	308.93	5.85

Source: Finance Accounts

Chart 4.2: Pending DCC Bills in respect of Major Departments of UT of Jammu and Kashmir



Source: Finance Accounts

Further, DCC bills in respect of 2,237 AC bills amounting ₹6,885.63 crore drawn upto 30 October 2019 (pre-reorganisation) by erstwhile State of Jammu and Kashmir were awaited as on 31 March 2021. The bifurcation of these outstanding DCC bills is yet to be done between successor Union Territories. The Government may take necessary steps to ensure adjustment of the advances drawn on the contingent bills within the stipulated period as required under the extant rules.

4.6 Indiscriminate use 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 for budgeting and accounting renders the Accounts opaque without identifying the Receipt/ Expenditure (as the case may be) to its appropriate object of Revenue or Expenditure. During the year 2020-21, ₹3,741.00 crore (including Revenue Receipt of ₹2,349.74 crore representing Sale of Power and Misc. Power Receipts under Major Head-0801) under 38 Revenue Major Heads of Accounts constituting 7.13 per cent of the total Revenue Receipts of ₹52,495.48 crore, was recorded under the Minor Head-800-‘Other Receipts’. Similarly, Expenditure of ₹4,677.34 crore under 48 Major Heads of Accounts constituting 7.41 per cent of total Revenue and Capital Expenditure of ₹63,104.13 crore was classified under Minor Head- 800-‘Other Expenditure’. Instances where a substantial proportion (50 per cent or more/significant amount) of the Receipts and Expenditure under a Major Head was classified/ booked under the Minor Head-800-Other Receipts/Expenditure are shown in the table below.

The Government may consider depicting the amounts received and expenditure incurred under various schemes distinctly, instead of clubbing the Receipts and Expenditure of major schemes under the Minor Head 800-Other Expenditure and 800-Other Receipts, for better clarity in Accounts.

Table 4.6: Significant expenditure booked under Minor Head 800 – Other Expenditure during the period 2020-21

Major Head	Total Expenditure including Expenditure under Minor Head 800	Expenditure under Minor Head 800	Percentage of Expenditure under Minor Head 800 to Total Expenditure under the Major Head
	(₹in crore)	(₹in crore)	
2075-Miscellaneous General Services	1.15	1.00	86.96
2211-Family Welfare	212.33	116.31	54.78
3452-Tourism	135.03	68.93	51.05
4070-Capital Outlay on Other Administrative Services	7.37	7.37	100.00
4075-Capital Outlay on Miscellaneous General Services	70.46	70.46	100.00
4225- Capital Outlay on Welfare of SC/ST/OBC and Minorities	31.28	30.94	98.91
4236- Capital Outlay on Nutrition	16.45	16.45	100.00

Source: Finance Accounts

Table 4.7: Significant receipts booked under Minor Head 800–Other Receipts during 2020-21

Major Head	Total Receipts including Receipts under Minor Head 800	Receipts under Minor Head 800	Percentage of Receipts under Minor Head 800 to Total Receipts under the Major Head
	(₹ in crore)	(₹ in crore)	
0049-Interest Receipt	17.86	17.76	99.44
0059-Public Works	25.49	19.18	75.25
0070-Other Administrative Services	19.15	13.01	67.94
0235-Social Security and Welfare	3.47	3.47	100.00
0701-Major and Medium Irrigation	996.66	996.66	100.00
0702-Minor Irrigation	9.42	8.65	91.83
0801-Power	2,349.74	2,349.74	100.00

Issues related to measurement

4.7 Outstanding balance under Major Suspense and DDR heads

The Finance Accounts reflect the net balances under Suspense and Remittance Heads. The outstanding balances under these heads are worked out by aggregating the outstanding debit and credit balances separately under various heads. Significant suspense items have been shown as gross debit and credit balances for 2020-21 in **Table 4.8**.

Table 4.8: Balances under Suspense and Remittances

Minor Head	2020-21		
	(Dr)	(Cr)	Net (Dr /Cr.)
8658- Suspense Account-			
(₹ in crore)			
101 PAO Suspense	56.67	0.01	56.66 (Dr)
102 Suspense Account (Civil)	47.97	2.44	45.53 (Dr)
109-RBI Suspense (Hqrs)	0.16	0.05	0.11 (Dr)
110- RBI Suspense (Central Accounts)	0.91	0.08	0.83 (Dr)
112- Tax Deducted at Source (TDS) Suspense	-	221.00	221.00 (Cr)
139-GST- Tax Deducted at Source Suspense	1.02	5.15	4.13 (Cr)
8782- Cash Remittance and Adjustments between officers rendering accounts to same Accountant General / Accounts Officers			
110-Misc Remittances	-	632.57	632.57 (Cr)
8793- Inter State Suspense Account	-	1.93	1.93 (Cr)

Source: Finance Accounts

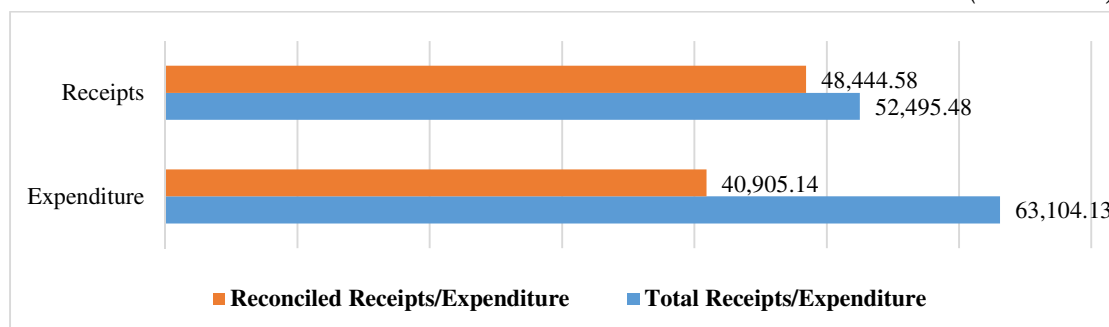
4.8 Non-reconciliation of Departmental figures

To enable Controlling Officers of the Departments to exercise effective control over spending to keep it within the budget grants and to ensure accuracy of their accounts,

the receipts and expenditure during the financial year recorded in their books be reconciled by them every month with that recorded in the books of the Accountant General (A&E). Reconciliation and verification of figures is an important tool of financial management. Failure to exercise/adhere to the codal provisions and executive instructions in this regard not only results in misclassification and incorrect booking of receipts and expenditure in the accounts, but also defeats the very objective of budgetary process.

Chart 4.3: Status of reconciliation during period 2020-21

(₹ in crore)



Source: Finance Accounts

During 2020-21, Receipts of ₹48,444.58 crore (92.28 per cent of the total Revenue Receipts of ₹52,495.48 crore of Union Territory of Jammu and Kashmir excluding Public Debt) and Expenditure of ₹40,905.14 crore (64.82 per cent of total Revenue and Capital Expenditure of ₹63,104.13 crore) were reconciled with the Office of the Principal Accountant General (A&E).

4.9 Reconciliation of Cash Balances

The Cash Balance as on 31 March 2021 of the Union Territory of Jammu and Kashmir (post reorganisation) as per records of the Principal Accountant General (A&E) was ₹1,447.69 crore (debit) and that of RBI (as worked out by the Principal Accountant General (A&E) was ₹1,448.27 crore (credit). There was a net difference of ₹0.58 crore (credit), due to non-reconciliation between the Government of Union Territory and Agency Bank. The difference is under reconciliation with RBI as well as the Government (August 2021). There was also a net difference of ₹83.32 crore (credit) between RBI and Principal Accountant General figures as on 30 October 2019 which is yet to be apportioned between Union Territory of Jammu and Kashmir and Union Territory of Ladakh.

Issues related to disclosure

4.10 Compliance with Accounting Standards

As per Section 71 of Jammu and Kashmir Reorganisation Act 2019, the Lieutenant Governor may, on the advice of the Comptroller and Auditor General of India, prescribe the form of accounts of the Union Territory of Jammu and Kashmir. Further, as per Article 150 of the Constitution of India, the President of India, on the advice of the Comptroller and Auditor General of India, has so far notified three Indian Government

Accounting Standards (IGAS). Compliance to these Accounting Standards by the Government of Union Territory of Jammu and Kashmir in 2020-21 and deficiencies therein are given below:

Table 4.9: Compliance to Accounting Standards

Sl. No.	Accounting Standards	Essence of IGAS	Compliance by UT Government	Impact of deficiency
1.	IGAS-1: <i>Guarantees Given by the Government– Disclosure requirements</i>	To ensure uniform and complete disclosure of such guarantees.	Complied (Statements 9 and 20 of Finance Accounts)	Detailed information like maximum amount of guarantee, addition, deletions of guarantees during the year, sector and class of guarantees for each institution has been furnished.
2	IGAS-2: <i>Accounting and Classification of Grants-in- Aid</i>	To prescribe the principles for accounting and classification of Grants-in-aid in the Financial Statements of Government both as a grantor as well as a grantee.	Not complied (Statement 10 of Finance Accounts)	(i) Certain Grants-in-Aid to be classified under Revenue Section have been classified under Capital Section (ii) Information has not been furnished in respect of Grants in Aid given in kind by the UT Government.
3.	IGAS-3: <i>Loans and Advances made by Government</i>	To ensure adequate disclosure on loans and advances made by the Government consistent with best international practices	Not complied (Statement 7 and 18 of Finance Accounts)	Details of recoveries in arrears and accrued interest thereon not furnished by UT Government.

4.11 Submission of Accounts/Separate Audit Reports of Autonomous Bodies

Certification audit of accounts of Autonomous Bodies (ABs) set up by the Government is conducted under Section 19(2), 19(3) and 20(1) of Comptroller and Auditor General of India (DPC) Act 1971. The ABs coming under the audit purview as per the above Sections are required to submit the annual accounts to audit before 30 June every year. In respect of eight Autonomous Bodies which were to render annual accounts to C&AG, 32 number of accounts were not rendered for the period ranging between one to 12 years as tabulated below:

Table 4.10: Non-submission of accounts by Autonomous Bodies

Sl. No.	Name of Body/Authority	Accounts pending (years)	No of accounts pending 2020-21
1	Compensatory Afforestation Management and Planning Authority (CAMPA)	12	12
2	Sher-i-Kashmir University of Agricultural Science and Technology, (SKUAST) Srinagar Kashmir	11	11
3	Sher-i-Kashmir University of Agricultural Science and Technology, (SKUAST) Jammu	01	01
4	JK Employee Provident Funds Organisation (EPFO)	01	01

Sl. No.	Name of Body/Authority	Accounts pending (years)	No of accounts pending 2020-21
5	Jammu & Kashmir Housing Board	01	01
6	J&K Khadi and Village Industries Board (KVIB)	01	01
7	J&K Building and Other Construction Workers Welfare Board (BOCWVB)	02	02
8	J&K State Legal Service Authority (SLSA)	03	03
	Total		32

Compensatory Afforestation Management and Planning Authority (CAMPA) has not submitted the accounts for audit for twelve years. SKUAST, Kashmir, has not submitted its accounts for audit for last 11 years. Non-submission/delay in submission of accounts by these Bodies receiving substantial funding from the budget is a serious financial irregularity persisting for years. In view of this non-compliance, the audited accounts of these Statutory Bodies have not so far been presented to the State/UT Legislature, as required under the Statutes under which these Bodies were created. Delay/Arrears in finalisation of accounts carries the risk of financial irregularities going undetected and entails possibility of fraud and mis-appropriation. This has also deprived the Legislature/Government the opportunity to get a feedback on their activities and financial performance.

The Government may take up the matter with the bodies for timely preparation and submission of accounts for presentation to the UT Legislature.

4.12 Departmental Commercial Undertakings/Corporations/Companies

The departmental undertakings of certain Government departments performing activities of commercial nature are required to prepare *proforma* accounts in the prescribed format annually. The finalised accounts of departmentally managed commercial and quasi-commercial undertakings reflect their overall financial health and efficiency in conducting their business. In the absence of timely finalisation of accounts, the investment of the Government, corrective measures, if any required, for ensuring accountability and improving efficiency cannot be taken on time. Besides, the delay is fraught with risk of fraud and leakage of public money.

The Heads of the Government Departments are required to ensure that the undertakings prepare such accounts and submit the same to the Pr. Accountant General (Audit), Jammu and Kashmir for audit, within a specified time frame. The Government has two such departmental undertakings: (a) Government Printing Presses at Srinagar and Jammu and (b) Public Distribution System (PDS) under the Consumer Affairs and Public Distribution Department. The *proforma* accounts of the commercial operations of both these undertakings are in arrears. The two Government Presses have not submitted their *proforma* accounts from 1968-69 to 2019-20. The *proforma* accounts have not been submitted by Food Civil Supplies & Consumer Affairs Department, Kashmir from 1975-76 to 2019-20 and by Food Civil Supplies & Consumer Affairs Department, Jammu from 1973-74 to 1997-98 and 1999-2000 to 2019-20. Due to non-

compliance with the basic requirements of the preparation of annual *proforma* accounts by the Departmentally Managed Commercial Undertakings, financial reporting may not be accurate and reliable.

The status of audit of Companies/Corporations of Union Territory of Jammu and Kashmir is shown in **Appendix 4.2**. Accounts in respect of only four Companies were audited up to 2019-20 and accounts of four Companies and one corporation were audited up to 2018-19. In respect of 17 Companies / Corporations audit of accounts is in arrear for the period ranging between 5 to 17 years. Audit of J&K State Forest Corporation was entrusted in 1996-97 but Corporation has never submitted its account. J&K Medical Supplies Corporation Ltd was incorporated in March 2014 and it has also never submitted its accounts. In absence of timely finalisation of accounts, results of the investment of the Government remains outside the purview of Legislature and escape scrutiny by audit. Consequently, corrective measures, if any, required for ensuring accountability and improving efficiency cannot be taken in time. Risk of fraud and mis-utilisation of public money cannot be ruled out. The Heads of Departments in the Government are to ensure that the departmental undertakings prepare such accounts and submit the same to the Pr. Accountant General (Audit) within a specified time frame.

4.13 Non-submission of details of Grants/ Loans given to Bodies and Authorities

In order to identify institutions / organisations which attract audit under Sections 14 and 15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act 1971(C&AG's DPC Act), the Government / HODs are required to furnish to Audit every year

- detailed information about the financial assistance given to various institutions,
- the purpose for which the assistance is granted, and
- total expenditure of the institutions.

Further, Regulation on Audit and Accounts (Amendments) 2020 provides that Governments and HODs, who sanction grants and / or loans to bodies or authorities shall furnish to Audit by the end of July every year a statement of such bodies and authorities to which grants and / or loans aggregating ₹ 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 Government, however, did not furnish the above mentioned information, which is in violation of Regulations on Audit and Account (Amendments) 2020.

4.14 Timeliness and Quality of Accounts

The accounts of receipts and expenditure of the Government of Union Territory of Jammu and Kashmir have been compiled based on the initial accounts rendered by 121 Treasuries (including 20 District Treasuries), and Advices of the Reserve Bank of India. As, the Government of Jammu and Kashmir had already switched over to Civil Accounting System for Works and Forest Divisions (in previous years), no monthly accounts were due from these Divisions during 2020-21. No account was excluded at the end of the year 2020-21.

Other Issues

4.15 Follow up action on State Finances Audit Report

To ensure accountability of executives to the issues dealt with in various Audit Reports, the State Government (Finance Department) issued instructions in June 1997 to the administrative departments to furnish to Public Accounts Committee (PAC)/Committee on Public Undertaking (COPU), *suo-motu* Action Taken Notes (ATNs) on all the audit paragraphs featuring in the Audit Reports, irrespective of the fact that these are taken up for discussion by these Committees or not. These ATNs are to be submitted to these Committees duly vetted by the Pr. Accountant General (Audit), within a period of three months from the date of presentation of Audit Reports in the State Legislature.

Report of the Comptroller and Auditor General of India on State Finances is being prepared since 2008-09 and Reports till the year 2015-16 have been tabled in the State Legislature. The State /UT has been under Governor's/President rule since 20 June 2018 as such the Report on State Finances /State Finances Audit Report for the year 2016-17, 2017-18 and 2018-19 have been tabled in the Parliament along with the other Audit Reports. Action Taken Notes on these Reports were not furnished by the State /UT Governments.

4.16 Conclusions

- Non submission of the UCs means that the authorities have not explained as to how funds were spent over the years. There is also no assurance that the intended objectives of providing these funds have been achieved.
- Non-submission/delay in submission of accounts by the Bodies receiving substantial funding from the Government is a serious financial irregularity. It deprived the Legislature the opportunity to get a feedback on activities and financial performance of these bodies.
- Advances drawn through Abstract Contingent Bills and their detailed countersigned bills not submitted increased the possibility of wastage/ misappropriation/ malfeasance, etc.
- Significant amount of expenditure and receipts booked under Minor head 800- Other Expenditure and 800-Other Receipts under various Major Heads affects the transparency in the accounts.

4.17 Recommendations

1. Timely submission of Utilisation certificates may be ensured by the department in respect of grants released for specific purpose.
2. Necessary steps may be taken to ensure adjustment of the advances drawn on the contingent bills within the stipulated period as required under the extant rules.
3. The issue of timely preparation and submission of accounts may be taken with respective autonomous bodies.
4. Operation of omnibus Minor Head 800 should be discouraged.
5. The assets and liability ending 30 October 2019 may be apportioned between both the Union Territories.