CHAPTER-3

FINANCIAL REPORTING PRACTICES

Chapter-III: Financial Reporting Practices

This chapter provides a broad-based perspective of the quality of the State Government Accounts rendered by various authorities of the State Government and status of compliance with prescribed financial rules, procedures and directives.

Compliance with financial rules, procedures and directives as well as the completeness, timeliness and quality of reporting on the status of such compliance enhances relevance and reliability of the information presented in the financial reports.

Issues related to completeness of accounts

3.1 Undischarged liabilities of the Government

Undischarged liabilities, such as non-transfer of collected cess to designated bodies or short remittances to the National Pension System (NPS), *etc.* can have significant long-term fiscal and governance implications. These unpaid obligations accumulate over time, creating hidden liabilities that distort the true financial position of the State. Further, delays in cess transfer hinder the intended development or welfare outcomes, defeating the purpose for which such levies were imposed. Similarly, short transfers to NPS not only violate statutory commitments but also compromise the financial security of employees. Over the years, such practices can erode trust, trigger legal liabilities and increase future expenditure obligations, thereby, constraining fiscal space and weakening fiscal sustainability. Such cases are discussed in succeeding paragraphs.

3.1.1 Undischarged Interest liability

The Government has a liability to provide and pay interest on the amounts in the Interest-bearing Deposits/Reserve Funds.

Audit observed that ₹ 7.32 crore was required to be paid as interest on the balance of ₹ 216.42 crore lying under interest bearing Deposits/Reserve Funds as on 1 April 2024 as shown in **Table 3.1**. Non-payment of interest liability has resulted in overstatement of Revenue Surplus/understatement of Revenue Deficit and Fiscal Deficit to that extent.

Table 3.1: Details of interest liability not discharged in respect of Interest- bearing Deposits/Reserve Funds

(₹ in crore)

Sl. No.	Name/Head of the interest-bearing deposit	Opening Balance as on 1 April 2024	Basis for calculation of interest	Amount of interest not provisioned
1.	**8121 General and Other Reserve Funds** 129 State Compensatory Afforestation Fund	212.14	As per the circulars issued by the Ministry of Environment, Forest & Climate Change, which is 3.35 *per cent* for 2024-25.	7.11
2.	**8121 General and**	1.73	8.50 *per cent:* As per the	0.15

Sl. No.	Name/Head of the interest-bearing deposit	Opening Balance as on 1 April 2024	Basis for calculation of interest	Amount of interest not provisioned
	Other Reserve Funds 122 State Disaster Response Fund (SDRF)		rate applicable to Overdrafts i.e. 2.00 *per cent* above the Average Ways & Means Advances i.e. 6.50 *per cent*	
3.	**8342 Other Deposits** 120 Miscellaneous Deposits	2.50	Interest calculated at the rate of 2.35 *per cent* per annum (Fixed Repo Rate-1) i.e. 3.35-1=2.35 *per annum*	0.06
Total		**21.6.42**		**7.32**

Source: Finance Accounts

The failure of the State Government to credit ₹ 7.32 crore due interest on the balance of ₹ 216.42 crore in Interest-bearing Deposits/Reserve Funds had the significant fiscal consequence of overstating the understating the Revenue Deficit and the Fiscal Deficit to that extent. To ensure transparent and truthful presentation of State finances, the Government must implement accurate provisioning of this interest liability in future accounts, the State Government should effect the timely transfer of the calculated interest amounts to the respective funds and maintain a close scrutiny of compliance with all relevant codal provisions.

3.1.2 Short contribution in National Pension System

The State Government had introduced National Pension System (NPS), a New Defined Contribution Pension Scheme on 01 September 2010, which covered State Government employees recruited on or after 01 September 2010. In terms of NPS, the State contributes 10 *per cent* as contribution (14 *per cent* contribution for AIS Officers) towards NPS w.e.f 1st April, 2019 (10 *per cent* up to 31 March 2019) and an employee contributes 10 *per cent* of monthly salary and Dearness Allowance. The State Government adopted NPS architecture designed by the Pension Fund Regulatory Development Authority (PFRDA) and appointed the National Securities Depository Limited (NSDL) as the Central Record Keeping Agency (CRA). Axis Bank is the Trustee Bank in charge of operation of Pension Funds in Mizoram. Accordingly, the entire amount is transferred to NSDL/Trustee Bank. The State Government is transferring the Employees contribution to NSDL through MH 8342, whereas the Government's contribution is being directly transferred to NSDL through MH 8342-117. The details of the receipts from employees' share, Government's contribution and transferred to NSDL are given in ***Appendix 3.1***.

During the year 2024-25, total contribution to the NPS was ₹ 143.16 crore (Employees' contribution ₹ 71.51 and Government's contribution ₹ 71.65 including 0.14 crore of 14 *per cent* contribution for AIS Officers). The Government transferred the entire amount ₹ 143.16 crore to NSDL.

3.1.3 Non-transfer of Building and Other Construction Workers Welfare Cess

Under Section 3 of the Building and Other Construction Workers' Welfare Cess Act, 1996, there shall be levied and collected a Cess at such rate not exceeding two *per cent,* but not less than one *per cent* of the cost of construction incurred by an employer, as the Government may specify by notification in the Official Gazette. As per rule 5(3) of the Building and Other Construction Workers' Welfare Cess Rules, 1998, the amount collected is to be transferred to the account of the Building and Other Construction Workers' Welfare Board (MBOCWWB) within thirty days of its collection.

Details of cess and other receipts collected, and actual expenditure incurred during the period of 2020-21 to 2024-25 are given in the **Table** below:

Table 3.2: Position of MBOCWW Fund for the period 2020-25

(₹ in crore)

Year	Opening Balance	Cess Receipts	Others/ Misc. Receipts*	Available Fund	Total Expenditure	Closing Balance
2020-21	43.85	14.06	2.30	60.21	37.03	23.18
2021-22	23.18	22.88	5.80	51.86	29.29	22.57
2022-23	22.57	42.30	5.36	70.23	25.51	44.72
2023-24	44.72	46.91	3.57	95.20	11.99	83.21
2024-25	83.21	59.94	3.55	146.70	15.73	130.97

Source: Data furnished by the MBOCWW Board

From the **Table** above, it can be seen that MBOCWWB received ₹ 63.49 crore during 2024-25, out of which ₹ 59.94 crore was Cess received for the year. During the year, the Board spent an amount of ₹ 15.73 crore on Administrative and other expenses as well as welfare schemes/benefits as envisaged in the Building and Other Construction Workers' Welfare Cess Act such as Children's Education Assistance, Medical Assistance, Maternity Assistance, Death Benefit, Funeral Assistance, Marriage/Disability/Cash Award and Welfare Pension, *etc.* The whole amount collected was transferred to the MBOCWW Fund.

3.1.4 National Mineral Exploration Trust Fund

The National Mineral Exploration Trust (NMET) was established in August 2015 under Section 9C of the MMDR Act, 1957. As per Section 9C (4) of this Act, holder of a mining lease or a mineral concession are required to contribute 2 *per cent* of the royalty paid to the trust. As per the NMET Rules, the State Government is responsible for collecting these contributions, depositing them in the Public Account under Major Head '8449–123–NMET Deposits', and transferring the funds monthly to the Consolidated Fund of India.

The State Government stated that there are no major minerals explored in the State.

3.1.5 State Mineral Exploration Trust/State Mineral Development Fund

The Ministry of Mines, Government of India, vide its letter dated 19 November 2024, advised all State Governments to establish a State Mineral Exploration Trust (SMET)/ State Mineral Development Fund (SMDF) on the lines of the National Mineral Exploration Trust (NMET), as mandated under clause (g) of sub-section (A) of Section 15 of the Mines and Minerals (Development and Regulation) Act, 1957.

However, the Government of Mizoram has not been established the SMET under the Public Account/Bank Account for financing exploration activities related to minor minerals.

3.1.6 Pendency of refund cases

Promptness in disposal of refund cases is an important indicator of performance of the Department concerned. Out of tax collection Departments provided data on the pendency of refund cases.

The details of refund cases during the year 2024-25, as reported by the departments concerned are at **Table 3.3**.

Table 3.3: Details of refund cases

(₹ in crore)

Sl. No.	Particulars	GST		Sales Tax/VAT		State Excise		Taxes on Vehicles	
		No. of cases	Amount	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
1.	Claims outstanding at the beginning of the year	15	0.11	0	0.00	0	0.00	0	0.00
2.	Claims received during the year	10	4.64	0	0.00	0	0.00	0	0.00
3.	Refunds made during the year	9	3.64	0	0.00	0	0.00	0	0.00
4.	Refunds rejected during the year	1	1.00	0	0.00	0	0.00	0	0.00
5.	Balance outstanding at the end of year	15	0.11	0	0.00	0	0.00	0	0.00

Source: Departmental information

3.2 Funds outside Government Accounts

3.2.1 Maintenance of Mizoram Electricity Regulatory Commission fund in Bank Accounts instead of Public Account

Article 266(2) of the Constitution of India provides that 'All other public moneys received by or on behalf of the Government of a State shall be credited to the Public Account of the State'. The Joint Electricity Regulatory Commission for the States of Manipur & Mizoram (JERC) was constituted by the Central Government under the provisions of Sub-section (5) of Section 83 of the Electricity Act, 2003 (36 of 2003) vide Govt. of India F. No. 23/3/2002-R&R

dated 18th January 2005 notified in the Gazette of India, Extraordinary dt.18th January, 2005. Section 86 of the Act stipulates creation of a fund called 'Joint Electricity Regulatory Commission Fund' wherein receipts of the commission are to be credited and expenses therefrom are to be made enacted the JERC (Fund) Rules, 2014, and in terms of Rule 6, the JERC was permitted to open a bank account for accommodating such receipts and making expenses therefrom. In keeping with the rule *ibid*, funds were kept in a bank account and as of March 2024, ₹7.95 crore remained in the bank account. The ministry of Power vide letter dated 30 March 2017 had clarified that all fees received by the Joint Commission has to be deposited into the Fund as called the Joint Electricity Regulatory Commission for the States of Manipur and Mizoram Fund. In this context, it may be mentioned that funds of Central Electricity Regulatory Commission are kept in Public Accounts of the Government of India.

Issues related to transparency

3.3 Delay in submission of Utilisation Certificates

In terms of Rule 3.20.4 of the Mizoram Treasury Manual, 2011, Utilisation Certificates (UCs) in respect of Grants-in-aid received by the grantee should be furnished by the grantee to the authority that sanctioned it, within one year from the date of receipt of grant or before applying for a further grant on the same object, whichever is earlier.

During the year 2024-25, 28 UCs amounting to ₹ 342.11 crore became due for submission (grant-in-aid bills drawn up to March 2024). In addition to that, 32 UCs amounting to ₹235.62 crore were outstanding at the beginning of the year. During the year, 52 outstanding UCs amounting to ₹ 510.57 crore were cleared, leaving outstanding, eight UCs of ₹ 67.16 crore as on 31 March 2025 as given in **Table 3.4**.

Table 3.4: Age-wise pendency of Utilisation Certificates

(₹ in crore)

UC due year[13]	Number of pending UCs	Amount
Prior to 2019-20	1	4.00
2019-20	-	-
2020-21	-	-
2021-22	-	-
2022-23	-	-
2023-24	7	63.16
Total	**8**	**67.16**

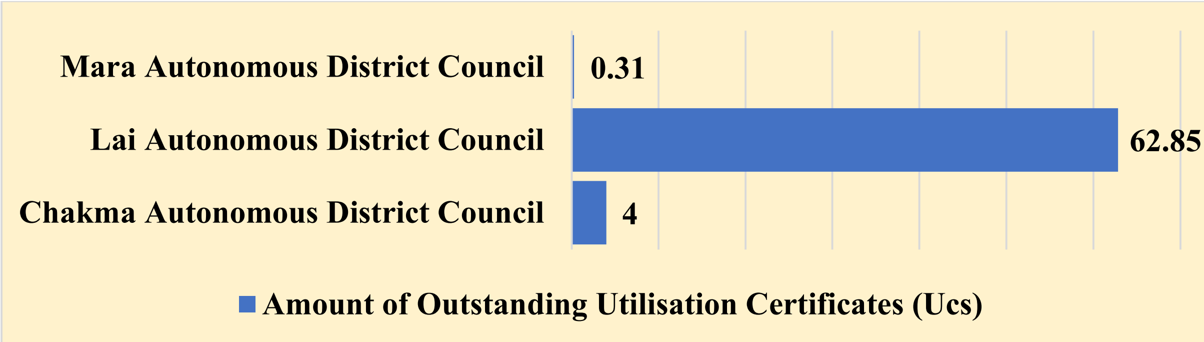
Source: Office of the Principal Accountant General, Mizoram, Accounts wing

Since non-submission of UCs is fraught with the risk of mis-utilisation, it is imperative that the State Government should monitor this aspect closely and ensure proper accountability for submission of UCs in a timely manner.

[13] *The year mentioned above relates to "Due year", i.e., after 12 months of actual drawal.*

Chart 3.1: Outstanding UCs in respect of three ADCs as on 31 March 2025

(₹ in crore)



Source: Office of the Principal Accountant General, Mizoram, Accounts wing

As may be seen from **Chart 3.1**, the majority of UCs pending submission were related to GIA given by the State to the Lai Autonomous District Council.

During the Exit Conference (19 December 2025), the Finance Secretary stated that instructions would be issued to ensure submission of UCs without delay.

3.4 Abstract Contingent Bills

Financial rules (Rule 290 of Central Treasury Rules) envisage that no moneys should be drawn from Government treasury unless it is required for immediate disbursement. In emergent circumstances, Drawing and Disbursing Officers (DDOs) are authorized to draw sums of money through Abstract Contingent (AC) bills. In terms of the Mizoram Treasury Manual, 2011 (Para 3.13.2), while checking abstract contingent bills, 'Cases in which detailed bills are not furnished within the normal period prescribed in Rule 118 of Central Government Account (Receipt and Payments) Rules, 1983 should be reported to the Controlling Officer and thereafter, if necessary, the matter should be reported first to the Head of the Department by name and that failing to produce the desired result, the matter should be reported to the Accountant General'. Further, Rule 118 of Central Government Account (Receipt and Payments) Rules, 1983 specify that 'A certificate shall be attached to every abstract contingent bill to the effect that the detailed contingent bills have been submitted to the Controlling Officer in respect of abstract contingent bill drawn during the month previous to that in which the bill in question is presented for payment. On no account may an abstract contingent bill be cashed without this certificate'. Also, as per Rule 309 of the Central Treasury Rules, a certificate shall be attached to every abstract contingent bill to the effect that the detailed contingent bills have been submitted to the controlling officer in respect of abstract contingent bills drawn more than a month before the date of that bill. On no account may an abstract contingent bill be cashed without this certificate.

The details of AC bills, pending adjustment, as on 31 March 2025 is given in **Table 3.5**.

Table 3.5: Age-wise pending adjustment of AC bills

(₹ in crore)

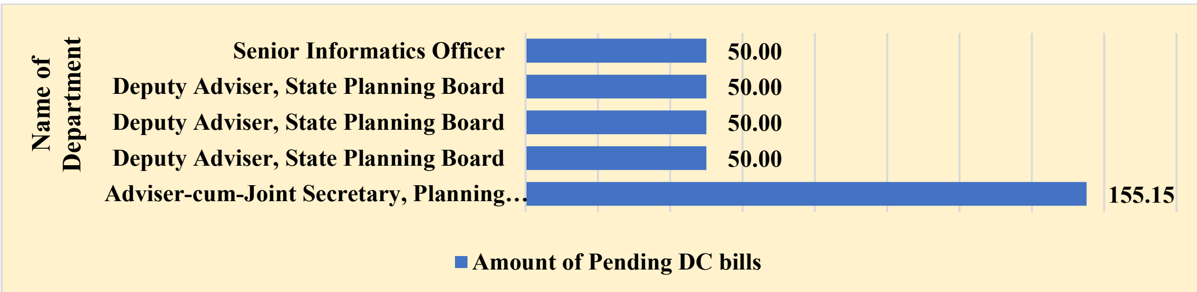
Due Year	No. of AC bills	Amount
Up to 2023-24	31	260.57
2024-25	60	65.95
Total	**91**	**326.52**

Source: Office of the Principal Accountant General, Mizoram, Accounts wing

It was observed that 276 AC bills amounting to ₹ 666.03 crore were drawn up to March 2025, out of which 185 AC bills amounting to ₹ 339.51 crore were adjusted up to 31 March 2025.

Chart 3.2: Pending DC Bills in respect of five major Departments

(₹ in crore)



Source: Office of the Principal Accountant General, Mizoram, Accounts wing

Non-adjustment of advances for long periods is fraught with the risk of misappropriation and, therefore, requires close monitoring by the respective DDOs for ensuring submission of DC bills. Further, to the extent of non- receipt of DC bills, the expenditure shown in the Finance Accounts cannot be asserted as correct or final.

During the Exit Conference, the Finance Secretary stated that instructions would be issued to all concerned departments to ensure settlement of outstanding DCC bills without delay. Further, it was also mentioned that the process of settlement of outstanding DCC Bills/Clearance certificates with Principal Accountant General needed to be streamlined.

Principal Accountant General acknowledged the need to streamline the process.

3.5 Operation of Minor Head-800

Minor Head-800 relating to Other Receipts and Other Expenditure is intended to be operated only when the appropriate minor head has not been provided in the accounts. Regular operation of Minor Head-800 is to be discouraged, since it renders the accounts opaque. Classification of large amounts under the omnibus Minor Head 800 affects transparency in financial reporting and distorts proper analysis of allocative priorities and quality of expenditure.

During the year 2024-25, ₹ 1,300.44 crore under 21 Major Heads of accounts, constituting 9.94 *per cent* of the total revenue and Capital expenditure (₹ 13,082.94 crore) was classified under the Minor Head 800-Other Expenditure in the accounts. During 2024-25, there were no cases of misclassification of receipts or expenditure in the Minor Head.

Issues related to measurement

3.6 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 balances for the last three years have been shown in **Table 3.6**.

Table 3.6: Balances under Suspense and Remittance Heads

(₹ in crore)

Head of Account		2022-23		2023-24		2024-25	
		Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
8658	**Suspense Account**						
101	PAO Suspense	101.59	135.38	104.54	135.38	108.01	135.40
	Net Debit (Dr)/ Credit (Cr)	**Cr. 33.79**		**Cr. 30.84**		**Cr. 27.39**	
102	Suspense Account-Civil	78.80	73.87	87.30	77.33	96.32	77.35
	Net Debit (Dr)/ Credit (Cr)	**Dr. 4.93**		**Dr. 9.97**		**Dr. 18.97**	
107	Cash Settlement Suspense Account	7.32	1.99	7.32	1.99	7.32	1.99
	Net Debit (Dr)/ Credit (Cr)	**Dr. 5.33**		**Dr. 5.33**		**Dr. 5.33**	
109	Reserve Bank Suspense - Headquarters	81.51	4.86	82.19	0.88	94.10	51.45
	Net Debit (Dr)/ Credit (Cr)	**Dr. 76.65**		**Dr. 81.31**		**Dr. 42.65**	
110	Reserve Bank Suspense - CAO	3,000.83	4,475.16	3,612.77	5,425.51	3,656.22	5,523.65
	Net Debit (Dr)/ Credit (Cr)	**Cr. 1474.33**		**Cr. 1812.74**		**Cr. 1867.43**	
112	Tax Deducted at Source (TDS) Suspense	0.40	2.19	0.40	10.22	0.40	12.98
	Net Debit (Dr)/ Credit (Cr)	**Cr. 1.79**		**Cr. 9.82**		**Cr. 12.58**	
113	Provident Fund Suspense	0.69	**-**	1.19	**-**	1.19	**-**
	Net Debit (Dr)/ Credit (Cr)	**Dr. .0.69**		**Dr.1.19**		**Dr. 1.19**	
123	A.I.S Officers' Group Insurance Scheme	(-)0.73	-	(-)0.73	-	7.52	-
	Net Debit (Dr)/ Credit (Cr)	**Dr. 0.73**		**Dr. 0.73**		**Dr. 7.52**	
8782	**Cash Remittance and adjustments between officers rendering account to the same Accounts Officer**						
102	P.W. Remittances	33,000.33	32,754.68	35,627.41	35,091.54	38,737.03	38,112.80

Head of Account		2022-23		2023-24		2024-25	
		Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
	Net Debit (Dr)/ Credit (Cr)	**Dr. 245.65**		**Dr. 535.87**		**Dr. 624.23**	
103	Forest Remittances	3,489.41	3,866.52	3,668.62	4,060.71	3,867.13	4,241.95
	Net Debit (Dr)/ Credit (Cr)	**Cr. 377.11**		**Cr. 392.09**		**Cr. 374.82**	
8793	**Inter-State Suspense Account**	55.92	47.48	63.57	56.66	77.65	70.72
	Net Debit (Dr.)/Credit (Cr.)	**Dr. 8.44**		**Dr. 6.91**		**Dr. 6.93**	

Source: Finance Accounts of respective years

Non-clearance of outstanding balances under these heads affects the accuracy of receipt/expenditure figures and balances under different heads of Accounts (which are carried forward from year to year) of the State Government.

3.7 Reconciliation of Departmental figures

To exercise effective budgetary control over revenue/expenditure and to ensure accuracy in accounts, State Financial Rules stipulate that Chief Controlling Officers (CCOs)/Controlling Officers (COs) are required to reconcile every month, the receipts and expenditure recorded in their books with the figures of the Accountant General (A&E).

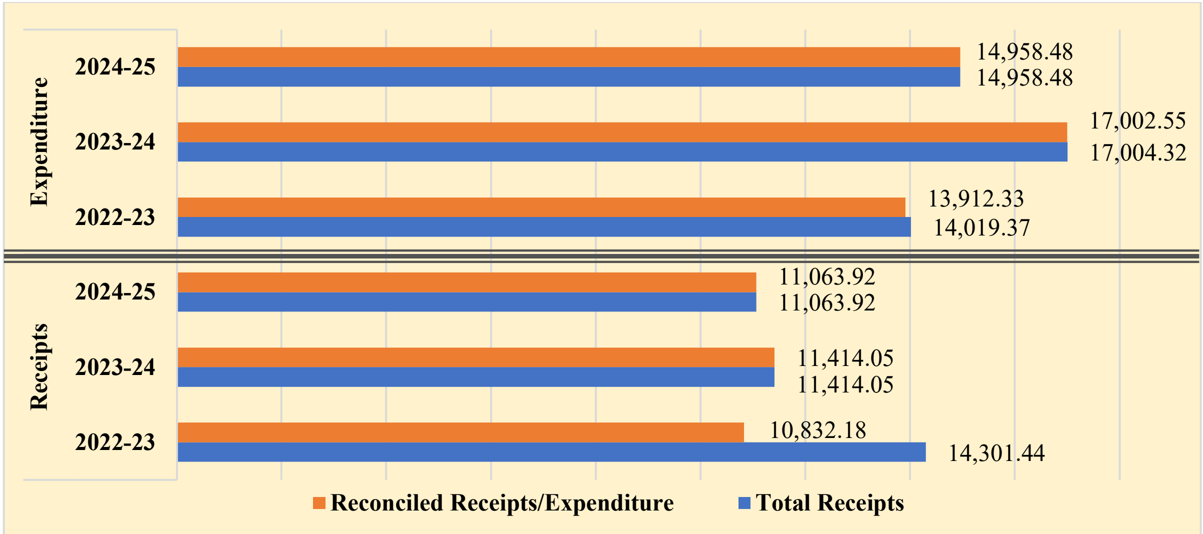
The status of reconciliation of figures by the Controlling Officers is given in **Table 3.7** and **Chart 3.3.**

Table 3.7: Status of Reconciliation of Receipts and Expenditure by Controlling Officers

Year	Total No. of Controlling Officers	No. of Controlling Officers reconciled their receipts/ expenditure		
		Fully reconciled	Partially reconciled	Not reconciled
Receipts				
2022-23	67	57	1	9
2023-24	63	63	-	-
2024-25	63	63	-	-
Expenditure				
2022-23	85	83	-	2
2023-24	85	84	-	1
2024-25	85	85	-	-

Source: Office of the Principal Accountant General, Mizoram, Accounts wing

Chart 3.3: Status of Reconciliation of Receipts and Expenditure during the year 2022-25



Source: Office of the Principal Accountant General, Mizoram, Accounts wing

Necessary action for reconciliation in respect of all receipts and expenditure is required to be taken to ensure that all receipts and expenditures of the State Government are properly and completely accounted for.

3.8 Reconciliation of Cash Balances

As per the accounts maintained by the Principal Accountant General (A&E), the Cash Balance of the State Government as on 31 March 2025 was ₹ 40.20 crore (Debit) while the same was reported as ₹ 2.27 crore (credit) by the Reserve Bank of India. As such, there was an unreconciled difference of ₹ 37.93 crore, which was under reconciliation between the Principal Accountant General (A&E) and the State Government.

After integration of e-Kuber system (of the RBI) with State Integrated Financial Management System (IFMS) for payments in the State, the difference in reported transactions has increased as the State IFMS reports are on transaction date basis whereas the e-Kuber system reports the transactions on scroll date basis.

3.9 Unspent amount lying with Divisional Officers

As per Codal provisions, funds received by Public Works Divisions towards Deposit Works from non-government agencies are required to be credited under Minor Head '108 - Public Works Deposits' below Major Head '8443 -Civil Deposits'. The expenditure for related Deposit Works is also met from the same head of account. In the Monthly Divisional Accounts unremitted amount of such deposits are classified under Major Head '8671 -Departmental Balances, 101 – Civil', by the PW Divisions, under Public Account of the State and then form part of the Government Accounts. However, the funds received towards Deposits Works are being kept in the bank accounts of Divisional Officers operated by PW Divisions instead of remitting them into the Government Accounts and thus, are not forming part of cash balance of the State with Reserve Bank of India.

As on 31 March 2025, an amount of ₹ 219.63 crore was lying in the bank accounts of 100 Divisional Officers as per their cashbooks. Had the funds been deposited in the Treasury, the same would have impacted on the daily Cash Balance of the State Government

Department-wise details of the amounts lying in bank accounts being operated by Divisional Officers is detailed in **Table 3.8**.

Table 3.8: Details showing unspent amount lying with Divisional Officers

(₹ in crore)

Sl. No.	Name of Department	Number of Divisional Officers operating Bank Accounts	Amount lying in Bank Accounts
1.	Public Works Department	35	13.54
2.	Public Health and Engineering Department	25	23.68
3.	Power and Electricity Department	32	181.26
4.	Irrigation and Water Resources Department	8	1.15
Total		**100**	**219.63**

Source: VLC data

This non-compliance prevents this significant sum from being reflected in the State's cash balance with the Reserve Bank of India, severely weakening financial oversight. The Government must immediately transfer all such funds to Treasury accounts under the designated heads, institute strict monitoring of compliance and implement systemic reforms to ensure all Government receipts and deposits are properly accounted for in the State's financial records.

During the Exit Conference, the Finance Secretary while accepting the observation, stated that the instruction of Ministry of Finance to credit CSS funds and SASCI funds to the Single Nodal Agency (SNA) accounts of the implementing departments within a stipulated period of 10 days/30 days compelled the State Government to release funds to the DDOs accounts even before payments were due which resulted in huge accumulation of cash in their bank accounts and is not avoidable in the present system. The State Government took cognizance of the issue and with the implementation of SNA SPARSH (Just in time release of funds) and with the proposed implementation of One Department One Bank, improvement is expected in coming years.

Issues related to disclosure

3.10 Compliance with Accounting Standards

As per Article 150 of the Constitution of India, the President of India may, on the advice of the Comptroller and Auditor General of India (CAG), prescribe the form of accounts of the Union and of the States. On the advice of the CAG, the President of India has so far notified four Indian Government Accounting Standards (IGAS). Compliance to these Accounting Standards by the State Government as well as deficiencies therein during 2024-25 is detailed in **Table 3.9**.

Table 3.9: Compliance to Accounting Standards

(₹ in crore)

IGAS	Essence of IGAS	Compliance by State Government	Deficiency
IGAS -1	**Guarantees given by government – Disclosure requirements**	Partially complied	The Government disclosed the Sector-wise guarantees as per format L of the IGAS; however, the Class-wise details for each Class as per format M of the IGAS were not disclosed in the Financial Statements.
IGAS – 2	**Accounting and classification of Grants-in-Aid**	Partially complied	Grants-in-Aid given by the Government in cash were disclosed while Grants-in-Aid given in kind were not disclosed. Therefore, total Grants-in-Aid given by the State Government to the grantees could not be ascertained.
IGAS -3	**Loans and Advances made by Government**	Partially complied	The Government disclosed outstanding Loans and Advances at the beginning and end of the accounting period. However, details of interest payments in arrears and rate of interest were not disclosed in the additional disclosure of fresh loans and advances.
IGAS- 4	**Prior Period Adjustment**	Not complied	Statements as per Annexures- 1, 2 & 3 are not used. As a result, audit observed that the accounts failed to depict the status of Prior Period Adjustments.

Source: Finance Accounts & IGAS

As may be seen from the **Table** above, the State Government is partially complied with IGAS.

3.11 Submission of accounts of Autonomous Bodies

As on 31 March 2025, two accounts in respect of two Autonomous Bodies (ABs) were pending as detailed in **Table 3.10**.

Table 3.10: Arrears of accounts of Autonomous Bodies as on 31 March 2025

Sl. No.	Name of Body or Authority	Accounts pending since	No. of Accounts pending
1.	Mizoram Electricity Regulatory Commission	2024-25	1
2.	Mizoram Khadi & Village Industries Board	2024-25	1
Total			**2**

Source: Departmental data/information

There was pendency of one year in the submission of accounts by two Autonomous Bodies as on 31 March 2025, indicating a need to strengthen internal accounting controls. The management of these bodies may ensure compliance with the codal provisions and take necessary action to resolve the arrears.

Other Issues

3.12 Misappropriations, losses, thefts, etc.

The General Financial Rules (GFR), 2017, mandate a structured, multi-stage procedure for addressing any loss, shortage, misappropriation, or defalcation involving public funds or property, ensuring financial accountability and control. Rules 33 through 38 detail the essential steps, from initial detection and immediate reporting to the police and higher authorities, through formal investigation and the critical action of fixing personal responsibility on any negligent government servant. This framework is designed to ensure the prompt closure of loss cases, the enforcement of disciplinary measures, and the implementation of strong remedial controls. Further, as per Rule 33 (1) *ibid*, the cases of defalcations and losses are required to be reported to the Statutory Audit Officer.

As on 31 March 2025, six cases of misappropriation, losses, theft, *etc*. involving ₹ 4.83 crore were reported by the Finance Department and pending settlement. The department-wise break-up of pending cases is given in **Table 3.11**.

Table 3.11: Details of pending cases of misappropriation, losses, theft, etc.

(₹ in crore)

Name of Department/ Corporation	Cases of misappropriation/ losses /theft		Reasons for the delay in final disposal of pending cases of misappropriation, losses, theft, etc.					
			Awaiting departmental and criminal investigation		Departmental action initiated but not finalised		Criminal Proceedings finalised but recovery pending	
	Number of cases	Amount	Number of cases	Amount	Number of cases	Amount	Number of cases	Amount
State Tax	1	0.11	-	-	1	0.11	-	-
FCS&CA[14]	5	4.72	-	-	5	4.72	-	-
Total	**6**	**4.83**	**-**	**-**	**6**	**4.83**	**-**	**-**

Source: Departmental information

In all six cases, departmental action had been initiated but not finalised. The age-profile of pending cases and the number of cases pending in each category (theft/loss/misappropriation of Government material) is summarised in **Table 3.12**.

Table 3.12: Profile of Misappropriations, Losses, Defalcations, etc.

(₹ in crore)

Age-profile of the pending cases			Nature of the pending cases	Number of cases	Amount involved
Range in years	Number of cases	Amount involved			
0-5	6	4.83	Misappropriation of Government money/Commodity and Theft	5	4.72
				1	0.11
5-10	-	-		-	-
10-15	-	-		-	-
Total	**6**	**4.83**	**Total**	**6**	**4.83**

Source: Departmental information

[14] *Department of Food, Civil Supplies and Consumer Affairs*

Out of the total six cases, one case amounting to ₹ 0.11 crore was related to theft of Government money/stores, whereas five cases involving ₹ 4.72 crore pertaining to misappropriation/loss of Government material were pending for more than 5 years.

3.13 Follow up action on State Finances Audit Report

In every State, the Public Accounts Committee (PAC)/Finance Department require the line departments to provide a *suo-motu* Explanatory Note (EN) on the paragraphs featuring in the Audit Reports within one month of placing the Reports in the Legislature. The line departments are also required to provide Action Taken Notes (ATNs) to the AG (for vetting and onward transmission to the PAC) within three months of tabling the Reports.

The Audit Reports on State Finances have been placed before the State Legislature every year since 2010. While the audit observations featured in the State Finances Audit Reports up to 2019-20 have all been settled, there are 195 paragraphs remaining unsettled in the Reports for the years 2020-21 to 2023-24.

3.14 Conclusion

The analysis of the State Government's financial reporting practices reveals deficiencies in compliance with financial rules, transparency and accountability, which collectively distort the true financial position of the State.

Key areas of concern include the existence of undischarged liabilities, such as ₹ 7.32 crore in unpaid interest on deposits, which understated the Revenue Deficit and Fiscal Deficit for the year.

Major issues related to measurement and reconciliation persist, most notably the non-clearance of outstanding balances under Suspense and Remittance Heads, which totaled a significant net credit of ₹ 1,867.43 crore under "Reserve Bank Suspense - CAO" in 2024-25.

An amount of ₹ 219.63 crore was kept in bank accounts operated by Divisional Officers of Public Works Department, Power and Electricity Department, Public Health Engineering Department and Irrigation and Water Resources Department, thereby weakening financial oversight and understating the State's cash balance with the Reserve Bank of India.

Additionally, the pendency of ₹ 67.16 crore in UCs to be submitted by the Autonomous District Councils and non-settlement of ₹ 326.52 crore in unadjusted Abstract Contingent Bills, exposes the Government to the risk of mis-utilisation and prevents the assertion of correct expenditure figures.

While the State is compliant with the four notified Indian Government Accounting Standards (IGAS), the overall financial health and transparency are compromised by the persistent lapses in compliance, reconciliation and timely accounting.

3.15 Good Practices

- The State Government's proposed implementation of the One Department One Bank initiative is commendable as it will greatly enhance transparency and accountability while improving the budgetary control of the Finance Department over Government expenditure.
- The State Government has maintained a good track record with regards to reconciliation of Receipts and Expenditure. Over the last three years, there was 100 *per cent* reconciliation with respect to Receipts for the last two years and 100 *per cent* reconciliation in respect to Expenditure for the year 2024-25.

3.16 Recommendations

- *The State Government may ensure that outstanding Utilisation Certificates and Abstract Contingent Bills are settled expeditiously.*
- *Finance Department should review all Savings/Current Bank Accounts in the name of Drawing and Disbursing Officers (DDOs). Further, the Finance Department should reiterate the instructions contained in the Central Treasury Rules that no money should be drawn in anticipation of demand or to prevent the lapse of budgetary grants.*

Aizawl
The 24 February 2026

(KUMAR ABHAY)
Accountant General, Mizoram

Countersigned

New Delhi
The 26 February 2026

(K. SANJAY MURTHY)
Comptroller and Auditor General of India