Chapter 3

Financial Reporting Practices

Chapter 3: Financial Reporting Practices

This chapter provides broad based perspective on 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 Off budget borrowings through State owned PSUs/Authorities

The Haryana Fiscal Responsibility and Budget Management (FRBM) Act, 2005 outlined that the State Government shall take suitable measures to ensure greater transparency in its fiscal operations in public interest by disclosing the actual liabilities arising out of Off Budget Borrowings by PSUs, Special Purpose Vehicles and other equivalent instruments where liability for repayment is on the State Government allocations. Further, the 'Medium Term Fiscal Restructuring Policy (MTFRP) Statement' laid before the Legislature along with Budget documents shall contain the three years rolling targets with respect to Revenue Deficit, Fiscal Deficit and total outstanding debt[1] of the State Government.

For the year 2024-25, debt stock was targeted as 26.15 *per cent* of GSDP under MTFRP and under FRBM Act. Besides, the GoI had fixed borrowing ceiling of ₹ 35,985 crore (three *per cent* of GSDP) for the State during 2024-25.

Audit observed that Haryana Police Housing Corporation Limited (HPHCL) raised two loans of ₹ 550 crore (October 2015) and ₹ 300 crore (January 2011) from Housing and Urban Development Corporation Limited (HUDCO). The sanctions for Loan Guarantees were issued by Home Department with concurrence of Finance Department, Government of Haryana. As per conditions of the sanctions, the repayment of Principal as well as Interest will be made as per loan agreement. According to these conditions, State Government will make annual allocation of funds in the Budget to the tune earmarked in Loan Agreement along with interest for making repayment to

1 As defined in the State FRBM Act, total outstanding debt of the State includes Internal Debt, Loans and Advances from GoI, Small Savings, Provident Funds, etc., Reserve funds and Deposits.

HUDCO. Accordingly, the Finance Department stands committed to providing required funds to HPHCL for the repayment of both the principal and interest. Thus, these were in the nature of Off Budget borrowings.

Moreover, as per sanctions issued by Home Department, the amount released towards the repayment of principal and interest of loans were shown as Grants-in-Aid in the Budget and Accounts in contravention of Haryana FRBM Act, 2005. The State Government's liability for repayment of loan (₹ 845.35 crore) transacted by Haryana Police Housing Corporation Limited was not reflected as debt of the Government of Haryana in the accounts. Loan amount of ₹ 146.53 crore was outstanding in books of accounts of HPHCL towards HUDCO as on 31 March 2025. Not reflecting the loans in Finance Accounts resulted in understatement of borrowing to that extent.

State Government did not provide the details of off budget borrowings in its budget document. Further, as per information furnished by the State Government as on 31 March 2025, the outstanding off budget borrowing was ₹ 146.53 crore which included borrowings of ₹ NIL crore borrowed during 2024-25 as detailed in ***Table 3.1***.

Table 3.1: Details of off-budget borrowings as on 31 March 2025

(₹ in crore)

Entities borrowed on behalf of Government	Loan Sanctioned	Loan disbursed	Purpose of loan	Outstanding loan as on 31 March 2025
Haryana Police Housing Corporation	550.00	545.35	Financial assistance for construction of 3060 number Police Staff Quarters at various places in Haryana	146.53

Source: Budget Documents/information provided by the State Finance Department

These borrowings were serviced from the budget of the State Government. Out of ₹ 545.35 crore of off budget borrowings, borrowings of ₹ 398.82 crore were repaid by respective PSU through financial assistance of the State Government. This included repayment of off-budget borrowings of ₹ 55 crore and interest of ₹ 14.91 crore during 2024-25 as detailed in ***Table 3.2***.

Table 3.2: Details of assistance for payment of interest and repayment of principal during 2024-25

Sl. No.	Name of the Entities	Assistance for payment towards interest amount	Assistance for re-payment towards principal amount
		(₹ in crore)	
1	Haryana Police Housing Corporation	14.91	55.00
Total		**14.91**	**55.00**

Source: Information provided by the respective entities

3.2 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.

3.2.1 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 ₹ 1.89 crore was required to be paid as interest on the balance of ₹ 26.59 crore lying under interest bearing Deposits/Reserve Funds as on 1 April 2024 as shown in ***Table 3.3***. Non-payment of interest liability has resulted in understatement of Revenue Deficit to that extent.

Table 3.3: 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.	Defined Contribution Pension Scheme for Government employees	26.59	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*).	1.89
Total		**26.59**		**1.89**

Source: Finance Accounts 2024-25

3.2.2 Short contribution in National Pension System

The State Government implemented the Defined Contribution Pension Scheme (DCPS) under the National Pension System (NPS) for employees appointed on or after 1 January 2006, with a 10 *per cent* monthly contribution by employee and 14 *per cent* contribution by employer. The entire amount has to be transferred to the designated fund manager through the National Securities Depository Limited (NSDL)/Trustee Bank.

In 2024-25, ₹ 1,339.41 crore (employee share) and ₹ 1,865.42 crore (employer share) were booked, but against a Public Account balance of ₹ 3,204.83 crore, only ₹ 3,164.16 crore was transferred to NSDL/Trustee Bank, leaving ₹ 67.26 crore (including ₹ 26.59 crore of previous year) un-transferred. This led to a short transfer of ₹ 40.67 crore in the employer's share, understating the fiscal and revenue deficit. There was also less contribution of ₹ 9.75 crore[2] by the State Government.

Between 2008–25, total receipts under DCPS were ₹ 18,102.27 crore[3] (employee: ₹ 8,559.40 crore, employer: ₹ 9,542.85 crore), while only ₹ 18,035.01 crore was transferred to the pension fund, resulting in a cumulative short transfer of ₹ 67.26 crore. The details of the receipts from employees' share, Government's contribution, interest accrued thereon and investment in pension fund are given in ***Appendix 3.1***. Additionally, due to delays in contributions and fund transfers, the State Government incurred avoidable interest of ₹ 15.55 crore, adversely affecting employee returns and creating a deferred liability.

3.2.3 National Mineral Exploration Trust Fund

The National Mineral Exploration Trust (NMET) was established in August 2015 under Section 9C of the Mines and Mineral (Development & Regulation) Act, 1957. As per Section 9C (4) of this Act, holder of a mining lease or a mineral concession are required to contribute two *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'.

During the year 2024-25, the State Government collected ₹ 728.91 crore under Major Head 0853-102-Major Mineral concessions, fees, rents and royalties; two *per cent* for NMET being ₹ 14.58 crore. The Government neither deposited any amount under Major Head 8449-Other Deposits-123-National Mineral Exploration Trust Deposits nor transferred any amount to the National Mineral Exploration Trust. The State Government informed that there are no major minerals in the State. However, the classification is incorrect to the extent that the receipts related to Minor Minerals are being accounted under Minor Head - 102 Major Mineral Concession Fees, Rents and Royalties. Further four major mineral[4] have been notified for the State (since 20 February 2025).

2 Due ₹ 1,875.17 crore

3 Including Opening balance of ₹ 0.02 crore.

4 Barytes, Felspar, Mica and Quartz

3.2.4 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) on the lines of the National Mineral Exploration Trust (NMET), as mandated under clause (g) of sub-section (1A) of Section 15 of the Mines and Minerals (Development and Regulation) Act, 1957.

The constitution of SMET is under process by the State Government as informed by the Department of Mines and Geology, Haryana in October 2025.

During Exit Conference, the Finance Department informed (19 February 2026) that the fund has been created under MH 8235-General and Other Reserve Fund.

3.2.5 Pendency of refund cases

Promptness in disposal of refund cases is an important indicator of performance of the Department concerned. Out of four tax collection Departments, three provided information regarding the pendency of refund cases.

During the year 2024-25, the details of refund cases, as reported by the departments concerned are given in ***Table 3.4***.

Table 3.4: 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	888	508.19	95	163.81	33	2.29	Information still awaited.	
2.	Claims received during the year	12,164	5,732.95	108	69.63	45	5.15		
3.	Refunds made during the year	9,532	3,699.07	75	71.67	39	4.42		
4.	Refunds rejected during the year	2,377	1,739.62	20	13.90	2	0.01		
5.	Outstanding at the end of year	948*	676.66	108	147.87	37	3.01		

Source: Departmental information

* ***Outstanding claims at the end of the year are arrived at after adjusting cases where the applicants withdrew their refund claims during the year.***

3.2.6 Building and Other Construction Workers' Welfare Cess

The State Government collects cess on the cost of construction incurred by employers under the Building and Other Construction Workers' Welfare Cess Act, 1996. The collected cess is to be spent on welfare schemes for construction workers. For this purpose, Building and Other Construction Workers' Welfare Board has been constituted. As per information furnished by the Board, the total funds available with the Board as on 31 March 2023 were ₹ 3,839.68 crore. Meanwhile, the contributions/additions towards the corpus fund during the year 2023-24 stood at ₹ 652.31 crore and net expenditure incurred was ₹ 112.22 crore (excess over income) during the year. As on 31 March 2024, the Board had funds of ₹ 4,379.77 crore. However, annual accounts for the year 2024-25 have not been received so far (October 2025).

Further, during Central Audit test check of monthly accounts (Form 34-Schedule of Deposits) of PWD, audit observed that an amount of ₹ 19.99 crore as on 31 March 2025 on account of cess had not been deposited (September 2025) with the Building and Other Construction Workers' Welfare Board.

3.3 Funds outside Government Accounts

Article 266 (1) of the Constitution of India subject to the provisions of Article 267, provides that all revenues received by the Government of a State, all loans raised by that Government by the issue of treasury bills, loans or ways and means advances and all moneys received by that Government in repayment of loans shall form one Consolidated Fund to be entitled 'the Consolidated Fund of the State'. 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, as the case may be.

3.3.1 Haryana Rural Development Fund

The State Government constituted the Haryana Rural Development Fund Administration Board under the Haryana Rural Development Act, 1986 for augmenting agricultural production and improving its marketing and sale. Under Section 5(1) of this Act, a fee (cess) is levied on *ad-valorem* basis at the rate of two *per cent* of the sale proceeds of the agriculture produce bought or sold or brought for processing in the notified market area. The amount so collected is spent by the Board in the rural areas mainly in connection with the development of roads, establishment of dispensaries, making arrangement for water supplies and sanitation and construction of godowns. During 2011-24, the receipts under the Fund were ₹ 7,351.42 crore and expenditure incurred was ₹ 5,621.27 crore. As per Annual Accounts for the year 2024-25 receipts under the Fund in the year were ₹ 328.88 crore and expenditure amounting to ₹ 1,262.90 crore had been incurred, resulting in closing balance of ₹ 990.87 crore in the fund at the end of FY 2024-25.

3.3.2 Haryana Infrastructure Development Board

The State Government constituted Haryana Infrastructure Development Board (HIDB) under Section 3AA of Haryana Development and Regulation of Urban Areas Act, 1975 to coordinate the efforts of the Government regarding development and implementation of infrastructure projects for the benefit of the State of Haryana, involving private participation and funding from sources other than those provided by the State Budget.

Any coloniser to whom a license has been given under Haryana Development and Regulation of Urban Area Act, 1975, is required to deposit State Infrastructure Development Charges at such rate as may be prescribed by the Government from time to time. The amount of infrastructure charges deposited by the coloniser shall constitute the Fund which is to be collected and managed by the Director, Town and Country Planning Department and passed on for the purpose of its further utilisation to the HIDB. The amount of State infrastructure development charges and infrastructure augmentation charges deposited by the colonisers, loans and grants from the Central/State Government, or the local authority, or loans and grants from national/international financial institutions and any other money from such source as the State Government may decide, shall be credited to the Fund. The Fund shall be utilised for stimulating socio-economic growth and development of major infrastructure projects of the State as well as to meet the cost of administering the Fund. The funds are received by Director, Town and Country Planning Department directly in bank accounts.

During 2023-24, the receipt of the HIDB amounted to ₹ 20.80 crore and expenses were ₹ 7.82 crore. Total Corpus of the Fund was ₹ 2,564.01 crore at the end of the year 2023-24. Notably Annual Accounts for the year 2024-25 is yet to be finalised (October 2025).

3.3.3 Haryana Urban Infrastructure Development Board

The Haryana Urban Infrastructure Development Board (HUIDB) was constituted (April 2002) by amending Haryana Municipal (HM) Act, 1973 to raise resources for provision and upgradation of urban infrastructure and related activities of the municipalities**.** As per Section 203 L of HM Act, HUIDB constituted a fund[5] consisting of receipt on account of license fee, scrutiny fee, land use conversion charges, composition fee for granting license to private developers and permission for change in land use by the Department of Urban Local Bodies under State Municipal Acts, grants, loans and financial assistance provided by Government of India/State Government and any other fee/charges specified by the Government.

As per information provided by the HUIDB, during the year 2024-25, the receipts of the Board were ₹ 47.85 crore and expenses were ₹ 18.29 crore. Annual accounts for the year 2024-25 are under process and yet to be finalized (October 2025). Funds position as on 31 March 2025 was ₹ 188.72 crore balances in Saving Accounts and ₹ 638.15 crore as Fixed in various banks.

As these funds are outside the Consolidated Fund of the State/Public Account of the State there is no legislative oversight over collection and utilisation of

5 Haryana Urban Infrastructural Development Fund.

money in these funds. The Haryana Rural Development Act, Haryana Infrastructure Development Board and Haryana Urban Infrastructure Development Board do not provide for audit by the CAG of India. The Thirteenth Finance Commission also expressed concern over the tendency to divert public expenditure from the budget to nominated funds which are operated outside authority of the Legislature and not audited by the Comptroller and Auditor General of India.

During Exit Conference, the Finance Department assured (19 February 2026) that matter will be examined for taking corrective action.

3.3.4 Haryana Electricity Regulatory Commission fund

The Haryana Electricity Regulatory Commission was constituted under the Electricity Act, 2003. Section 103 of the Act stipulates creation of a fund called 'State Electricity Regulatory Commission Fund' wherein receipts of the commission are to be credited and expenses therefrom are to be made. The State Government enacted the Haryana Electricity Regulatory Commission (Fund) Rules, 2014 and in terms of Rule 3, the HERC 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, ₹ 50.25 crore remained in the bank account.

Issues related to transparency

3.4 Delay in submission of Utilisation Certificates

In terms of Rule 8.14 (b) of the Punjab Financial Rules, Volume-1 (as applicable to Haryana State), 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 12 months of closure of financial year of sanction of grant. Non submission of UCs, carries a risk that the amount shown in the Finance Accounts had not reached the beneficiaries. In those cases in which conditions are attached to the utilisation of grant in the form of specification of particular objects of expenditure or the time within which the money must be spent or otherwise, the departmental officer on whose signature or countersignature the Grant-in-Aid bill was drawn should be primarily responsible for certifying to the Accountant General, the fulfilment of the conditions attaching to the grant.

During the year 2024-25, 2,662 UCs amounting to ₹ 24,041.85 crore (including previous year) became due for submission (grant-in-aid bills drawn up to March 2024). During the year, 527 outstanding UCs amounting to ₹ 5,355.85 crore were cleared, leaving outstanding UCs of ₹ 18,686 crore as on 31 March 2025 as given in ***Table 3.5***.

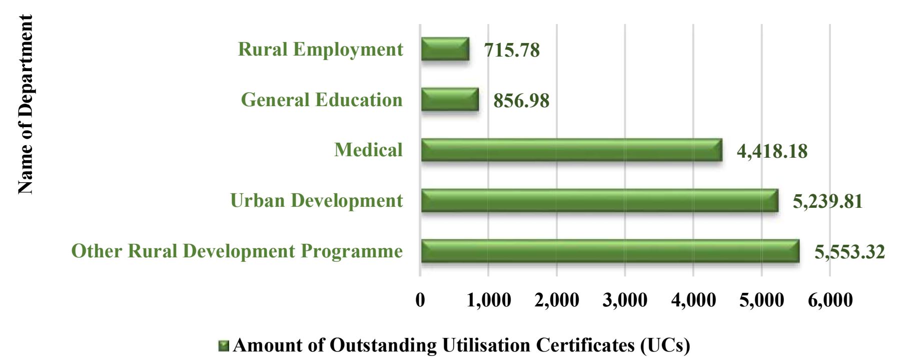
Table 3.5: Age-wise pendency of Utilisation Certificates

(₹ in crore)

UC due year[6]	Number of pending UCs (as on 31 March 2025)	Amount
Prior upto 2019-20	887	4,438.20
2019-20	295	2,861.38
2020-21	66	550.29
2021-22	204	3,619.51
2022-23	256	2,185.90
2023-24 (sanctioned up to March 2024)	427	5,030.72
Total	**2,135**	**18,686.00**

Source: Finance Accounts 2024-25 and Office of the Accountant General (A&E) Haryana

Chart 3.1: Outstanding UCs in respect of five major Departments as on 31 March 2025 (₹ in crore)



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

Out of total 2,135 outstanding UCs, 1,708 UCs for grants of ₹ 13,655.28 crore pertain to the period 2009-10 to 2022-23 and 427 UCs for grants of ₹ 5,030.72 crore (26.92 *per cent*) pertain to the year 2023-24. Out of total amount of ₹ 18,686 crore for which UCs were outstanding, 81.40 *per cent* pertain to three Departments i.e. Rural Development Department: ₹ 5,553.32 crore (29.72 *per cent*), Urban Development Department: ₹ 5,239.81 crore (28.04 *per cent*) and Medical Department: ₹ 4,418.18 crore (23.64 *per cent*) as depicted in ***Chart 3.1***.

UCs outstanding beyond the specified periods indicate absence of assurance on utilisation of the grants for intended purposes and the expenditure shown in the accounts to that extent cannot be treated as final. Since non-submission of UCs carries with it the risk of misutilisation, it is imperative that the State Government should monitor this aspect closely and hold the persons concerned accountable for submission of UCs in a timely manner.

During Exit Conference, the Finance Department assured (19 February 2026) that necessary directions for expediting submission of UCs will be issued.

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

3.5 Abstract Contingent bills

Financial rules [Rule 2.10 (b) (5) of Punjab Financial Rules Volume I (as applicable to Haryana State)] stipulate 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 note 5 below Rule 4.49 of Punjab Treasury Rules (as applicable to Haryana State), DDOs are required to present Detailed Countersigned Contingent (DCC) bills containing vouchers in support of final expenditure within one month.

The details of AC bills, pending adjustment, as on 31 March 2025 is given in ***Table 3.6***.

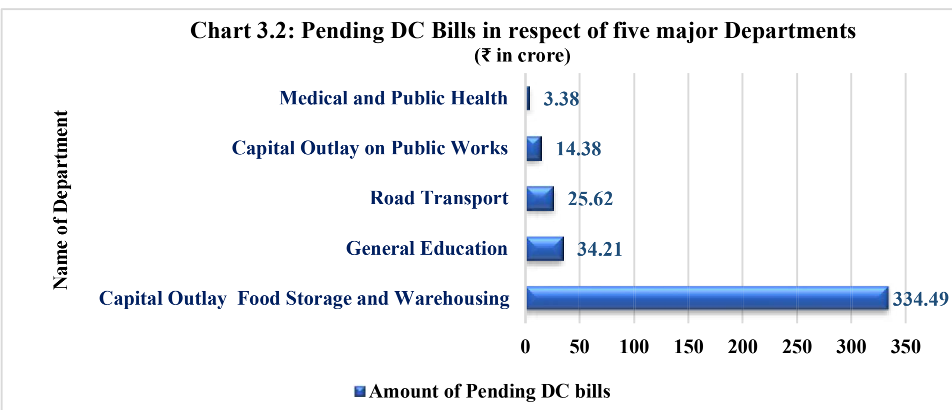
Table 3.6: Age-wise pending adjustment of AC bills

(₹ in crore)

Due Year	No. of AC bills	Amount
2018-19	2	0.14
2019-20	15	3.72
2020-21	4	0.35
2021-22	6	0.74
2022-23	8	0.52
2023-24	15	148.26
2024-25	167	265.48
Total	**217**	**419.21**

Source: Information received from office of the Accountant General (A&E) Haryana

It was observed that 249 AC bills amounting to ₹ 396.84 crore (24.93 *per cent*) were drawn in March 2025, out of which 100 AC bills amounting to ₹ 17.61 crore were adjusted up to 31 March 2025.



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

Out of total amount of ₹ 419.21 crore for which DC bills were pending, ₹ 334.49 crore (79.79 *per cent*) pertain to Capital Outlay Food Storage and Warehousing Department as depicted in ***Chart 3.2***.

Since non-adjustment of advances for long periods is fraught with the risk of misappropriation, it 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 Exit Conference, the Finance Department assured (19 February 2026) to issue necessary directions in this matter.

3.6 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, ₹ 3,632.30 crore under 31 Major Heads of account, constituting 2.63 *per cent* of the total Revenue and Capital expenditure (₹ 1,38,329.32 crore) was classified under the Minor Head-800-Other Expenditure in the accounts. Of these, ₹ 226.21 crore under five Major Heads was classified under Minor Head-800-Other Expenditure despite availability of appropriate Minor Heads thereunder, as detailed in ***Table 3.7***.

Table 3.7: Expenditure booked under Minor Head 800-Other Expenditure

(₹ in crore)

Details of classification under which booked	Amount	Nature of expenditure	Available classification for booking
2070-51-800-Other Expenditure	15.29	Administrative Expenditure	2070-51-001- Direction and Administration
3475-51-800-Other Expenditure	0.46		3475-51-001-Direction and Administration
2202-01-800-Other Expenditure	100.95		2202-01-001-Direction and Administration
2204-800-Other Expenditure	1.55	Grant-in-Aid	2204-102-Youth Welfare Programmes for Students OR 103-Youth Welfare Programmes for Non-Students OR 104-Sports and Games OR 199-Assistance to Other Non- Government Institutions Grant in aid to Bharat Scout and Guides
2055-800-Other Expenditure	107.96	Assistance to PSUs	2055-190-Assistance to Public Sector and Other Undertakings
Total	**226.21**		

Source: Finance Accounts and VLC data maintained by the AG (A&E) Haryana

Similarly, ₹ 2,822.25 crore under 52 Major Heads of Account, constituting 2.65 *per cent* of the total Revenue Receipts (₹ 1,06,429.41 crore) was classified under 800-Other Receipts in the accounts.

The State Government, to impart greater clarity/ transparency, needs to make provision under the proper Minor Heads instead of the omnibus Minor Head 800-Other Expenditure in the Budget to have effective budgeting controls. Routine operation of Minor Head 800-Other Expenditure should be discouraged as it renders the accounts opaque/ambiguous.

During Exit Conference, the Finance Department assured (19 February 2026) to examine the cases for which appropriate classification is available and ensured that corrective action will be taken.

Issues related to measurement

3.7 Outstanding balance under major Suspense and DDR Heads

The Finance Accounts reflect the net balances under Suspense and Remittance Heads. The outstanding balances under these heads are worked out by aggregating the outstanding debit and credit balances separately under various heads. Significant suspense items balances for the last three years have been shown in ***Table 3.8***.

Table 3.8: 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	Pay and Accounts Office-Suspense	29.50	-	25.15	-	30.28	-
	Net Debit (Dr.)/Credit (Cr.)	**29.50 (Dr.)**		**25.15 (Dr.)**		**30.28 (Dr.)**	
102	Suspense Account-(Civil)	15.89	-	15.77	-	14.98	4.43
	Net Debit (Dr.)/Credit (Cr.)	**15.89 (Dr.)**		**15.77 (Dr.)**		**10.55 (Dr.)**	
107	Cash Settlement Suspense Account	18.69		19.38	-	23.88	-
	Net Debit (Dr.)/Credit (Cr.)	**18.69 (Dr.)**		**19.38 (Dr.)**		**23.88 (Dr.)**	
109	Reserve Bank Suspense-(Headquarters)	(-) 31.64	(-)1.18	-	(-) 12.84	(-) 3.84	(-)1.07
	Net Debit (Dr.)/Credit (Cr.)	**30.46 (Cr.)**		**12.84 (Dr.)**		**2.77 (Cr.)**	
110	Reserve Bank Suspense- (Central Accounts Office)	12.02	-	10.46	-	11.98	-
	Net Debit (Dr.)/Credit (Cr.)	**12.02 (Dr.)**		**10.46 (Dr.)**		**11.98 (Dr.)**	
112	Tax Deducted at Source (TDS) Suspense	-	471.09	-	63.96	-	44.05
	Net Debit (Dr.)/Credit (Cr.)	**471.09 (Cr.)**		**63.96 (Cr.)**		**44.05 (Cr.)**	
123	AIS Officers' Group Insurance Scheme	0.01	-	0.01	-	0.03	-
	Net Debit (Dr.)/Credit (Cr.)	**0.01 (Dr.)**		**0.01 (Dr.)**		**0.03 (Dr.)**	
8782	**Cash Remittance and adjustments between officers rendering account to the same Accounts Officer**						
102	Public Works Remittances	-	364.63	-	348.48	-	318.62
	Net Debit (Dr.)/Credit (Cr.)	**364.63 (Cr.)**		**348.48 (Cr.)**		**318.62 (Cr.)**	
103	Forest Remittances	-	5.65	-	5.93	-	6.74
	Net Debit (Dr.)/Credit (Cr.)	**5.65 (Cr.)**		**5.93 (Cr.)**		**6.74 (Cr.)**	
8793	**Inter-State Suspense Account**	**18.55**	**-**	**17.86**	**-**	**22.24**	**-**
	Net Debit (Dr.)/Credit (Cr.)	**18.55 (Dr.)**		**17.86 (Dr.)**		**22.24 (Dr.)**	

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.

3.8 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 Principal Accountant General (A&E).

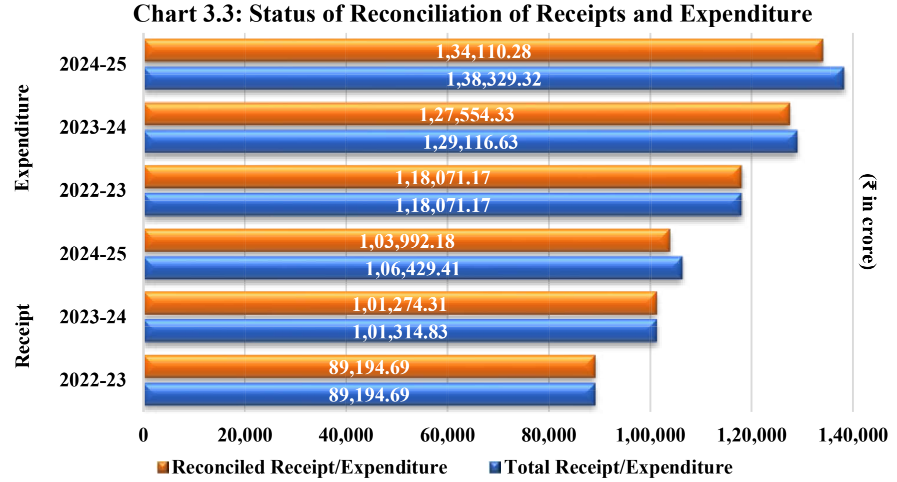
The status of reconciliation of figures by the Controlling Officers is given in ***Table 3.9*** and ***Chart 3.3***.

Table 3.9: 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	77	77	-	-
2023-24	74	72	-	2
2024-25	74	72	-	2
Expenditure				
2022-23	122	122	-	-
2023-24	122	112	-	10
2024-25	122	102	-	20

Source: Information maintained by office of the Principal Accountant General (A&E)

Chart 3.3: Status of Reconciliation of Receipts and Expenditure



Source: Information maintained by Accountant General (A&E) Haryana

Necessary action for reconciliation in respect of all receipts and expenditure is required to be taken expeditiously to ensure the accuracy of accounts and to facilitate effective departmental control.

3.9 Reconciliation of Cash Balances

As per accounts of the Principal Accountant General (A&E) Haryana, the Cash Balance of the State Government as on 31 March 2025 was ₹ 216.46 crore (Debit) while the same was reported as ₹ 20.23 crore (Credit) by the Reserve Bank of India. As such, there was an unreconciled difference of ₹ 196.23 crore, which was under reconciliation between treasury/RBI/Agency Bank and the Principal Accountant General (A&E) Haryana.

The State Government has implemented e-Kuber system for payments through treasuries. In the year 2024-25, an amount of ₹ 4.88 crore (Credit) was accounted for as suspense due to e-Kuber failed transactions.

3.10 Unspent amount lying with divisional officers

The State Government directed (7 July 2014) to all the departments to deposit the funds lying in the bank accounts/outside the Government Accounts in the State Treasury.

As on 31 March 2025, an amount of ₹ 45.59 crore was lying in the bank accounts of 97 Public Works Divisional Officers as per information provided by the Departments. Department-wise details of the amounts lying in bank accounts being operated by Divisional Officers is detailed in ***Table 3.10***.

Table 3.10: 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 (Building and Roads Divisions)	21	24.77
2.	Public Health	19	9.51
3.	Irrigation	57	11.31
Total		**97**	**45.59**

Source: Information provided by office of the Accountant General (A&E) Haryana.

Out of total 203 Public Works Divisions, 119 Divisions provided information on unspent amount; out of these 22 Public Works Divisions have NIL amount in their bank accounts and 97 Public Works Divisions have an amount of ₹ 45.59 crore lying in the bank accounts. The major portion of amount lying in bank account, i.e. ₹ 24.77 crore (54.33 *per cent*) pertains to Public Works (Building and Roads Divisions).

Issues related to disclosure

3.11 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 3.11***.

Table 3.11: Compliance to Accounting Standards

Sl. No.	Accounting Standards	Compliance by State Government	Deficiency
1.	**IGAS-1:** *Guarantees Given by the Government – Disclosure requirements*	Not fully complied (Statements 9 and 20 of Finance Accounts)	The provisions of IGAS-1 are not fully complied with as no information regarding automatic debit mechanism and structured payment arrangements has been provided. The matter regarding tracking unit for guarantees is also still under consideration of the State Government. The Government does not follow commitment accounting and the commitments are neither recorded nor the liability against commitment recognized in accounts.
2.	**IGAS-2:** *Accounting and Classification of Grants-in-aid*	Complied (Statement 10 of Finance Accounts)	(i) Grants-in-aid of ₹ 5,230.10 crore have been shown as allocated for creation of capital assets. (ii) Information has been furnished in respect of Grants-in-Aid given in kind by the State Government.
3.	**IGAS-3:** *Loans and Advances made by Government*	Not Complied (Statement 18 of Finance Accounts)	Closing balances depicted in Statements 7 and 18 of the Finance Accounts as on 31 March 2025 were yet to be reconciled by the State Government. Detailed information of repayment in arrears of loanee entities has not been provided.
4	**IGAS-4:** Prior period adjustments	Complied	Prior Period Adjustment of ₹ 4,119.60 crore has been made during 2024-25.

Source: Finance Accounts

3.12 Submission of accounts of Autonomous Bodies

There are 41 Autonomous Bodies as on 31 March 2025. For FY 2024-25, 82 accounts in respect of 40 Autonomous Bodies (ABs) were pending as on 30 September 2025 as detailed in ***Appendix 3.2***. The age-wise analysis of arrear in accounts is as shown in ***Table 3.12***.

Table 3.12: Year wise arrears of accounts of Autonomous Bodies up to 2024-25

Sl. No.	Arrear in accounts	Number of Companies/Corporations	Number of accounts
1.	For one year (2024-25)	28	28
2.	Between one and three years (2022-23 to 2024-25)	6	14
3.	More than 3 years (Prior to 2022-23)	6	40
Total		**40**	**82**

Thus, there were 12 ABs whose 54 accounts were in arrear for more than one year and beyond. Of these, six ABs accounted for around 74 *per cent* of the arrear which was ranging between three and 12 years. The reasons were attributed to non-convening of Annual General Meeting, vacant post of Chairperson due to which accounts could not be approved, introduction of new accounting software, staff constraints, issues regarding format of accounts etc. The delayed submission in accounts results in reduced transparency, hindered financial oversight, and potential misuse of public funds.

Further analysis in respect of six ABs with arrears for more than three years revealed that the State Government had financial stakes in the form of equity/loans/grants or subsidy in respect of two ABs as detailed in ***Table 3.13***.

Table 3.13: Details of persistent arrears for more than three years

Sl. No.	Name of the Company/ Corporation	Year upto which financial statements furnished	Number of accounts in arrear	Equity	Loan (₹ in lakh) (as on 31 March 2025)	Grants-in-aid (₹ in lakh) (Year)
1.	Haryana State Commission for Protection of Child Rights	2013-14 to 2024-25	12	-	-	118.75 (2024-25) 87.50 (2023-24) 125.00 (2022-23)
2.	Housing Board Haryana, Panchkula	2021-22 to 2024-25	4	-	143.64[7]	-

Source: Information from Finance accounts/provided by the entity

As Government has financial stakes in the above entities, it is recommended that accounts are submitted timely, there is regular monitoring by administrative departments, capacity constraints are addressed within these bodies to ensure accurate and up-to-date financial reporting critical for informed decision-making and legislative scrutiny.

During Exit Conference, the Finance Department assured (19 February 2026) to examine the matter for issuing necessary directions.

Other Issues

3.13 Misappropriations, losses, thefts, etc.

Rule 2.33 of the Punjab Financial Rules, as applicable to Haryana, stipulates that every Government employee would be held personally responsible for any loss sustained by Government through fraud or negligence on his part or any loss arising from fraud or negligence on the part of any other Government employee to the extent that he contributed to the loss by his own action or negligence. Further, as per rule 2.34 *ibid*, the cases of defalcations and losses are required to be reported to the PAG (A&E).

As on 31 March 2025, 51 cases of misappropriation, losses, theft, etc. involving ₹ 71.37 lakh were pending. The department-wise break-up of pending cases is given in ***Table 3.14***.

7 The entity provided 'nil' information. The data has been taken from the Finance accounts 2024-25. The same figure existed in the previous years' Finance accounts too (2022-23 and 2023-24).

Table 3.14: Details of pending cases of misappropriation, losses, theft, etc.

(₹ in lakh)

Sr. No.	Name of Department	Cases of misappropriation/ losses/ theft of Government material		Reasons for delay in final disposal of pending cases of misappropriation, losses, thefts, etc.					
				Awaiting departmental investigation or pending in courts of law		Departmental action initiated but not finalised		Awaiting orders for recovery or write off	
		Number of cases	Amount	Number of cases	Amount	Number of cases	Amount	Number of cases	Amount
1	Development and Panchayat	1	6.50	0	0	1	6.50	0	0
2	Education	19	39.75	1	0.09	17	39.66	1	0
3	Labour and Employment	2	0.28	0	0	2	0.28	0	0
4	Social Justice and Empowerment	3	8.63	0	0	2	5.93	1	2.70
5	Women and Child Development	3	10.52	1	10.52	2	0	0	0
6	Irrigation	19	2.07	0	0	17	1.85	2	0.22
7	Public Health	2	0.65	0	0	2	0.65	0	0
8	Haryana Skill Development & Industries Training	1	1.18	0	0	1	1.18	0	0
9	Information, Public relation and Language Department	1	1.79	0	0	0	0	1	1.79
	Total	**51**	**71.37**	**2**	**10.61**	**44**	**56.05**	**5**	**4.71**

Source: Departmental data/information

Out of the total 51 pending cases, in respect of 44 cases (₹ 56.05 lakh), departmental action had been initiated but not finalised, while in two cases (₹ 10.61 lakh) departmental proceedings were pending and in five cases (₹ 4.71 lakh) proceedings were finalised but order of recovery/write off were pending.

The age-profile of the pending cases and the number of cases pending in each category of theft and misappropriation/loss of Government material is summarised in ***Table 3.15***.

Table 3.15: Profile of misappropriations, losses, defalcations, etc.

(₹ in lakh)

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	2.44	Theft	47	60.63
5-10	20	56.04			
10-15	2	3.12			
15-20	5	7.60	Misappropriation/Loss of material	4	10.74
20-25	6	1.35			
26 and above	12	0.82			
Total	**51**	**71.37**	**Total**	**51**	**71.37**

Source: Departmental data/information

Out of the total cases, 47 cases amounting to ₹ 60.63 lakh were related to theft of Government money/stores, whereas four cases involving ₹ 10.74 lakh pertaining to misappropriation/loss of Government material were pending for more than five years.

During Exit Conference, the Additional Chief Secretary, Finance Department assured (19 February 2026) to examine these cases (pointed out in Audit) for corrective action.

3.14 Follow up action on State Finances Audit Report

According to the instructions issued (October 1995) by the Government of Haryana, Finance Department and reiterated in July 2001, the Administrative Departments were to initiate *suo moto* action on all paragraphs and reviews featuring in the Comptroller and Auditor General of India's Audit Reports. The Administrative Departments were also required to furnish Action Taken Notes to the Legislative Committees indicating the remedial action taken or proposed to be taken by them within three months of the presentation of the Audit Reports to the Legislature. State Audit Finance Report for the year 2021-22 and 2022-23 are under discussion by the Public Accounts Committee (October 2025).

State Finances Audit Report for the year 2023-24 was laid before State Legislature on 27 August 2025.

3.15 Conclusion

Utilisation Certificates amounting to ₹ 18,686 crore (2,135 UCs) were outstanding, indicating lack of internal control of administrative departments and tendency on the part of the Government to disburse fresh grants without ascertaining proper utilisation of earlier grants. Similarly Detailed Contingent Bills amounting to ₹ 419.21 crore (217 AC Bills) were awaited. There was a pendency of submission of 82 accounts in respect of 40 Autonomous Bodies as on 30 September 2025.

Further, in 51 cases of theft, misappropriation, loss of Government material and defalcation (amounting to ₹ 71.37 lakh), departmental action was pending for long periods.

3.16 Recommendations

1. The Government should ensure timely submission of utilisation certificates by the Departments in respect of the grants released for specific purposes.

2. The Government should ensure adjustment of Abstract Contingent bills within stipulated period, as required under the Rules.

3. The Government may consider preparing a time bound framework for taking prompt action in cases of misappropriation, loss, theft, etc. and strengthening the internal control system to prevent recurrence of such cases.

Chandigarh **(ASHUTOSH SHARMA)**
Date: 25 March 2026 **Principal Accountant General (Audit), Haryana**

Countersigned

New Delhi **(K. SANJAY MURTHY)**
Date: 06 April 2026 **Comptroller and Auditor General of India**