
Chapter-4

QUALITY OF ACCOUNTS AND FINANCIAL REPORTING PRACTICES

CHAPTER 4

QUALITY OF ACCOUNTS AND FINANCIAL REPORTING PRACTICES

This chapter provides an overview on the quality of accounts and compliance of the State Government in its financial reporting practices, with prescribed financial rules, procedures and directives with regard to completeness, transparency, measurement and disclosure.

A sound internal financial reporting system with relevant and reliable information, significantly contributes to efficient and effective governance by the State Government. Compliance with financial rules, procedures and directives as well as the timeliness and quality of reporting on the status of such compliance is, 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.

4.1 Off-budget borrowings

Off-budget borrowings by the State PSUs and Special Purpose Vehicles (SPV) are either explicit payments or guarantees and are contingent liabilities of the State. As per information furnished by the State Government, no off budget borrowings were availed by the State PSUs/ SPVs during 2023-24.

4.2 Funds transferred directly to State implementing agencies

The Union Government transfers substantial funds directly to State Implementing Agencies/ Non-Governmental Organisations for implementation of various schemes and programmes.

As of 31 March 2014, the Central Government had transferred a sizeable quantum of funds, directly to State implementing agencies, for implementing various schemes/ programmes in the social and economic sectors, which were recognised as critical. As these funds were not routed through the State budget/State Treasury system, the Annual Finance Accounts did not capture the flow of such funds. Thus, to that extent, the State's receipts and expenditure as well as other fiscal variables/parameters derived from them did not present the complete picture.

During 2014-15, GoI decided to route all assistance, pertaining to centrally sponsored schemes/ additional central assistance, through the Consolidated Fund of the State, resulting in decrease in direct transfer of funds to implementing agencies from ₹ 2,601.80 crore in 2013-14 to ₹ 130.92 crore in 2014-15. However, since then, the quantum of funds directly being transferred to implementing agencies has again increased and reached ₹ 6,829.58 crore in 2023-24.

During the financial year 2023-24, Central share of ₹ 6,829.58 crore, under various Centrally Sponsored Schemes, was transferred directly to the Implementing Agencies. This constituted 7.77 and 8.91 *per cent* of the total Revenue Receipts (₹ 87,929 crore) and Revenue Expenditure (₹ 76,676 crore), respectively. Direct transfer to implementing agencies, without routing the funds

through the Consolidated Fund of the State, not only contracted the budget and expenditure of the State to that extent (₹ 6,829.58 crore), but also implied that the assets created and the cost of benefits extended to the public, were not reflected in the State Accounts and the Budget.

Cases, where funds were directly transferred to the implementing agencies, during the year 2023-24, included schemes such as the Jal Jeevan Mission/National Drinking Water Mission, Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), Pradhan Mantri Kisan Samman Nidhi, Ayushman Bharat *etc.*

Details of funds transferred to State implementing agencies are given in **Table 4.1**.

Table 4.1: Funds transferred by GoI directly to State implementing agencies

(₹ in crore)

Sl. No.	Name of the Schemes of Government of India	Name of the Implementing Agencies	GoI releases during 2023-24
1	Jal Jeevan Mission	Jharkhand State Water & Sanitation Mission	2,875.35
2	MGNREGA	Jharkhand State NeFMS	2,265.15
3	Pradhan Mantri Kisan Samman Nidhi	Department of Agriculture	1,471.25
4	Ayushman Bharat	Jharkhand State Arogya Society	83.55
5	Rashtriya Swasthya Bima Yojana	Jharkhand State Arogya Society	51.16
6	Procurement of food grains under NFSA	Jharkhand State Food & Civil Supplies Corporation	42.77
7	Others	Various agencies	40.35
Total			6,829.58

Source: Public Financial Management System (PFMS) portal of Controller General of Accounts for the State Accounts (2023-24).

Since these funds had not been routed through the State Budget, they are not reflected in the Accounts of the State Government. These transfers are exhibited in Appendix VI of Volume II of the Finance Accounts.

4.3 Deposit of Local Body funds

The State Panchayati Raj Act provides that Zila Parishads (ZP), Panchayat Samitis (PS) and Gram Panchayats (GP) would maintain ZP funds, PS funds and GP funds, respectively (under the Major Head '8448-Deposits of Local Funds-109-Panchayat Bodies Funds'). This would include all the money realised or realisable under the Act and all money otherwise received by the PRIs, such as grants received from Central Finance Commission and State Government as part of the State Finance Commission award and its own revenue, which includes tax and non-tax receipts of a Panchayat. All the money realised or realisable under this Act and all money otherwise received by the Municipalities, is kept in the Municipal Fund, under the Major Head '8448- Deposits of Local Funds-102-Municipal Funds'. Details are shown in **Table 4.2**.

Table 4.2: Deposits of Local Body Funds

(₹ in crore)

Year			2019-20	2020-21	2021-22	2022-23	2023-24
Panchayati Raj Institutions	8448-109	Opening Balance	364.38	338.12	351.01	332.12	452.33
		Receipt from State Government	124.60	100.19	90.78	211.26	290.82
		Expenditure	150.86	87.30	109.67	91.04	196.30
		Closing Balance	338.12	351.01	332.12	452.33	546.85
Urban Local Bodies	8448-102	Opening Balance	1,959.09	2,077.75	2,341.87	1,463.14	1,257.49
		Receipt from State Government	1,252.93	1,204.29	543.41	656.50	501.83
		Expenditure	1,134.27	940.17	1,422.14	862.14	639.10
		Closing Balance	2,077.75	2,341.87	1,463.14	1,257.49	1,120.22

Source: Finance Accounts of the respective years.

As can be seen from **Table 4.2**, despite huge unutilised balance every year, the State Government continued to provide grants-in-aid to the Local Bodies. During 2022-23 and 2023-24, expenditure by the PRIs was significantly lower than the funds received from the Government.

4.4 Delay in submission of Utilisation Certificates

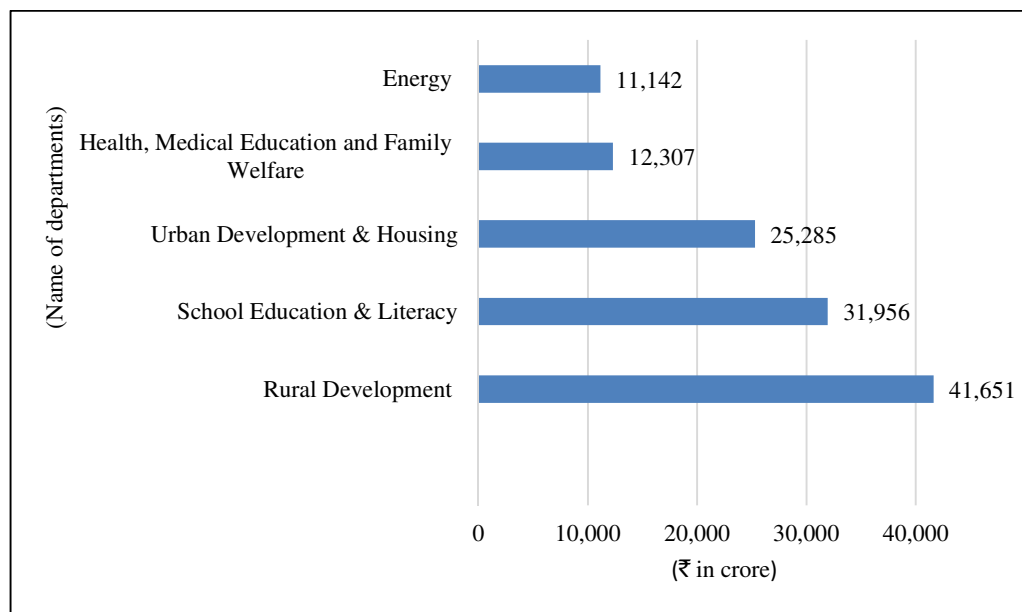
The Jharkhand Treasury Code (JTC) stipulates that departmental officers should obtain Utilisation Certificates (UCs) from the grantees and, after verification, forward these to the Principal Accountant General (A&E), Jharkhand within 12 months from the date of withdrawal of grants.

Audit observed that 47,367 UCs¹, due in respect of grants aggregating ₹ 1,33,161.50 crore, paid up to FY 2022-23, were outstanding at the end of March 2024.

Further, during 2023-24, out of the total grants-in-aid of ₹ 30,038.20 crore provided by the Government to authorities and bodies of the State, a significant amount (₹ 8,549.30 crore) was granted for creation of capital assets. However, UCs in this regard were not submitted by the authorities to the Principal Accountant General (A&E). In the absence of UCs, the creation of capital assets could not be ascertained.

A significant part of these UCs were outstanding against five departments, as depicted in **Chart 4.1**.

¹ As per the records of PAG (A&E) which is pending reconciliation.

Chart 4.1: Outstanding UCs in respect of major departments

The number and amount of outstanding UCs, as on 31 March 2024, are shown in **Table 4.3**.

Table 4.3: Arrears in submission of Utilisation Certificates

(₹ in crore)

Year of disbursement	Opening Balance		Addition		Clearance		Due for submission	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Up to 2019-20	29,268	69,312.78	4,749	18,734.70	28	394.89	33,989	87,652.59
2020-21	33,989	87,652.59	5,075	15,806.55	789	1,285.72	38,275	1,02,173.42
2021-22	38,275	1,02,173.42	5,194	13,979.67	1,311	2,117.47	42,158	1,14,035.62
2022-23*	42,158	1,14,035.62	5,276	19,930.07	67	804.19	47,367	1,33,161.50

*UCs for GIA disbursed during 2022-23 become due only during 2023-24.

Year-wise break up of the number and amount of outstanding UCs, is given in **Table 4.4**.

Table 4.4: Year-wise break up of outstanding UCs

(₹ in crore)

Year of disbursement	Number of UCs	Amount
Up to 2013-14	4,926	3,854.86
2014-15	2,083	5,285.27
2015-16	8,585	9,055.83
2016-17	4,461	14,173.20
2017-18	3,723	18,396.33
2018-19	4,251	16,526.39
2019-20	4,420	18,128.69
2020-21	4,561	14,840.32
2021-22	5,148	13,774.73
2022-23*	5,209	19,125.88 [#]
Total	47,367	1,33,161.50

*UCs for GIA disbursed during 2022-23 become due only during 2023-24.

[#] This includes ₹ 11,552.10 crore transferred to SNAs through GIA bills during the year.

Non-receipt of UCs against the GIA bills indicates the failure of the departmental officers to comply with the rules and procedures to ensure timely submission of utilisation of the grants for the intended purpose. High pendency of UCs is fraught with the risk of misappropriation of funds and fraud. Reasons for non-submission of UCs were not provided by the departments.

4.5 Outstanding Utilisation Certificates against grants in Grant No.48

The JTC stipulates that departmental officers should obtain UCs from the grantees and, after verification, forward these to the Principal Accountant General (A&E), Jharkhand within 12 months from the date of withdrawal of grants.

The number and amount of outstanding UCs in Grant No 48- Urban Development and Housing Department (Urban Development Division), selected for budgetary process analysis, as on 31 March 2024, is shown in **Table 4.5**.

Table 4.5: Arrears in submission of Utilisation Certificates in Grant No. 48

(₹ in crore)

Head	Year of disbursement	Total grants released		UCs submitted		Due for submission	
		No.	Amount	No.	Amount	No.	Amount
2401	Up to 2020-21	104	340.35	06	1.13	98	339.22
	2021-22	51	544.43	00	0.00	51	544.43
	2022-23	45	16.84	00	0.00	45	16.84
Total		200	901.62	06	1.13	194	900.49

Source: Office of the PAG (A&E) Jharkhand

As can be seen from **Table 4.5**, UCs in respect of a huge amount of ₹ 900.49 crore had not been submitted by the Department in violation of the provision of the treasury code which lays down that UCs should be submitted within 12 months after drawal of the bill.

4.5.1 Utilisation Certificates for State share sent to Government of India and not to office of the Pr. Accountant General (A&E)

During test check of records of State Urban Development Agency (SUDA), it was noticed that grant of ₹ 372.41 crore was provided as State share for AMRUT projects during FYs 2019-20 to 2021-22. Utilisation Certificates of the said amount were sent to the Ministry of Housing and Urban Affairs, GoI, and were not submitted to the office of the PAG (A&E) Jharkhand. As such, these UCs remained outstanding in the records of PAG (A&E) Jharkhand.

4.5.2 Pending Utilisation Certificates of loan amount

As per provisions, UCs are required to be sent to the office of the PAG (A&E) through the Department after utilisation of the loan for the purposes for which it was sanctioned or given.

During test-check of records in the selected units, it was noticed that loans amounting to ₹ 94.24 crore were given to seven ULBs by the State Government, as detailed in **Table 4.6**.

Table 4.6: Details of loans against which UCs have not been submitted

(₹ in crore)

Sl. No.	FY	Ranchi Municipal Corporation	Dhanbad Municipal Corporation	Chirkunda Municipal Council, Dhanbad	Jugsalai Municipal Council, Jamshedpur	NAC, Jamshedpur (JSR)	Dumka Municipal Council	Basukinath Municipal Council	Total
1	2002-03	0.00	1.78	0.00	0.00	0.00	1.52	0.00	3.30
2	2003-04	0.00	0.98	0.00	0.00	1.65	0.33	2.21	5.17
3	2004-05	0.00	0.32	0.00	0.00	0.00	0.50	0.08	0.90
4	2005-06	0.00	1.20	0.54	0.00	0.00	1.70	0.14	3.58
5	2006-07	0.00	0.80	0.20	0.24	0.00	0.39	0.00	1.63
6	2007-08	4.31	2.08	0.11	0.00	1.39	0.58	0.59	9.06
7	2008-09	0.00	3.99	0.11	0.00	0.00	0.78	0.62	5.50
8	2009-10	6.66	2.99	0.05	0.00	0.85	0.00	0.37	10.92
9	2010-11	0.00	1.53	0.00	0.00	0.00	0.00	0.04	1.57
10	2011-12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11	2012-13	0.00	2.18	0.00	0.00	0.30	0.00	0.00	2.48
12	2013-14	0.00	1.31	0.00	0.00	0.20	0.00	0.00	1.51
13	2014-15	4.55	1.31	0.00	0.00	0.20	0.20	0.02	6.28
14	2015-16	0.00	0.00	0.00	0.00	0.36	0.00	0.00	0.36
15	2016-17	6.33	0.00	0.00	0.72	0.35	1.20	0.05	8.65
16	2017-18	6.14	2.23	0.00	0.00	0.00	0.00	0.06	8.43
17	2018-19	5.99	2.55	0.00	0.00	0.34	0.28	0.05	9.21
18	2019-20	6.17	2.14	0.00	0.79	0.42	0.19	0.05	9.76
19	2020-21	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
20	2021-22	3.58	1.79	0.00	0.22	0.30	0.00	0.04	5.93
Total		43.73	29.18	1.01	1.97	6.36	7.67	4.32	94.24

Source: Records maintained by the office of the PAG (A&E) Jharkhand

Neither the UCs against the loans nor the details of expenditure were provided to PAG (A&E) by the ULBs since 2002.

Pendency of UCs for such long periods is not only indicative of an ineffective internal control mechanism and poor monitoring by the Department but also entails risk of misutilisation of public money.

4.5.3 Submission of incorrect Utilisation Certificates

As per Rule 261 of JTC, Grants in aid, contribution *etc.*, sanctioned by the Government shall not be disbursed by the Treasury except under the authority of the competent sanctioning authority, who would issue the sanction order after and only after obtaining the UC of pending amount withdrawn in the year before the previous financial year from the drawing and disbursing officer.

During audit in the test-checked units of UDD, it was noticed that in five units out of GIA of ₹ 49.68 crore released during the years 2021-23 under different components, ₹ 10.87 crore was spent and the balance of ₹ 38.81 crore was parked in PL accounts. However, Utilisation Certificates for an amount of ₹ 49.56 crore, pertaining to the year 2021-23, were submitted to the Department despite the total expenditure of only ₹ 10.87 crore, as detailed in **Table 4.7**.

Table 4.7: Submission of UCs against unspent GIA

(₹ in crore)

Name of Units	Year	Grants released	Expenditure	Balance in PL Accounts	UCs submitted to the Department	Unspent amount against which UCs were submitted	Components under which grants were provided
NAC, Jamshedpur	2021-22	8.17	0.00	8.17	8.17	8.17	Transport/Road
	2022-23	8.17	0.00	8.17	8.17	8.17	Construction
Municipal Commissioner, Mango	2021-22	2.66	0.00	2.66	2.66	2.66	Transport/Road
	2022-23	2.66	1.65	1.01	2.66	1.01	Construction
Chirkunda Municipal Council, Dhanbad	2021-22	2.18	1.48	0.70	2.06	0.58	O & M, water supply <i>etc</i>
Dhanbad Municipal Corporation	2022-23	24.38	7.04	17.34	24.38	17.34	Nagrik Suvidha
Dumka Municipal Council	2022-23	1.46	0.70	0.76	1.46	0.76	Urban Transport
Total		49.68	10.87	38.81	49.56	38.69	

Submission of UCs without actual utilisation is not only indicative of an ineffective internal control mechanism and poor monitoring by the Department but also entails risk of misutilisation of public money.

4.6 Abstract Contingent bills

The Jharkhand Treasury Code (JTC), 2016, stipulates that when contingent charges are drawn as an advance from the Treasury on Abstract Contingent (AC) bills without supporting vouchers, the relevant Detailed Contingent (DC) bills, supported with sub-vouchers and countersigned by the Controlling Officer (CO), should be submitted to the Principal Accountant General (A&E), within six months from the date of drawal of the AC bill. Year-wise details of pending DC bills, as on 31 March 2024, are given in **Table 4.8**.

Table 4.8: Year-wise progress in submission of DC bills against the AC bills

(₹ in crore)

Year	Outstanding AC Bill		DC Bill submitted		Balance	
	Number	Amount	Number	Amount	Number	Amount
2000-2001	1,331	149.96	490	84.83	841	65.13
2001-2002	5,493	506.18	3,012	322.40	2,481	183.78
2002-2003	3,846	408.07	2,462	306.79	1,384	101.28
2003-2004	7,640	619.55	5,551	506.19	2,089	113.36
2004-2005	6,664	1,171.01	5,117	1,018.91	1,547	152.11
2005-2006	6,145	1,084.18	4,969	872.95	1,176	211.23
2006-2007	6,053	1,502.66	4,793	1,222.97	1,260	279.69
2007-2008	6,862	1,796.19	5,642	1,368.67	1,220	427.52
2008-2009	4,747	2,937.18	3,560	2,412.28	1,187	524.90
2009-2010	2,087	996.69	1,134	729.25	953	267.44
2010-2011	1,891	824.63	912	596.70	979	227.93
2011-2012	1,077	1,611.15	646	1,448.70	431	162.45
2012-2013	545	924.98	365	784.46	180	140.52
2013-2014	468	666.82	271	612.40	197	54.42
2014-2015	550	721.23	307	500.79	243	220.44
2015-2016	806	1,224.90	454	954.84	352	270.07
2016-2017	459	1,267.80	219	1,060.85	240	206.95
2017-2018	335	1,209.12	137	1,097.19	198	111.92
2018-2019	243	1,061.32	97	958.55	146	102.77
2019-2020	330	2,168.00	149	2,003.84	181	164.16
2020-2021	357	1,911.16	123	1,540.55	234	370.61
2021-2022	246	2,668.28	89	2,435.69	157	232.59
2022-2023	379	638.35	48	339.46	331	298.89
2023-2024*	7	3.68	3	2.12	4	1.56
Total	58,561	28,073.10	40,550	23,181.39	18,011	4,891.72

*AC bills drawn upto September 2023 has been taken into account.

Source: Records maintained by PAG (A&E) Jharkhand.

Eight departments of the State had drawn ₹ 26.22 crore on 30 Abstract Contingent (AC) bills, during the financial year 2023-24. Out of 30 AC bills, seven AC bills, amounting to ₹ 3.68 crore were drawn upto September 2023, for which the due date of submission was March 2024. Against these seven AC bills, only three DC bills, amounting to ₹ 2.12 crore, were submitted on time and four AC bills, amounting to ₹ 1.56 crore remained outstanding.

There is no assurance that the amount of ₹ 1.56 crore has actually been spent, during the financial year, for the purpose for which it was sanctioned/authorised by the Legislature. The expenditure, during the year, may also have been overstated to this extent.

Thus, 18,011 AC bills, amounting to ₹ 4,891.72 crore, drawn upto September 2023, were outstanding, as on 31 March 2024. Advances drawn and not accounted for increase the possibility of wastage/ misappropriation/ malfeasance *etc.*

Out of the total amount drawn in 2023-24, nine AC bills, amounting to ₹ 13.32 crore, were drawn in the month of March 2024. Drawal of funds, through AC bills, in March, indicates that these drawals were primarily to exhaust the budget and reveal inadequate budgetary control.

Departments with the maximum amount of pending DC bills, along with comparative details, are given in **Chart 4.2** and **Table 4.9**.

Chart 4.2: Pending DC Bills in respect of major departments

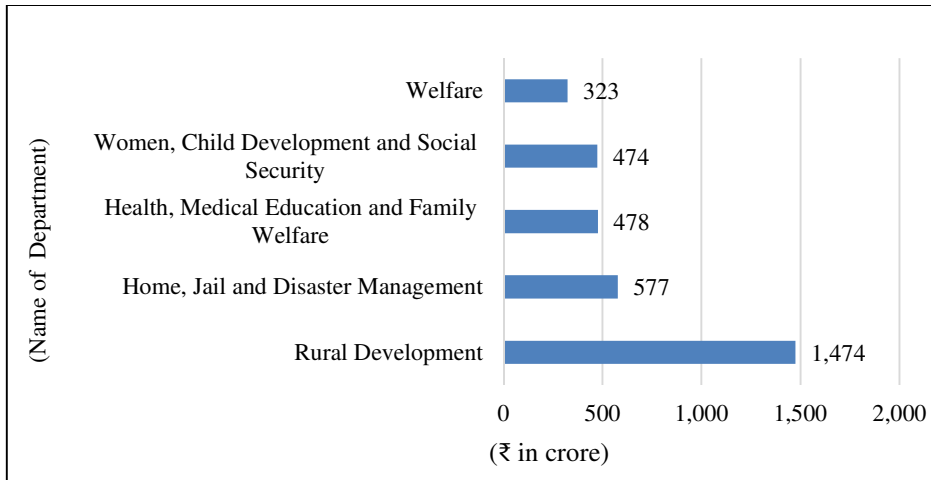


Table 4.9: Year-wise details of pending DC bills in five major departments

(₹ in crore)

Years	Department of Rural Development		Department of Home, Jail and Disaster Management		Department of Health, Medical Education and Family Welfare		Department of Women, Child Development and Social Security		Department of Welfare	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
2000-01	272	15.85	57	0.11	58	0.02	0	0.00	208	0.57
2001-02	297	29.43	205	4.64	438	11.68	352	12.66	567	81.54
2002-03	218	40.45	131	2.84	207	2.67	183	14.37	48	4.08
2003-04	206	38.90	215	8.28	63	5.07	657	26.12	218	13.61
2004-05	163	53.86	101	7.19	99	26.76	331	20.03	123	9.24
2005-06	101	51.14	136	3.42	100	20.12	197	51.04	110	30.68
2006-07	109	35.37	140	6.02	134	47.96	206	87.39	125	25.22
2007-08	184	33.97	90	2.64	106	115.56	189	64.46	102	67.49

Years	Department of Rural Development		Department of Home, Jail and Disaster Management		Department of Health, Medical Education and Family Welfare		Department of Women, Child Development and Social Security		Department of Welfare	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
2008-09	205	54.45	146	10.22	61	42.80	207	54.48	68	34.20
2009-10	183	53.11	140	22.75	49	64.02	295	45.53	19	3.37
2010-11	176	80.12	68	30.75	5	0.11	333	37.67	19	10.61
2011-12	96	63.63	32	7.88	13	0.42	38	3.18	29	4.69
2012-13	83	79.42	6	0.16	2	0.09	21	26.63	19	13.81
2013-14	106	29.08	6	0.56	16	11.89	10	0.18	13	1.53
2014-15	136	117.19	13	33.77	6	2.28	7	0.09	20	3.04
2015-16	192	152.94	28	30.99	12	16.57	10	23.64	23	17.85
2016-17	107	37.49	20	29.12	8	3.01	0	0.00	3	0.10
2017-18	111	33.93	23	29.70	3	2.09	0	0.00	0	0.00
2018-19	110	25.15	7	40.80	3	4.44	1	0.45	1	1.09
2019-20	112	38.36	47	98.27	0	0.00	0	0.00	0	0.00
2020-21	196	52.54	15	169.65	2	79.32	1	0.15	0	0.00
2021-22	127	99.07	1	0.00	15	7.34	2	5.74	0	0.00
2022-23	304	258.04	3	33.08	17	3.71	0	0.00	0	0.00
2023-24	0	0.00	4	4.38	16	10.35	0	0.00	0	0.00
Total	3,794	1,473.51	1,634	577.22	1,433	478.29	3,040	473.79	1,715	322.70

As can be seen from **Table 4.9**, AC bills drawn since 2000-01 are pending clearance. This is a serious irregularity and misutilisation and misuse of Government money cannot be ruled out.

4.7 Non-Submission of DC Bills

As per Rules 186 and 187 of JTC, DC bills, supported with sub-vouchers and countersigned by the Controlling Officers, are required to be submitted to the PAG (A&E) within six months from the date of drawal of the AC Bill. No AC Bill shall be cashed after the end of this period unless detailed bill has been submitted.

As per data provided by office of the PAG (A&E), 109 AC bills amounting to ₹ 45.09 crore were drawn upto 2021-22 under the Major Heads 4217, 2251, 2217 and 2215 in Grant No.48-Urban Development Department (Urban Development Division). Out of this, 47 DC bills pertaining to an amount of ₹ 6.03 crore were submitted and 62 AC bills pertaining to an amount of ₹ 39.06 crore were outstanding as of 31 March 2024. Details are given in **Table 4.10**.

Table 4.10: Non-submission of DC bills

(₹ in lakh)

Major Head	Year	Details of AC Bills		DC Bills Submitted		Outstanding DC Bills	
		No. of AC Bills	Amount	No. of DC Bills	Amount	No. of DC Bills	Amount
4217	Up to 2021-22	19	2,880.04	02	35.97	17	2,844.06
	2022-23	00	0.00	00	0.00	00	0.00
	2023-24	00	0.00	00	0.00	00	0.00
2251	Up to 2021-22	29	7.89	17	5.79	12	2.10
	2022-23	00	0.00	00	0.00	00	0.00
	2023-24	00	0.00	00	0.00	00	0.00
2217	Up to 2021-22	58	1,620.86	26	561.41	32	1,059.45
	2022-23	00	0.00	00	0.00	00	0.00
	2023-24	00	0.00	00	0.00	00	0.00
2215	Up to 2021-22	03	0.41	02	0.34	01	0.07
	2022-23	00	0.00	00	0.00	00	0.00
	2023-24	00	0.00	00	0.00	00	0.00
Total		109	4,509.20	47	603.51	62	3,905.68

Source: Records maintained by PAG (A&E), Jharkhand.

4.8 Deposits of Local Funds

As per Rule 174 of the JTC, money should not be withdrawn from the Treasury, unless it is required for immediate payment.

Review of the Finance Accounts and Voucher Level Computerisation (VLC) data, related to the transactions in the minor heads under the Major Head of Account 8448-Deposits of Local Funds, for the year 2023-24, revealed that there were 209 Accounts, operated by various agencies of the State Government, as of 31 March 2024. Year-wise details of balances are given in **Table 4.11**.

Table 4.11: Year-wise breakup of deposits of local Funds

(₹ in crore)

Year	Opening balance	Receipts	Disbursement	Closing Balance
2019-20	14,347.24	10,447.62	11,088.27	13,706.59
2020-21	13,706.59	12,279.45	9,683.19	16,302.85
2021-22	16,302.85	10,246.04	11,022.02	15,526.87
2022-23	15,526.87	17,023.16	14,162.63	18,387.40
2023-24	18,387.40	25,731.65	23149.71	20,969.34

Source: Finance Accounts of respective years

It can be seen from **Table 4.11** that expenditure was less than receipts in the Accounts during the period 2019-24 except in 2019-20 and 2021-22, leading to an increase in the closing balances during these years.

During 2023-24, disbursements were less than receipts by ₹ 2,581.94 crore leading to significant increase in the balance at the end of the year. As of 31 March 2024, a huge amount of ₹ 20,969.34 crore remained outside the budgetary control of the Government.

4.9 Personal Deposit Accounts

Rules 328 to 330 of the JTC provide that Personal Deposit Accounts (PDA) may be used only for special cases by a Government servant, where public interest requires a speed of expenditure which is not possible through the normal treasury procedure. No PDAs are to be opened at the Treasury, without the concurrence of the Finance Department and authorisation by the Accountant General. The Finance Department is to specify a period in its authorisation letter for which an account is to be operational. On expiry of such period, the treasury officer is to close the account, without the prior permission of the Finance Department, as well as the Accountant General. The balance outstanding at the time of closure is to be deposited in the Treasury, by the Treasury Officer, in the respective head, under intimation to the account holder *i.e.* the Administrator of the Account, the Finance Department, as well as the Accountant General.

The Finance Department directed the treasury officers of all the districts to open PD accounts in the name of District Land Acquisition Officers in December 2019. Accordingly, 24 PD accounts were opened, to deposit the land acquisition compensation funds. All these accounts were operational in 2023-24 and an amount of ₹ 1,187.22 crore was added to the opening balance of ₹ 2,368.79 crore during the year. Out of the total deposits in these PD accounts, ₹ 346.31 crore was disbursed during the year, leaving a balance of ₹ 3,209.70 crore, at the end of the financial year.

4.10 Indiscriminate use 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. Routine operation of Minor Head 800 is to be discouraged since it renders the accounts opaque.

Out of the total receipts of ₹ 87,928.50 crore under 47 Major Heads, ₹ 2,324.60 crore (2.90 *per cent*) was booked under the Minor Head “800-Other Receipts”. Further, as shown in **Table 4.12**, during 2023-24, in 14 major heads, 52 *per cent* and above receipts, amounting to ₹ 1,092.01 crore, was booked under ‘800’ against the total receipts of ₹ 1,112.37 crore under these heads.

Table 4.12: Significant receipts booked under Minor Head 800 – ‘Other Receipts’ during the financial year

(₹ in crore)

Sl. No.	Major Head	Description	Total Receipts	Booked in ‘800’	Per cent of total Receipts
1	0059	Public Works	18.52	18.52	100
2	0070	Other Administrative Service	186.10	179.09	96
3	0071	Contribution and recoveries towards pension and other retirement benefits	3.53	3.44	97
4	0075	Miscellaneous General Services	412.71	412.65	100
5	0210	Medical and Public Health	9.75	5.06	52
6	0215	Water Supply and Sanitation	14.28	14.21	100
7	0235	Social Security and Welfare	79.49	79.49	100
8	0401	Crop Husbandry	7.40	5.52	75
9	0700	Major Irrigation	125.08	125.08	100
10	0701	Medium Irrigation	70.44	70.19	100
11	0702	Minor Irrigation	6.21	6.21	100
12	0801	Power	7.19	7.19	100
13	1054	Roads and Bridges	58.22	51.88	89
14	1456	Civil Supplies	113.48	113.48	100
Total			1,112.40	1,092.01	98

4.11 Outstanding balance under major Suspense and Debt, Deposits and Remittance heads

Suspense heads are operated when transactions of receipts and payments 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 the amounts under them are booked to their respective final heads of accounts. Suspense balances remaining uncleared at the end of the year adversely affect the accurate reflection of the Government’s receipt and expenditure of the year. The position of Suspense balances and Remittances balances of the State, are indicated in **Table 4.13** and **Table 4.14**, respectively.

Table 4.13: Position of balances under Suspense Head - 8658

(₹ in crore)

Name of the Minor Head	2021-22		2022-23		2023-24	
	Debit	Credit	Debit	Credit	Debit	Credit
101- Pay and Accounts Office Suspense	557.75	557.26	694.40	696.42	160.69	195.24
Net	Dr. 0.49		Cr. 2.02		Cr. 34.55	
102 - Suspense Account (Civil)	93.21	122.57	174.66	181.52	81.55	98.07
Net	Cr. 29.36		Cr. 6.86		Cr. 16.52	

Table 4.14: Position of balances under Remittances Head - 8782

(₹ in crore)

	2021-22		2022-23		2023-24	
	Debit	Credit	Debit	Credit	Debit	Credit
102 - P.W. Remittances	62,735.61	62,817.53	71,182.33	71,254.68	11,927.47	11,996.20
Net	Cr. 81.92		Cr. 72.35		Cr. 68.73	
103 - Forest Remittances	3,035.51	3,078.97	4,024.04	4,039.04	1,225.23	1,209.85
Net	Cr. 43.46		Cr. 15.01		Dr. 15.38	

Source: Finance Accounts of Government of Jharkhand

The implications of the balances under these heads are stated below:

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

Outstanding debit balances under this head represent payments cleared by the PAG (A&E), Jharkhand, on behalf of PAOs of Central Government departments, which are yet to be recovered. Outstanding credit balances represent payments made by PAOs on behalf of the State Government, which the PAG (A&E) is yet to adjust. It was noticed that the net balance increased from credit balance of ₹ 2.02 crore in 2022-23 to credit balance of ₹ 34.55 crore in 2023-24. On settlement of the net credit balance under this head (₹ 34.55 crore), the cash balance of the State Government will decrease to that extent.

• **Suspense Accounts (Civil)**

The Suspense Account minor head is used for booking of receipts (credit) and expenditure incurred (debit), which are to be cleared on receipt of supporting documents by the PAG (A&E). Clearance of these items have no impact on cash balance. The net balance under this suspense head increased from credit of ₹ 6.86 crore during 2022-23 to credit of ₹ 16.52 crore in 2023-24.

Scrutiny of Cash Remittances and adjustments between officers rendering accounts to the same accounts' officers revealed that a credit balance of ₹ 53.36 crore was in transit at the end of March 2024.

4.12 Reconciliation of Departmental figures

To enable Controlling Officers of the Departments to exercise effective control over expenditure to keep it within the budget grants and to ensure accuracy of their accounts, the State Financial Rules stipulate that 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 Principal Accountant General (A&E).

Rule 134 of the Budget Manual requires that the Controlling Officer should arrange to reconcile departmental accounts with the books of the PAG (A&E) on a monthly basis to avoid misclassification of expenditure and receipts.

Every year, the PAG (Accounts & Entitlements) reiterates to the Budget Controlling Officers, the requirements of the Jharkhand Budget Manual to reconcile their monthly and quarterly figures of receipts and expenditure with the books of the PAG (A&E).

After regular reporting of non-reconciliation of receipts and disbursements of the State with the books of the PAG (A&E), a change was noticed where 100 *per cent* of the total receipts and total expenditure of the State was reconciled by the departmental officers with the books of the PAG (A&E).

4.13 Reconciliation of Cash Balances

There should be no difference between the Cash Balance of the State as per the books of Accounts of the PAG (A&E), and the Cash Balance as reported by the Reserve Bank of India.

There was a difference of ₹ 40.50 crore (net credit) between the figures reflected in the accounts {₹ 86.66 crore (credit)} and that intimated by the RBI {(₹ 46.16 crore (debit))} during the year 2023-24. The difference has been taken up by the PAG (A&E), Jharkhand, with RBI, Ranchi, for reconciliation and necessary correction.

4.14 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, prescribe the form of accounts of the Union and of the States. Further, the CAG of India has set up a Government Accounting Standards Advisory Board (GASAB) in 2002, for formulating standards for Government accounting and financial reporting, to enhance accountability mechanisms. On the advice of the CAG of India, the President of India has so far notified three Indian Government Accounting Standards (IGAS).

Table 4.15: Compliance to Accounting Standards

Sl. No.	Accounting Standards	Essence of IGAS	Compliance by State Government	Impact of deficiency
1.	IGAS-1: Guarantees given by the Government – Disclosure requirements	The objective of this Standard is to set out disclosure norms in respect of Guarantees given by the Union, the State Governments and Union Territory Governments (with legislature), in their respective Financial Statements, to ensure uniform and complete disclosure of such Guarantees.	Complied (Statements 9 and 20 of Finance Accounts)	No deficiency
2.	IGAS-2: Accounting and Classification of Grants-in-aid	This Standard is 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. This Standard aims to prescribe appropriate principles of accounting and classification of Grants-in-aid by way of appropriate disclosures in the Financial Statements of Government.	Partially complied (Statement 10 of Finance Accounts)	GIA was booked under capital section.
3.	IGAS-3: Loans and Advances made by Government	This Standard aims to lay down the norms for Recognition, Measurement, Valuation and Reporting of Loans and Advances made by the Union and the State Governments in their respective Financial Statements to ensure complete, accurate, and uniform accounting practices, and to ensure adequate disclosure on Loans and Advances made by the Governments consistent with best international practices.	Partially complied (Statement 7 and 18 of Finance Accounts). Disclosure regarding cases of loans sanctioned as loan in perpetuity and extraordinary transactions was not provided.	Exact amount of overdue loans and the time by which loans are to paid could not be ascertained.

4.15 Submission of Accounts/SARs of Autonomous Bodies

As per Section 19(3) of the CAG's DPC Act, the Governor/ Administrator may, in the public interest, request the CAG to audit the accounts of a corporation established by law made by the legislature of the State or of the Union Territory, as the case may be, and where such request has been made, the CAG shall audit

the accounts of such corporation and shall have, for the purposes of such audit, right of access to the books and accounts of such corporation.

Save as otherwise provided in Section 19, where the audit of the accounts of any authority or body has not been entrusted to the CAG by or under any law made by Parliament, he shall, if requested to do so by the President, or the Governor of a State or the Administrator of a Union Territory having a Legislative Assembly, as the case may be, undertake the audit of the accounts of such body or authority on such terms and conditions as may be agreed upon between him and the concerned Government and shall have, for the purposes of such audit, right of access to the books and accounts of that body or authority (Section 20).

Arrears of accounts of bodies or authorities

Details related to submission, number of accounts due for submission and status of audit regarding 11 reported Autonomous Bodies in the State, auditable under Sections 19 & 20 of the C&AG's (DPC) Act, 1971, are given in **Table 4.16**.

Table 4.16: Details of submission of accounts and status of audit of autonomous bodies

Sl. No.	Name of Bodies/ Authority	Accounts submitted upto	No. of accounts pending upto F.Y. 2023-24	SAR issued upto	Placement of SAR in the Legislature	Comments
1	Jharkhand State Legal Services Authority (JHALSA)	2022-23	1	2022-23	Not intimated	Annual Accounts of 2023-24 are awaited.
2	Jharkhand State Electricity Regularity Commission (JSERC)	2011-12	12	2011-12	03.03.2014	Audit of accounts has been stopped due to non-finalisation of Fund Rules and Format of Accounts.
3	State Highway Authority of Jharkhand (SHAJ)	2022-23	1	2020-21	Not intimated	After entrustment, audit has been completed and SAR for the period 2011-12 to 2020-21 has been issued on 26 November 2021.
4	Rajendra Institute of Medical Sciences (RIMS)	2002-03 to 2009-10	14	2002-03 to 2009-10	Not intimated	Entrustment for 2010-11 has not been provided.
5	National University of Study and Research in Law (NUSRL), Ranchi	2016-17	7	SAR of accounts for the period 2010-11 to 2016-17 is under process.		
6	Birsa Agriculture University	2006-07 to 2010-11	18	2005-06	Not intimated	Audit not started due to non-submission of balance sheet
7	Jharkhand Housing Board, Ranchi	No account submitted	23	Neither entrustment nor accounts have been received till date.		
8	Compensatory Afforestation Management and Planning Authority	2022-23	1	SAR not issued as revised financial statements have not been submitted.		
9	Jharkhand Renewable Energy Development Agency	No account submitted	8	Neither entrustment nor accounts have been received till date.		
10	Ranchi Institute of Neuro-Psychiatry & Allied Sciences (RINPAS), Ranchi	No account submitted	Neither entrustment nor accounts have been received till date.			
11	Baba Baidhyanath Dham-Basukinath Shrine Area Development Authority	No account submitted	Entrustment has been accorded on 29.11.2022 for five accounting years. Accounts awaited.			

Source: Records maintained in the office of PAG (Audit) Jharkhand

Departmental Commercial Undertakings/Corporations/Companies

The Companies Act, 2013, stipulates that the financial statements of the companies for every financial year are required to be finalised within six months of the end of the relevant financial year i.e., by 30 September of the next financial year. Failure to submit accounts on time, renders the officers of the company liable to penal provisions under the Act.

Table 4.17 below provides the details of progress made by the PSUs in finalisation of accounts as of 31 October 2024.

Table 4.17: Position relating to finalisation of accounts of working and inactive PSUs as of 31 October 2024

Sl. No.	Particular	Working	In active	Total
1	Number of PSUs	29	3	32
2	Number of PSUs having accounts in arrears	27	3	30
3	Number of accounts in arrears	105	2	107
4 (a)	Number of PSUs with arrears of more than five years	06	00	06
4(b)	Number of accounts in arrear in the above PSUs	51	00	51
5(a)	Number of PSUs with arrears between three to five years	09	00	09
5(b)	Number of accounts in arrears in the above PSUs	39	00	39
6(a)	Number of PSUs with arrears between one to two years	15	00	15
6(b)	Number of accounts in arrears in the above PSUs	17	00	17
7	Extent of arrear (in years)	1 to 14	1	1 to 14

Source: Data compiled from the information furnished by the companies

4.16 Non-submission of details of grants / loans given to bodies and authorities

Bodies and authorities that are substantially financed by way of loans or grants from the Consolidated Fund, or those that receive such loans or grants for specific purposes are audited by the CAG. As on date, there are 84 such reported bodies and authorities in the State.

Scrutiny revealed that out of 84 bodies/authorities, no body/authority had submitted their latest accounts, as of November 2024, whereas eight² bodies/authorities have not been audited since inception and 25 are newly created. Audit of 51 bodies and authorities has been completed, as detailed in **Appendix 4.1**.

Further, under Sections 14 and 15 of the CAG's (Duties, Powers and Conditions of Service) Act, 1971 the Government / HODs are required to furnish to Audit:

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

² (i) Jharkhand State Hindu Religion Trust Council (ii) Government Press (iii) Forest Development Authority (iv) Sports Authority of Jharkhand (v) Football Stadium Morabadi (vi) Jharkhand Kala Mandir, Hotwar (vii) Chhau Nritya Kala Kendra, Saraikela and (viii) Manbhoom Chhau Nritya Kala Kendra.

However, no department of the State had furnished any such data to the PAG (Audit) as of November 2024.

4.17 Misappropriations, losses, thefts, etc.

Rule 31 of the Jharkhand Financial Rules, provides that loss of public money, Government revenue, stores or other property, by defalcation or otherwise, should be immediately reported by the office to the higher authority, Finance Department as well as to the PAG (A&E), Jharkhand, even when such loss has been made good by the party responsible for it. Such reports must be submitted as soon as a suspicion arises that there has been a loss and must not be delayed while enquiries are made. PAG (A&E) has informed that no information in this regard has been reported to the A&E office by the State Government.

4.18 Follow-up action on the State Finances Audit Report

In every State, the PAC/Finance Department requires the line Departments to provide a *suo moto* 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 Principal Accountant General (for vetting and onward transmission to the PAC) within three months of tabling the Reports.

Excess expenditure over provisions amounting to ₹ 8,120.12 crore (relating to previous years) reported in paragraph 2.4.4 of Audit Report on State Finances for the year 2011-12 was regularised by the State Legislature (13.01.2014) on the recommendations of the Public Accounts Committee (PAC). Thereafter, excess expenditure over provisions has not been regularised, as no recommendation has been made by the PAC. Paragraph 2.3.5 of SFAR 2018-19 and paragraph 3.3.8.1 of SFAR 2019-20, relating to regularisation of excess expenditure, was discussed in PAC on 02.08.2022.

4.19 Conclusion

As on 31 March 2024, 47,367 Utilisation Certificates for an amount of ₹ 1,33,161.50 crore, were outstanding for submission to the Principal Accountant General (A&E).


As of 31 March 2024, DC bills, against 18,011 AC bills amounting to ₹ 4,891.72 crore, were outstanding for submission to the Principal Accountant General (A&E).

4.20 Recommendations

- *The Finance Department may take steps for ensuring that outstanding UCs are submitted within a prescribed time frame. The administrative departments releasing the grants may be held responsible for collection of UCs pending beyond the time stipulated in the grant orders. The Finance Department may also ensure that no further grants are released to the defaulting grantees. Government may initiate appropriate action against officers who have defaulted in submission of UCs in time.*


- *The Finance Department may take steps to ensure that all controlling officers adjust, in a time-bound manner, all AC bills pending beyond the prescribed period, and also ensure that AC bills are not drawn merely to avoid lapse of budget.*

Ranchi
The 08 April 2025


(INDU AGRAWAL)
Principal Accountant General (Audit)
Jharkhand

Countersigned

New Delhi
The 15 April 2025


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

