

## CHAPTER IV

# 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 State Government. Compliance with the financial rules, procedures and directives, as well as the timeliness and quality of reporting on the status of such compliances is thus one of the attributes of good governance. The reports on compliance and controls, if effective and operational, assist the State Government to meet its basic stewardship responsibilities, including strategic planning and decision making.

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 during the year 2023-24.

### 4.1 Delay in submission of Utilisation Certificates

Rule 238(1) read with Rule 235 of the General Financial Rules (GFR)<sup>24</sup>, 2017 as adopted by Government of Manipur, provides that Utilisation Certificates (UCs) in respect of non-recurring Grants-in-Aid received by the grantee should be submitted to the Grantor within 12 months of the closure of the financial year by the institution or organisation concerned in Form GFR 12-A.

UCs may not be required for the following categories of recurring grants:-

- i. Grants-in-Aid to Local Bodies/Government Aided Schools for salary and wages.
- ii. Salaries and wages to PSUs, temporary grants to Govt. Aided Schools for observing national holidays/annual functions, *etc.*
- iii. Grantee institutions, whose audited financial statements are available as per provision under Rule 230 of General Financial Rules-2017, wherever it is applicable in the State.

It was noticed that 6,599 UCs aggregating to ₹ 15,086.85 crore in respect of grants were in arrears as on 31 March 2024 in respect of 33 departments. During the year 2023-24, ₹ 1,532.27 crore pertaining to 504 outstanding UCs for the period up to 2022-23 was cleared. However, it was also noticed that in the sanction orders, the grants were not segregated into recurring and non-recurring grants and therefore, the outstanding UCs of 6,599 may also include those in respect of grants for which UCs were not required. The Department-wise break-up of outstanding UCs is given in **Appendix 4.1** and the year-wise break-up of outstanding UCs is shown in **Table 4.1**.

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<sup>24</sup> Also, as per Rule 212 (1) and Rule 210 of GFR 2005.

\* CAG Headquarters' letter No. 1032/GA-225/2022 dated 27.07.2023

**Table 4.1: Age-wise arrears in submission of Utilisation Certificates**

(₹ in crore)

Year	Opening Balance		Addition		Clearance		Due for submission	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Up to 2020-21	4,151	8,812.04	1,650	3,747.10	939	1,020.86	4,862	11,538.28
2021-22	4,862	11,538.28	1,338	2,905.62	858	1,772.65	5,342	12,671.25
2022-23*	5,342	12,671.25	1,508	2,635.16	251	219.56	6,599	15,086.85

Source: O/o the Principal Accountant General (A&E), Manipur.

\*except sanction orders state otherwise, Utilisation Certificates for grants disbursed during 2022-23 become due during 2023-24.

**Table 4.2: Year wise break up of outstanding UCs**

(₹ in crore)

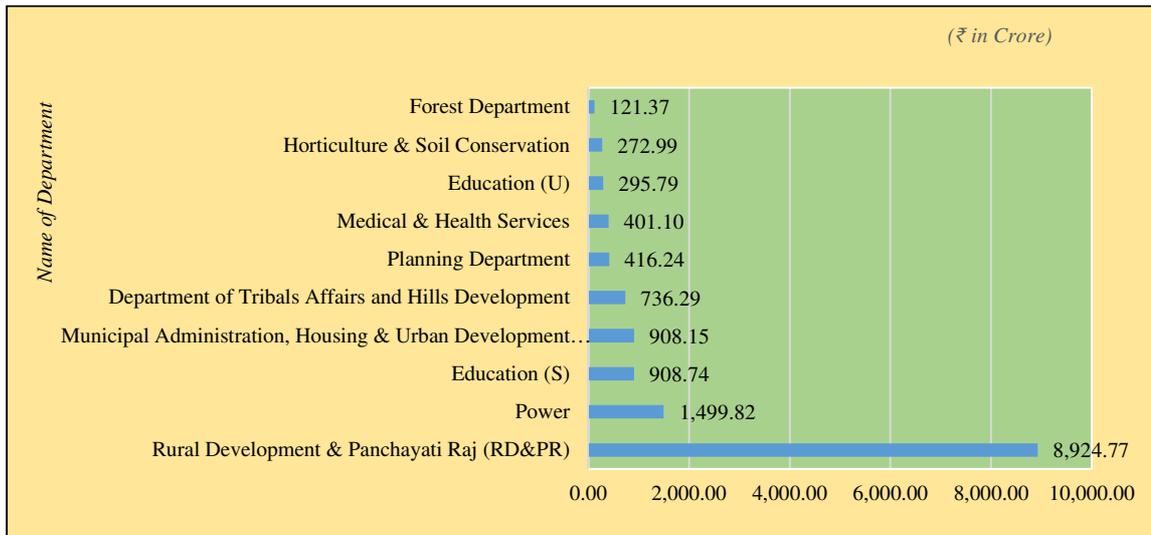
Sl. No.	Year	Number of UCs	Amount
1	2003-04	19	3.61
2	2004-05	10	1.87
3	2005-06	29	3.21
4	2006-07	27	4.07
5	2007-08	61	4.97
6	2008-09	74	14.01
7	2009-10	36	4.29
8	2010-11	152	79.57
9	2011-12	147	111.67
10	2012-13	345	208.89
11	2013-14	342	171.89
12	2014-15	355	786.24
13	2015-16	387	1,075.25
14	2016-17	484	1,354.73
15	2017-18	616	1,618.08
16	2018-19	465	1,544.26
17	2019-20	602	1,825.43
18	2020-21	711	2,726.24
19	2021-22	480	1,132.97
20	2022-23	1,257	2,415.60
<b>Total</b>		<b>6,599</b>	<b>15,086.85</b>

Source: O/o the Principal Accountant General (A&E), Manipur.

It can be seen from the above table that 6,599 UCs involving an amount of ₹ 15,086.85 crore were awaited as on 31 March 2024 with the oldest UCs pertaining to the year 2003-04. It was also observed that 1,242 UCs (18.82 per cent) amounting to ₹ 608.05 crore (4.03 per cent) of the UCs were outstanding for 10 years or more.

Outstanding UCs (due for submission up to the year 2023-24) in respect of ten major departments are shown in **Chart 4.1**.

**Chart 4.1: UCs outstanding in respect of major Departments as on 31 March 2024**



Source: O/o the Principal Accountant General (A&E), Manipur.

It can be seen from **Chart 4.1** that these ten departments together accounted for 5,325 UCs (80.69 per cent), involving an amount of ₹ 14,485.26 crore (96.01 per cent). The same ten departments have been the major department having outstanding UCs for the year 2022-23 too.

In absence of UCs, there is no assurance that the funds were utilised for the purpose for which they were sanctioned and that the intended objectives of providing these funds have been achieved. Since non-submission of UCs is fraught with the risk of misappropriation of funds and fraud, it is imperative that the State Government should monitor this aspect closely and hold the concerned persons accountable for submission of UCs in a timely manner.

During Exit Conference (April 2025), Finance Department stated that pending UCs are mainly related to CSS and were submitted to the Government of India, however, submission to and reconciliation with Pr.AG (A&E), Manipur was pending. The reply of the Department is not acceptable as UCs have been pending since 2003-04 from 38 departments against the Rules *ibid*.

## 4.2 Abstract Contingent bills

Abstract Contingent (AC) bills are used for drawing advances with specific sanction for departmental purposes. As per the Central Treasury Rules<sup>25</sup>, as adopted by Government of Manipur, AC bills must be regularised by submitting Detailed Countersigned Contingent (DCC) bills containing details and supporting records for the actual expenditure incurred. An AC bill should not be encashed without a certificate to the effect that DCC bills in respect of the earlier AC bills drawn more than a month before the date of that AC bill, have been submitted to the Controlling Officer.

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

<sup>25</sup> Rule 308, Rule 309 and Note under Rule 312.

emergent circumstances, Drawing and Disbursing Officers (DDOs) are authorized to draw sums of money through Abstract Contingent (AC) bills. In terms of the Central Treasury Rules, (as adopted by the Government of Manipur), DDOs are required to present Detailed Countersigned Contingent (DCC) bills containing vouchers in support of final expenditure. Delayed submission or prolonged non submission of supporting DCC bills renders expenditure through AC bills opaque.

Department-wise position of outstanding DCC bills is shown at **Appendix 4.2**. The year-wise position of AC bills, DCC adjusted amount and outstanding DCC bills is shown in **Table 4.3**.

**Table 4.3: Year-wise progress in submission of DCC bills against AC bills**

(₹ in crore)

Year	Opening Balance		Addition		Clearance		Closing Balance	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Up to 2021-22	1,032	1,937.56	233	1,195.77	32	182.05	1,233	2,951.28
2022-23	1,233	2,951.28	470	2,419.29	58	112.98	1,645	5,257.59
2023-24	1,645	5,257.59	296	2,196.83	24	74.58	1,917	7,379.84

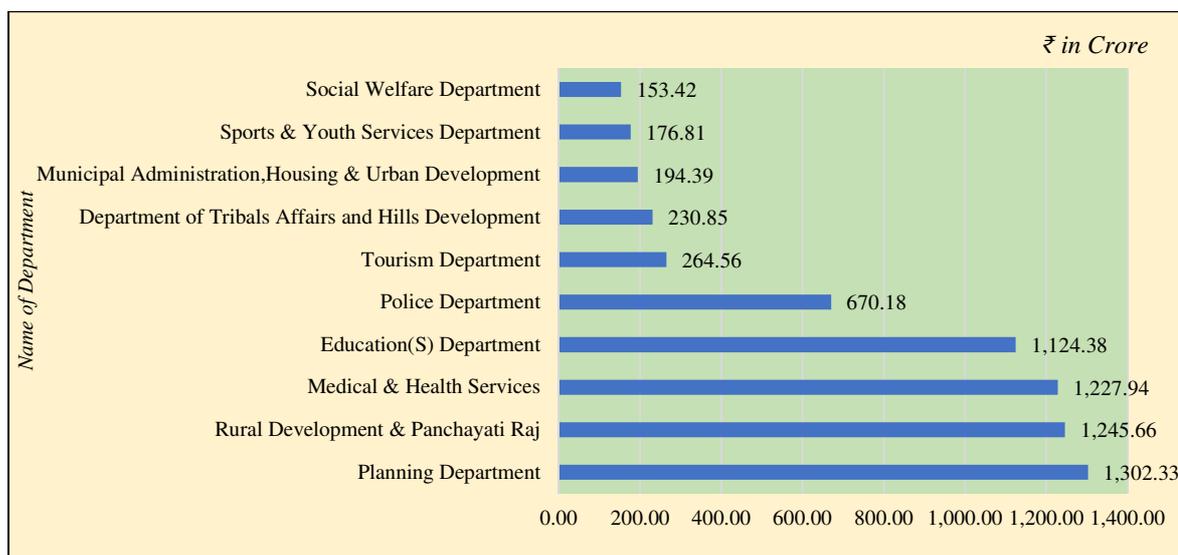
Source: VLC data of the O/o the PAG (A&E) Manipur.

It can be seen from the table above that a total of 1,917 DCC bills in respect of 50 Departments amounting to ₹ 7,379.84 crore were outstanding as on 31 March 2024. Out of ₹ 2,196.83 crore drawn against 296 AC bills during 2023-24, 120 AC bills amounting to ₹ 784.94 crore were drawn in March 2024 alone, out of which, 29 AC bills amounting to ₹96.78 crore (13.32 per cent) were drawn on the last day of the financial year. DCC bills against 51 AC bills amounting to 110.80 crore was cleared during 2023-24 which includes 24 AC bills amounting to ₹ 74.58 crore up to the period of 2022-23.

Non-submission of DCC within prescribed time breaches financial discipline and entails risks of misappropriation of public money and unhealthy practices.

Pendency of DCC Bills in respect of ten Major defaulting departments is shown in **Chart 4.2**.

**Chart 4.2: Pending DCC bill in respect of major Departments as on 31 March 2024**



Source: O/o the Principal Accountant General (A&E), Manipur.

The same ten departments have been the major departments having pending DCC bill for the year 2022-23 too.

During Exit Conference (April 2025), Special Secretary, Finance Department stated that AC bills were drawn mainly for CSS and once the pendency of UCs are settled, the issue of AC bills will be taken up- subsequently. The reply of the Department is not acceptable as AC bills were pending since 2003-04.

### 4.3 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 is to be discouraged, since it renders the accounts opaque.

During the year 2023-24, out of the total Revenue receipts of ₹ 14,706.17 crore, receipts of ₹ 89.90 crore under 22 Major Heads of accounts on the receipts side, constituting 0.61 *per cent* of the total Revenue receipts, were recorded under the Minor Head 800 - ‘Other Receipts’ below the concerned Major Heads. Similarly, out of the Revenue and Capital expenditure of ₹ 16,570.34 crore, the State Government booked expenditure of ₹ 2,166.87 crore under 58 Major Heads of accounts constituting 13.08 *per cent* of the total expenditure (Revenue and Capital), under the Minor Head 800 - ‘Other Expenditure’ below the concerned Major Heads.

In the case of receipts, cases where over 50 *per cent* of receipts and also more than ₹ one crore classified under Minor Head 800 – ‘Other Receipts’ are given in the table below:

**Table 4.4: Significant receipts booked under Minor Head 800 – Other Receipts during 2023-24**

(₹ in crore)

Major Head	Description	Receipts under Minor Head 800	Total Receipts	Per cent
0049	Interest Receipt	2.98	5.20	57.31
0059	Public Works	1.64	1.64	100.00
0075	Miscellaneous General Services	81.57	82.58	98.78
0210	Medical and Public Health	1.36	2.31	58.87

Source: Office of the Principal Accountant General (A&E).

Instances of substantial proportion (50 *per cent* or more) of the expenditure within a given Major Head, classified under the Minor Head 800 – ‘Other Expenditure’, are shown in **Table 4.5**.

**Table 4.5: Significant expenditure booked under Minor Head 800 – Other Expenditure during 2023-24**

(₹ in crore)

Major Head	Description	Expenditure under Minor Head 800	Total Expenditure	Per cent
2013	Council of Ministers	5.72	10.03	57.03
2217	Urban Development	97.47	109.36	89.13
2250	Other Social Services	0.03	0.03	100.00
2501	Special Programmes for Rural Development	38.45	41.03	93.71
2515	Other Rural Development Programme	120.25	216.10	55.65
2575	Other Special Area Programmes	8.07	10.91	73.97
2801	Power	419.42	423.18	99.11
2810	Non-Conventional Sources of Energy	1.86	1.86	100.00
3435	Ecology and Environment	16.56	21.02	78.78
3452	Tourism	6.13	8.94	68.57
4055	Capital Outlay on Police	106.60	111.19	95.87
4070	Capital Outlay on Other Administrative Services	2.00	2.00	100.00

Major Head	Description	Expenditure under Minor Head 800	Total Expenditure	Per cent
4210	Capital Outlay on Medical and Public Health	8.26	8.66	95.38
4225	Capital Outlay on Welfare of Scheduled Castes, Scheduled Tribes, OBC & Minorities	29.71	29.71	100.00
4235	Capital Outlay on Social Security and Welfare	16.73	16.73	100.00
4403	Capital Outlay on Animal Husbandry	0.19	0.19	100.00
4405	Capital Outlay on Fisheries	0.1	0.10	100.00
4406	Capital Outlay on Forestry and Wildlife	0.56	0.56	100.00
4552	Capital Outlay on North-Eastern Areas	1.08	1.08	100.00
4575	Capital Outlay on other Special Areas Programmes	326.55	326.55	100.00
4700	Capital Outlay on Major Irrigation	70.48	70.48	100.00
5425	Capital Outlay on Other Scientific and Environmental Research	25.75	31.52	81.69
<b>Total</b>		<b>1,301.97</b>	<b>1,441.23</b>	<b>90.34</b>

Source: Office of the Principal Accountant General (A&E).

Classification of large amount under omnibus minor head 800 effects transparency and nature of transactions.

Test check of vouchers/challans revealed that no booking was made during the year under 800 – Other Expenditure/Receipts for which relevant Minor Head was available.

#### 4.4 Personal Deposit Account

The State Government is authorised to open Personal Deposit (PD) accounts to deposit funds required for specific purpose by transfer of funds from consolidated fund or by transfer of funds from sources other than from the consolidated fund. Personal Deposits are maintained in the nature of a bank account in the treasury. Balances in the PD accounts do not lapse to Government even if outstanding for more than three complete account years as per Rule 192 of Receipts and Payment Rule, 1983.

During the year 2023-24, the State Government did not open any new PD account. However, no amount was deposited in either of the two PD accounts. During 2023-24, a negligible amount of ₹ 5,568.00 was transferred to the PD Account of Planning and Development Authority which entails the risk of misuse of public fund, fraud and misappropriation. Thus, these accounts need to be reviewed and balance should be credited to Government accounts.

During Exit Conference (April 2025), Finance Department stated that the balances lying in the PD Account was due to court case and attempts will be made to close the PD Accounts after settlement of court case.

#### 4.5 Non-submission/pendency of Annual Accounts by Autonomous Bodies/ Authorities

There are six Autonomous District Councils (ADCs) in Manipur and two Autonomous Bodies viz. Manipur State Legal Services Authority (MASLSA) and State Compensatory Afforestation Fund Management and Planning Authority (CAMPA). These Autonomous Bodies/ Authorities are audited by the Comptroller & Auditor General of India under Sections 14 and 19(3) of the Duties, Powers and Conditions of Service (DPC) Act, 1971. Further, the State Government also entrusted audit of ADCs to C&AG of India under Section 19(3) of the Duties, Powers and Conditions of Service (DPC) Act, 1971. The

approved and authenticated Annual Accounts of these Bodies are to be submitted by 30 June of the succeeding year to the Principal Accountant General (Audit) for audit. There were 19 Annual Accounts in respect of eight Autonomous Bodies/Authorities which had not been received (August 2024) for 2019-20 to 2023-24 as shown in the table below.

**Table 4.6: Autonomous Bodies/Authorities for which Accounts had not been received as of August 2024**

Sl. No.	Name of Body or Authority	Accounts pending since	No. of Accounts pending up to financial year 2023-24
1.	ADC, Chandel	2022-23 & 2023-24	2
2.	ADC, Churachandpur	2022-23 & 2023-24	2
3.	ADC, Sadar Hills, Kangpokpi	2022-23 & 2023-24	2
4.	ADC, Senapati	2022-23 & 2023-24	2
5.	ADC, Tamenglong	2022-23 & 2023-24	2
6.	ADC, Ukhrul	2022-23 & 2023-24	2
7.	MASLSA	2022-23 & 2023-24	2
8.	State CAMPA	2019-20 & 2023-24	5
<b>Total</b>			<b>19</b>

The delays in finalisation of accounts carry risk of financial irregularities remaining undetected, apart from violation of the provision of the respective legislations under which the Bodies were constituted.

During Exit Conference (April 2025), Finance Department stated that the matter has been communicated to the Bodies/Authorities.

#### 4.6 Delays in placement of Separate Audit Reports of Autonomous Bodies before the Assembly

In Manipur, six Autonomous District Councils (ADCs) and two Autonomous Bodies *viz.* Manipur State Legal Services Authority (MASLSA) and State Compensatory Afforestation Fund Management & Planning Authority (CAMPA) are audited by the Comptroller & Auditor General of India with regard to the verification of their transactions, operational activities and accounts, conducting regulatory compliance audit of the transactions scrutinised in audit, review of systems and procedures, *etc.* The status of rendering of accounts to audit, issuance of Separate Audit Report (SAR) and its placement in the Legislature as on 31 March 2024 are indicated in **Table 4.7**.

**Table 4.7: Position of placement of SARs of State Autonomous Bodies as on 31 March 2024**

Name of Autonomous Body *	Year up-to which accounts were rendered	Position of SAR placed in the State Legislature				Position of SARs issued but not placed	
		Year of SAR	Date of issue	Date of placement of SAR	Delay in placement of SAR	SARs issued	Date of issue
MASLSA	2022-23	2004-05	06.11.2013	Information on the date of placement of SAR in the State Legislature was sought to MASLSA vide audit requisition no. 3 dated 15.05.2024. Accordingly, MASLSA had also pursued the same to Commissioner of Law Department. However, replies not received.	-	-	-
		2005-06	19.11.2013		-	-	-
		2006-07	26.11.2013		-	-	-
		2007-08	02.12.2013		-	-	-
		2008-09	02.12.2013		-	-	-
		2009-10	06.12.2013		-	-	-
		2010-11	06.12.2013		-	-	-
		2011-12	06.10.2016		-	-	-
		2012-13	06.10.2016		-	-	-
		2013-14	23.10.2019		19.12.2019	-	2018-19
2014-15	23.10.2019	19.12.2019	-	2019-20	21.05.2024		

Name of Autonomous Body *	Year up-to which accounts were rendered	Position of SAR placed in the State Legislature				Position of SARs issued but not placed	
		Year of SAR	Date of issue	Date of placement of SAR	Delay in placement of SAR	SARs issued	Date of issue
		2015-16	23.10.2019	19.12.2019	-	2020-21	21.05.2024
		2016-17	23.10.2019	19.12.2019	-	2021-22	24.06.2024
		2017-18	04.12.2019	19.12.2019-	-	-	-
ADC Kangpokpi	-	-	-	-	-	-	-
ADC Senapati	-	-	-	-	-	-	-
ADC Ukhul	-	-	-	-	-	-	-
ADC Chandel	-	-	-	-	-	-	-
ADC Tamenglong	-	-	-	-	-	-	-
ADC Churachandpur	-	-	-	-	-	-	-
State CAMPA	2018-19	-	-	-	-	2015-16	28.05.19
		-	-	-	-	2016-17	10.02.20
		-	-	-	-	2017-18	10.02.20

\* Government of Manipur formally accepted the terms and conditions of Entrustment of Audit of Autonomous District Council (ADCs) to the Comptroller & Auditor General of India on 5<sup>th</sup> April 2022. Therefore, the audit of ADCs has to be commenced from the year 2022-23 onwards. However, out of the 6 ADCs, Annual Accounts pertaining to only two ADCs viz. Tamenglong and Kangpokpi districts respectively submitted their accounts without preparing in the prescribed format. Thus, this office issued letter to the ADCs on 14 March 2024, for submission of the approved Annual Accounts (2022-23) by preparing in the prescribed format of Accounts.

#### 4.7 Interest liability towards interest bearing deposits

State Government has liability to provide and pay interest on the previous year's balance amounts in the Interest bearing Deposits. As on 01 April 2023, there was an opening balance of ₹ 2.36 crore and ₹ 191.93 crore under the Major Heads 8336-800 Other Deposits and 8342-117 Defined Contribution Pension Scheme for Government Employees respectively as shown in **Table 4.8**.

**Table 4.8: Non discharge of interest liability towards interest bearing deposits**

(₹ in crore)

Sl. No.	Name of the Interest bearing deposit	Balance as on 31 March 2022	Basis for calculation of interest	Amount of Interest not provisioned
1	MH-8121-122-State Disaster Response Fund (SDRF)	62.62	8.50 per cent: This should be as per the rate notified by the State or SDRF guidelines. At present, this is taken 2% above the average WMAs	5.32
2	MH-8121-129-State Compensatory Afforestation Fund (SCAF)	250.65	As per circulars issued by the Ministry of Environment, Forest & Climate Change which is 3.35 per cent for 2023-24	8.40
	MH-8121-130 State Disaster Mitigation Fund (SDMF)	2.50	Same as for SDRF	0.21
3	MH-8336-800 Other Deposits	2.36	Interest calculated at the rate on Ways and Means Advance (2.35 per cent).	0.06
4	MH-8342-117 Defined Contribution Pension Scheme for Government Employees	191.93	Interest calculated as per the rate of interest notified by the Government, in the absence of interest payable to General Provident Fund (7.10 per cent).	13.63
<b>Total</b>				<b>27.62</b>

Source: Statement 21 of Finance Accounts & Notes to Accounts

However, the State Government did not provide budget provision for the interest payable of ₹ 27.62 crore on the balance of the Interest bearing Deposits during the year 2023-24.

Non-discharge of interest liability towards interest bearing deposits by the State Government only defers and accumulates its future liability and would further impact fiscal health of the State in the future.

During Exit Conference (April 2025), Finance Department stated that the Budget provision to discharge the interest liability will be made in 2025-26 budget.

#### 4.8 Funds directly transferred to the Implementing Agencies in the State

As per Government of India (GoI) decision dated 08 July 2015, all assistance to the Centrally Sponsored Schemes (CSS) and Additional Central Assistance (ACA) under various schemes would be released to the State Government and not directly to the Implementing Agencies in the State<sup>26</sup>.

The Government of India, Ministry of Finance, Department of Expenditure, New Delhi vide Office Memorandum No. 1(13)/PFMS/FCD/2020 dated 8 December 2021 provided that every State Government is required to designate a Single Nodal Agency (SNA) for implementing each Centrally Sponsored Scheme (CSS). The Single Nodal Agency will open Single Nodal Account for each CSS at the State level in a Scheduled Commercial Bank authorised to conduct business by the State Government. Further, as per the new procedure, it is the responsibility of State Government concerned to ensure that the entire unspent amount is returned by all the Implementing Agencies (IAs) to the SNA Account.

However, as per Public Financial Management System (PFMS) portal of the Controller General of Accounts, the Government of India transferred funds directly to Implementing Agencies in the State in violation of the above GoI decision for implementation of various schemes/programme pertaining to the Social and Economic sectors. Thus, these funds were neither routed through the State Budget/ State Treasury system nor reflected in the Finance Accounts of the State.

During the year 2023-24, Central funds of ₹ 174.42<sup>27</sup> crore were transferred directly to the Implementing Agencies in the State which is in violation of the above mentioned SNA procedure. There was a decrease of 76.73 *per cent* over the previous year 2022-23 (₹ 749.45 crore).

The programme assisted by GoI where funds were transferred directly to the Implementing Agencies are captured in **Appendix 4.3**. Four Agencies received ₹ 116.39 crore (66.73 *per cent*) out of the total funds of ₹ 174.42 crore for implementation of major schemes during 2023-24 as shown in **Table 4.9**.

<sup>26</sup> State Implementing Agencies include any organisation/institution including Non-Governmental organisations, which are authorised by the State Government to receive funds from the GoI for implementing specific programmes in the State.

<sup>27</sup> Centrally Sponsored Schemes: ₹ 49.18 crore *plus* Central Sector Schemes: ₹ 125.24 crore.

**Table 4.9: Funds transferred by GoI directly to State Implementing Agencies**

(₹ in crore)

Sl. No.	Name of the Programme/ Scheme	Name of implementing Agency	Amount
1.	Ayushman Bharat-Pradhan Mantri Jan Arogya (PMJAY)	State Health Agency, Manipur	29.17
2.	Pradhan Mantri Kisan Samman Nidhi (PM-Kisan)	Dept. of Agriculture, Manipur	29.12
3.	National AIDS and STD Control Programme	Manipur State AIDS Control Society	30.05
4.	Krishionnati Yojana	Manipur Organic Mission Agency (MOMA)	28.05
<b>Total</b>			<b>116.39</b>

Source: Appendix VI of Finance Accounts Vol-II.

As the funds of ₹ 174.42 crore were directly transferred to the implementing agencies without routing through the State budget, the funds were not reflected in the Annual Accounts of the State.

## 4.9 Suspense and Remittance Balances

Suspense heads are operated in Government accounts to reflect transactions that cannot be booked initially to their final Head of Account due to lack of information such as non-furnishing of Schedule of Settlement by the Treasuries/PAOs, non-receipt of clearance memos from RBI, non-receipt of vouchers *etc.* These are finally cleared by *minus* debit or *minus* credit when the amount is taken to its final Head of Account. If the amounts under suspense heads remain unadjusted, the balances under these heads get accumulated resulting in understatement of Government's receipts and payments.

Remittances embrace all transactions which are adjusting Heads of Account and the debits or credits under these heads are eventually cleared by corresponding credit or debit within the same or in another circle of accounting. 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. Clearance of suspense and remittance items depends on the details furnished by the State Treasuries/Works and Forest Divisions, *etc.* The position of net figures under major suspense and remittance heads for the last three years from 2021-22 to 2023-24 is given in the table below:

**Table 4.10: Statement showing balances under Suspense Heads during 2021-22 to 2023-24**

(₹ in crore)

Minor Head	2021-22		2022-23		2023-24	
	Dr.	Cr.	Dr.	Cr.		
<b>Major Head 8658 - Suspense</b>						
101 - PAO suspense	127.41	1.21	134.62	1.75	142.36	1.84
<b>Net</b>	<b>Dr. 126.20</b>		<b>Dr. 132.87</b>		<b>Dr. 140.52</b>	
102 - Suspense Account-Civil	145.41	0.00	132.22	0.00	153.54	4.91
<b>Net</b>	<b>Dr. 145.51</b>		<b>Dr. 132.22</b>		<b>Dr. 148.63</b>	
107 - Cash Settlement Suspense Account	47.19	0.00	47.19	0.00	47.19	0.00
<b>Net</b>	<b>Dr. 47.19</b>		<b>Dr. 47.19</b>		<b>Dr. 47.19</b>	
110 - Reserve Bank Suspense - CAO	5.98	25.22	9.81	28.08	22.12	29.55
<b>Net</b>	<b>Cr. 19.24</b>		<b>Cr. 18.27</b>		<b>Cr. 7.43</b>	
111 - Departmental Adjusting Account	3.90	0.00	3.90	0.00	3.90	0.00
<b>Net</b>	<b>Dr. 3.90</b>		<b>Dr. 3.90</b>		<b>Dr. 3.90</b>	
112 - Tax Deducted at Source (TDC) Suspense	0.00	82.45	0.00	94.32	0.00	88.15
<b>Net</b>		<b>Cr. 82.45</b>		<b>Cr. 94.32</b>		<b>Cr. 88.15</b>

Minor Head	2021-22		2022-23		2023-24	
123 - A.I.S. Officers' Group Insurance Scheme	0.00	3.14	0.00	3.08	0.00	3.04
<b>Net</b>	<b>Cr. 3.14</b>		<b>Cr. 3.08</b>		<b>Cr. 3.04</b>	
129 – Material Purchase Settlement Suspense Account	0.00	3.17	0.00	3.17	0.00	3.17
<b>Net</b>	<b>Cr. 3.17</b>		<b>Cr. 3.17</b>		<b>Cr. 3.17</b>	
<b>Major Head 8782 - Cash Remittances</b>						
102 - P.W. Remittances	727.26	0.00	847.14	0.00	823.87	0.00
<b>Net</b>	<b>Dr. 727.26</b>		<b>Dr. 847.14</b>		<b>Dr. 823.87</b>	
103 - Forest Remittances	0.00	13.93	0.00	9.30	0.00	10.00
<b>Net</b>	<b>Cr. 13.93</b>		<b>Cr. 9.30</b>		<b>Cr. 10.00</b>	
105 – R.B.I. Remittances	0.00	17.66	0.00	17.66	0.00	17.66
<b>Net</b>	<b>Cr. 17.66</b>		<b>Cr. 17.66</b>		<b>Cr. 17.66</b>	

Source: Finance Accounts.

#### 4.10 Non-reconciliation of Department figures

To enable Controlling Officers of the Departments to exercise effective control over their expenditures, to keep it within the budget grants and to ensure accuracy of their accounts, expenditures recorded in their books should be monthly reconciled<sup>28</sup> during the financial year with that recorded in the books of the Office of the Principal Accountant General (A&E), Manipur.

There are 81 Controlling Officers (COs) in the State. Out of 81 COs, during the year 2023-24, the receipts and expenditure recorded with 44 COs were reconciled with the Principal Accountant General (A&E). The details of status of reconciliation are shown in **Table 4.11**.

**Table 4.11: Details of status of reconciliation**

(₹ in crore)

	Totally Reconciled		Partially Reconciled		Not Reconciled*	
	No. of COs	Amount	No. of COs	Amount	No. of COs	Amount
Receipt	44	124.66	05	23,123.56	32	49.48
Expenditure	44	11,202.89	05	7,029.47	32	2,380.80

\* partially not reconciled + not fully reconciled

Source: O/o the Principal Accountant General (A&E), Manipur.

During the year 2023-24, receipts amounting to ₹ 23,248.22 crore (95.03 per cent of total receipts) and expenditure amounting to ₹18,232.36 crore (73.59 per cent of total expenditure) were reconciled by the State Government.

In comparison, receipts amounting to ₹25,329.73 crore (93.78 per cent of total receipts) and expenditure amounting to ₹18,816.74 crore (69.55 per cent of total expenditure) were reconciled by the State Government during 2022-23 i.e. the previous year. During 2023-24, the reconciliation of receipts and expenditure figures with Principal Accountant General (A&E) was more than that in the previous year in terms of percentage.

Audit noticed that out of 81 Controlling Officers (COs), 5 COs reconciled partially and 32 COs did not reconcile their receipt and expenditure figures amounting to ₹ 1,214.88 crore (4.97 per cent of total receipts of ₹ 24,463.10 crore) and ₹ 6,541.71 crore (26.41 per cent of total disbursement out of Consolidated Fund of ₹ 24,774.07 crore) respectively during 2023-24. Details of COs who have not reconciled their accounts are given at

<sup>28</sup> As per Rule 57(5) of General Financial Rules, 2017.

**Appendix 4.4.** Non-reconciliation of receipts and expenditure figure effects the accuracy and completeness of accounts.

#### 4.11 Reconciliation of Cash Balance

There should be no difference between the Cash Balance of the State as per the books of Accounts of the Accountant General (A&E), and the Cash Balance as reported by the Reserve Bank of India (RBI). Cash balance as on 31 March 2024 as per Accountant General's records was ₹ 490.95 crore (Credit) and that reported by RBI was ₹ 0.66 crore (Debit). There was a net difference of ₹ 490.29 crore (Credit), mainly due to pending reconciliation between the Treasury and Agency Banks. The difference is under reconciliation (March 2024).

#### 4.12 Compliance with Indian Government Accounting Standards

As per Article 150 of the Constitution of India, the President may, on the advice of the C&AG, prescribe the form of accounts of the States. Further, the C&AG 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 C&AG, the President has so far notified three Indian Government Accounting Standards (IGAS). Compliance to the above Accounting Standards for the year 2023-24 is given in the table below:

**Table 4.12: Compliance to Accounting Standards**

Accounting Standards	Essence of IGAS	Compliance by State Government	Impact of deficiency
<b>IGAS-1:</b> <i>Guarantees given by the Government-Disclosure requirements</i>	This standard requires the government to disclose the maximum amount of guarantees given during the year in its financial statements along with additions, deletions, invoked, discharged and outstanding at the end of the year to ensure uniform and complete disclosure of such Guarantees.	Partly complied	While the State Government complied with the format prescribed by the Standard, the details required to disclose in the notes to the financial statement are not complete.
<b>IGAS-2:</b> <i>Accounting and Classification of Grants-in-Aid</i>	Grants-in-Aid are to be classified and accounted for as revenue expenditure in the accounts of the grantor and as revenue receipts in the accounts of the grantee, irrespective of the end use.	Partly complied	While the State Government complied with the format prescribed by the Standard, the information regarding details of Grants-in-Aid in kind have not been provided to Principal Accountant General.
<b>IGAS-3:</b> <i>Loans and Advances made by Government</i>	This standard relates to recognition, measurement, valuation and reporting in respect of Loans and Advances made by the State Government in its Financial Statements to ensure complete, accurate and uniform accounting practices.	Partly complied	While the State Government complied with the format prescribed by the Standard, the information in this regard is incomplete, since the details of amount of interest in arrears in respect of loans and advances have not been provided to Principal Accountant General.

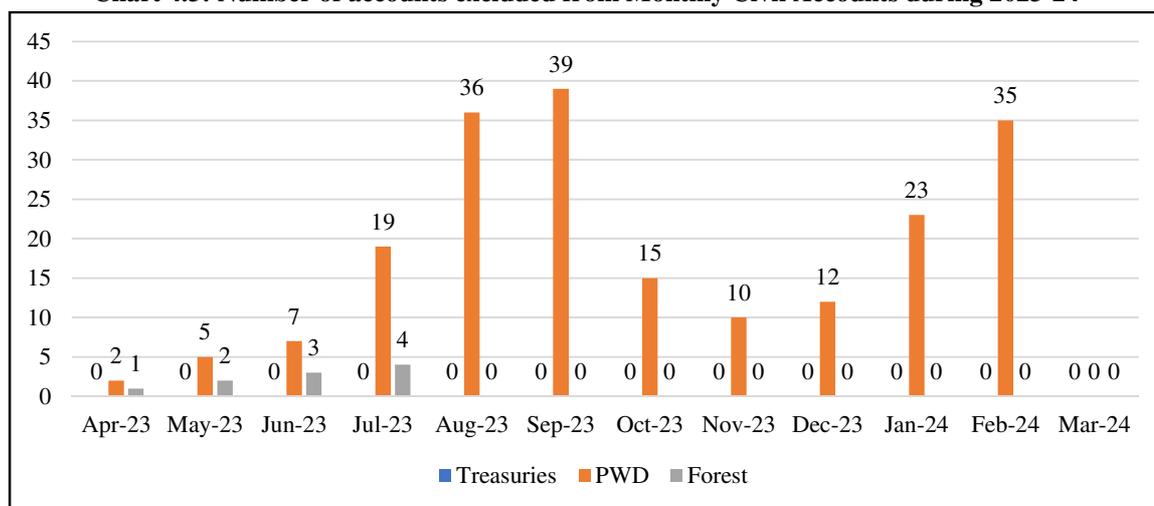
Source: IGAS-1, 2, 3 and Finance Accounts, 2023-24.

### 4.13 Timeliness and Quality of Accounts

The accounts of the State Government are compiled by the Principal Accountant General (A&E) from the initial accounts rendered by 12 Treasuries, 58 Public Works Divisions (33 Building and Roads, 25 Public Health Engineering), 33 Forest Divisions, 26 Irrigation/Water Resources Divisions, 06 Pay and Accounts Offices and Advices of the Reserve Bank of India.

Due to failure of the account rendering units to furnish accounts in time (except treasuries), some accounts were excluded from the Monthly Civil Accounts by the Principal Accountant General (A&E) as per the details given below:

**Chart 4.3: Number of accounts excluded from Monthly Civil Accounts during 2023-24**



Source: O/o the Principal Accountant General (A&E), Manipur.

As per Article 230 of the Account Code Vol. III, the Treasury Offices are required to submit the Monthly Account of a particular month by the 10<sup>th</sup> of the following month to the Accountant General. The delays in rendition of monthly divisional accounts of Public Health Engineering Department one day to 263 days, Water Resources Department one day to 338 days, Forest Department one day to 217 days, Minor Irrigation Department ranged from one day to 125 days and PWD ranged from one day to 111 days during the year 2023-24. Due to exclusion of accounts, the Monthly Civil Accounts of the State could not depict the actual expenditure and receipt of the respective month and thus remained incomplete. Moreover, the monthly appropriation accounts of the State could not reflect the actual expenditure incurred up to the relevant month to enable effective budgetary control by various Controlling Officers (COs).

The State Government needs to put in place monitoring mechanism to ensure timely submission of initial accounts by all the account rendering authorities to the Accountant General (A&E) within the prescribed target date, to ensure timely and complete depiction of actual expenditure on a monthly basis so that meaningful monitoring of expenditure *vis-à-vis* the budgetary provisions can be exercised by the COs.

During Exit Conference (April 2025), Finance Department stated that the Department is working with the State Department to simplify the procedure to submit the monthly civil accounts in time.

#### 4.14 Follow up on State Finances Audit Report

As per Article 151 (2) of the Constitution of India, the State Finance Audit Reports (SFARs) of the Comptroller & Auditor General of India are submitted to the Governor of the State for placing the Reports before the State Legislative Assembly. Audit Reports placed before the Legislative Assembly stand referred to the Public Accounts Committee (PAC) of the State. The details of placing of Audit Reports of the last five years (2018-19 to 2022-23) to the Legislative Assembly and their discussions by the PAC are shown in **Table 4.13**.

**Table 4.13: Details of discussion of State Finances Audit Report (SFAR) by PAC**

Year of SFAR	Date of placing SFAR to the Legislative Assembly	Date of discussion of SFAR by PAC (Date of placing recommendation of PAC)	Gist of Recommendation	Action taken notes	Remarks
2018-19	05.02.2021	Suo-moto examination made by PAC independently	Recommended for regularization of excess expenditure	Action Taken	Excess expenditure of ₹ 1,729.49 crore over the budget provision was regularized by State Government
2019-20	25.03.2022	<i>Yet to be discussed by PAC</i>			
2020-21	22.02.2023				
2021-22	29.02.2024				
2022-23	12.08.2024				

Source: Recommendation Report of PAC.

Details of discussions are shown in **Appendix 4.5**.

#### 4.15 Conclusion

Utilisation Certificates (UCs) in respect of 6,599 cases aggregating ₹ 15,086.85 crore which were due as on 31 March 2024 were not submitted to the Accountant General. Non-submission of UCs is fraught with the misappropriation of funds and fraud.

As on 31 March 2024, a total of 1,917 Detailed Countersigned Contingent (DCC) bills against the Abstract Contingent (AC) bills in respect of 50 Departments amounting to ₹ 7,379.84 crore were outstanding. Non-submission of DCC bills increases the possibility of wastage/Misappropriation /malfeasance, etc.

The State Government classified ₹ 89.90 crore as Receipts under Minor Head 800– Other Receipts constituting 0.61 *per cent* of the Total Revenue Receipts. Similarly, the State booked expenditure of ₹ 2,166.87 crore under Minor Head 800–Other Expenditure constituting 13.08 *per cent* of total expenditure during 2023-24.

As on August 2024, 19 Annual Accounts pertaining to the period 2019-20 to 2023-24 in respect of six Autonomous District Councils (ADCs) and Manipur State Legal Services Authority (MASLSA) and State Compensatory Afforestation Fund Management and Planning Authority (CAMPA) had not been received.

During the year 2023-24, 95.03 *per cent* of total receipts and 73.59 *per cent* of total expenditure were reconciled by the State Government.

The State Government did not provide budget provision for the interest payable of ₹ 27.62 crore on the balance of the Interest bearing Deposits during the year 2023-24.

As against the requirements of the Indian Government Accounting Standards (IGAS), the State Government made partial compliance with IGAS-1, 2 and 3.

During the financial year 2023-24, there were delays in rendition of monthly accounts ranging from one day to 338 days.

#### 4.16 Recommendations

*The State Government may*

- *draw up an action plan for monitoring and ensuring submission of all pending Utilisation Certificates (UCs). Release of subsequent grants should be linked with submission of outstanding UCs.*
- *ensure timely submission of Detailed Countersigned Contingent (DCC) Bills.*
- *ensure to expedite the process of compilation and submission of annual accounts by autonomous bodies/authorities in order to assess their financial position. They may review giving of further financial assistance to persistent defaulters in preparation of Accounts.*
- *direct the Controlling Officers to carry out timely reconciliation of their expenditure figures with the books of the Accountant General (A&E) in the interest of financial discipline.*



(STEPHEN HONGRAY)

Principal Accountant General (Audit), Manipur

**Imphal**

**Dated: 16 May 2025**

**Countersigned**



(K. SANJAY MURTHY)

Comptroller and Auditor General of India

**New Delhi**

**Dated: 20 May 2025**